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WASHINGTON, D.C. 20301-2800

09 APR 2012

MEMORANDUM FOR DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS

SUBJECT: Release of Security Assistance Management Manual (SAMM) Chapter 15, Building Partner Capacity (BPC) Programs, DSCA Policy 12-05, [SAMM E-Change 196]

Building Partner Capacity (BPC) programs encompass Security Cooperation and Security Assistance activities funded with U.S. Government appropriations and administered as cases using the Foreign Military Sales (FMS) infrastructure. Guidance for planning, development, and management of these programs is released effective immediately as Chapter 15, Building Partner Capacity (BPC) Programs, in the automated version of the SAMM, found on the DSCA Web Page and as attached.

In addition, all text under the headings of SAMM C11.3 Counter-Narcotics Assistance – National Defense Authorization Acts, Sections 1004 and 1033, and C11.7 Foreign Assistance Act (FAA) Section 632 Transfers, is removed and replaced with: “Guidance for management of subject programs can be found in this Manual, Chapter 15, Building Partner Capacity (BPC) Programs.”

If you have any questions concerning this release, please contact Ms. Marie Kokotajlo, DSCA-STR/POL, marie.kokotajlo@dscamil, (703) 604-1107.

A handwritten signature in black ink, reading "William E. Landay III".

William E. Landay III
Vice Admiral, USN
Director

Attachment: As stated

cc:

AFRICOM

CENTCOM

EUCOM

NORTHCOM

SOUTHCOM

PACOM

TRANSCOM

SOCOM

STATE/PM-RSAT

USASAC

SATFA

TRADOC

NAVSUP WSS

NETSAFA

AFSAC

AFSAT

DISAM

MARCOR IP

SCETC

USCG International Affairs (G-CI)

C15. BUILDING PARTNER CAPACITY (BPC) PROGRAMS

C15.1. OVERVIEW

C15.1.1. General. Building Partner Capacity (BPC) Programs encompass Security Cooperation and Security Assistance activities that are funded with U.S. Government (USG) appropriations and administered as cases within the Foreign Military Sales (FMS) infrastructure. These programs may provide defense articles and/or services to other USG departments and agencies under the authority of the Economy Act or other transfer authorities for the purpose of building the capacity of partner nation security forces and enhancing their capability to conduct counterterrorism, counter drug, and counterinsurgency operations, or to support U.S. military and stability operations, multilateral peace operations, and other programs. They are crucial tools used by the Department of Defense (DoD) and other USG agencies in furtherance of national security objectives. To enable BPC program execution through existing security assistance automated systems, the DoD Implementing Agency (IA) develops a Pseudo Letter of Offer and Acceptance (LOA) in the Defense Security Assistance Management System (DSAMS). The Pseudo LOA is not signed by the country that will ultimately receive the articles and/or services, but serves to document the transfer of articles and services.

C15.1.1.1. Economy Act. The Economy Act, title 31 U.S.C., Sections 1535 and 1536, is a general authority for the interagency or the intradepartmental furnishing of goods and services on a reimbursable basis. Under the Economy Act, the purchasing department or agency must pay the performing agency's actual costs of the goods or services provided, to include direct and indirect costs. The entire amount of a reimbursable order to fill a BPC program requirement is obligated by the purchasing agency when the order is accepted (DoD FMR Volume 11A, Chapter 3). The performing agency must further obligate the funds before the period of availability for new obligation expires.

C15.1.1.2. DoD Appropriations. Congress appropriates funding to DoD for specific BPC Programs through the annual Department of Defense Appropriations Act, and in certain cases, through other Appropriations Acts. For example, Congress first enacted legislation establishing and appropriating funds to the Afghanistan Security Forces Fund (ASFF) in 2005 and appropriated additional funds for ASFF in several subsequent years. Pursuant to the Economy Act, when the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) or another DoD component transfers funds to DSCA in support of a BPC Program, the funds must be obligated within their period of availability.

C15.1.1.3. Other USG Agency Appropriations. Congress authorizes and appropriates funds to the Department of State (DoS) and other USG Agencies for security cooperation and security assistance activities. These agencies may, in turn, transfer funds to DSCA (often via a Foreign Assistance Act (FAA), Section 632(b) Memorandum of Agreement (MOA)), identifying a specific requirement for defense articles and services for a partner nation under the authority of a BPC Program. When interagency funds are transferred into the FMS Trust Fund for BPC Programs, they are considered obligated upon signature of the MOA (as stated in the document).

C15.1.2. BPC Case Process. The process of developing and executing a BPC case is organized into five phases, similar to those of an FMS case:

1. Planning and Requirements Definition;
2. Case Development;
3. Case Implementation;
4. Case Execution; and
5. Case Closure.

Differences associated with managing appropriated funds and communicating with the Benefitting Country must be recognized and addressed in each phase.

C15.1.2.1. Planning and Requirements Definition. A USG Requesting Authority, which is usually the Geographic Combatant Command (CCMD), but could also be another DoD or non-DoD agency, defines and initiates the BPC requirement to support specific USG objectives. The IA may conduct a feasibility assessment to determine the most appropriate solution. The Requesting Authority then submits an actionable Memorandum of Request (MOR) to the IA. Note: The BPC MOR is similar to the FMS Letter of Request (LOR), which is submitted by a foreign purchaser.

C15.1.2.2. Case Development. During case development, the IA and the Requesting Authority coordinate to document the requirements and costs on a Pseudo LOA. The DSCA Case Writing Division (CWD) conducts a quality assurance review, prepares the final version of the LOA, and coordinates review and approval by DSCA and DoS. Also during Case Development, the IA prepares a Case Advisory document for the Benefitting Country, which informs that country of USG expectations. See C15.F2.

C15.1.2.3. Case Implementation. The IA accepts the Offered case in DSAMS and DSCA (Business Operations) authorizes required funds to be transferred into the FMS Trust Fund. DFAS-IN implements the case in the Defense Integrated Financial System (DIFS) and obligation authority is passed to the IA.

C15.1.2.4. Case Execution. During case execution, the IA must often work quickly to obligate funds before they expire. The IA procures the defense articles and services according to DoD regulations. Materiel is transported using the Defense Transportation System (DTS) or other government-procured transportation, retaining oversight of the transportation process and assisting with resolution of transportation issues that may arise. After materiel has arrived in country and has been inventoried, the Security Cooperation Organization (SCO) transfers custody and responsibility of the materiel and services to the Benefitting Country and begins end use monitoring (EUM), as applicable.

C15.1.2.5. Case Closure. The BPC case closure phase can begin as soon as supply services are complete (i.e., all materiel and services have been delivered). The IA will expend BPC Program funds no later than July 31st of the funds cancelling fiscal year or other deadline specified in funding documents. The IA must ensure that residual funds are identified for return as soon as possible. When closure activities are complete, DFAS-IN closes the case in DIFS.

C15.1.3. Responsibilities. Refer to Chapter 2 of this Manual for complete responsibilities of the contributors to case development and execution. Specific roles and responsibilities that pertain to the management of BPC Programs are summarized below.

C15.1.3.1. Department of State (DoS) Bureau of Political Military Affairs (PM).

DoS(PM) is responsible for ensuring that, pursuant to Section 505 of the FAA, there is an agreement (a “Section 505 Agreement”) with each country eligible for USG BPC Program assistance and for ensuring that, if needed, the Benefitting Country acknowledges that the assurances provided in the 505 Agreement apply to specific BPC programs. This may be accomplished by a unilateral Diplomatic Note or other appropriate means that clearly demonstrates the Benefitting Country understands its responsibilities. DoS(PM) approves each Pseudo LOA based on the daily State List Report provided by DSCA CWD. DoS(PM) is responsible for oversight, Congressional Notification, and funding of Peacekeeping Operations (PKO) programs, including Global Peace Operations Initiative (GPOI) programs.

C15.1.3.2. Office of the Under Secretary of Defense for Policy (OUSD(P)). The OUSD(P) is responsible for oversight of DoD-funded BPC Programs. For certain programs, OUSD(P) prioritizes and ensures fully justified requirements are coordinated. For the Coalition Readiness Support Program (CRSP) and for the Section 1206 Program, OUSD(P) is responsible for obtaining Secretary of Defense approval on the amount of training, equipment, and supplies to be provided. For the Section 1206 Program, OUSD(P) provides policy oversight and guidance, leads the DoD proposal review process, obtains Secretary of Defense approval, and coordinates with State to secure the Secretary of State’s approval. Subsequent to Secretary approval, the OUSD(P) submits the Congressional Notification packages to eight committees and sub-committees for the 15-day Congressional Notification period. The OUSD(P) proponent for Section 1206 leads all interaction with Congress and ensures that the Secretary’s goals and objectives are properly explained to members of Congress. Following the expiration of the notification period, OUSD(P) directs DSCA to begin case implementation.

C15.1.3.3. Office of the Under Secretary of Defense, Comptroller (OUSD(C)). OUSD(C) is responsible for establishing and updating guidance on the use of DoD-funding. OUSD(C) reviews and submits Congressional Notification packages to the Under Secretary of Defense for Legislative Affairs for forwarding to appropriate Congressional committees. OUSD(C) authorizes the release of DoD funds for BPC cases and reports to Congress on the use of funds.

C15.1.3.4. Defense Security Cooperation Agency (DSCA). DSCA administers BPC Programs under the direction of the USD(P) and provides guidance to the DoD components and SCOs on the administration and execution of BPC Program activities. DSCA oversees program-level logistics planning, provides financial management, develops and implements program policies, and otherwise assists Requesting Authorities in achievement of BPC Program objectives.

C15.1.3.5. Geographic Combatant Commands (CCMD). Each CCMD is responsible for multi-year planning of BPC activities and strategies for the regions and countries within its theater of operations, documented in the Theater Security Cooperation Plan (TSCP). Each TSCP supports CCMD goals and objectives for regional security and is coordinated with the U.S. Missions’ plans for security assistance. In addition to planning, the CCMD has overall responsibility for prioritizing, coordinating and evaluating the success of security cooperation activities in theater.

C15.1.3.6. Requesting Authority. The Requesting Authority for a BPC case is an organization with responsibility for planning regional or country capacity building activities.

Within DoD, the CCMDs often perform this role. During pre-MOR planning, the Requesting Authority will communicate detailed requirements to the IA and receive IA feedback in order to complete the MOR. The Requesting Authority must then remain actively engaged to ensure the IA has the necessary information for case development, to enable timely obligation of expiring funds, and to participate in transportation and delivery. BPC cases will compete with FMS and DoD requirements for the IA's resources, so the Requesting Authority should communicate and justify its highest priorities.

C15.1.3.7. Funding Authority. The Funding Authority is the organization that controls and oversees management of funds for the BPC Program. When BPC program funding is provided by a DoD appropriation, one of the Military Departments (as in the case of ASFF, the Iraq Security Forces Fund (ISFF), and the Pakistan Counterinsurgency Fund (PCF)) or OUSD(P) will serve as the Funding Authority. Non-DoD agencies serve as the Funding Authority for appropriations they provide to DSCA.

C15.1.3.8. Implementing Agency (IA). The IA has overall responsibility for case development, execution, and closure. IAs must communicate frequently with the DSCA Country Program Director (CPD), the DSCA Country Financial Director (CFD), the Requesting Authority, the Procuring Agency, USTRANSCOM and the SCO to facilitate information sharing of case plans, status, and changes. During the planning phase, the IA collaborates closely with the Requesting Authority and verifies that the MOR is complete before initiating a Pseudo LOA document in DSAMS. During Pseudo LOA development, the IA communicates with the Requesting Authority and with the SCO to ensure case-specific requirements are captured and prepares the Case Advisory. The IA must fully understand the nature of the appropriated funds being used in order to ensure its efforts meet obligation and expiration/cancellation timelines.

C15.1.3.9. USTRANSCOM. Though the IA has overall responsibility for ensuring BPC defense articles are transported and delivered to the SCO, USTRANSCOM manages the DTS which moves materiel from point of origin to the final destination within the Benefitting Country. If materiel is delivered to a central aerial port of debarkation (APOD) in-theater, USTRANSCOM will coordinate with the CCMD to arrange for materiel to be moved to the final destination.

C15.1.3.10. Security Cooperation Organization (SCO). The SCO within each Benefitting Country supports the Requesting Authority through each phase of the BPC case, and interacts closely with Benefitting Country security forces. The SCO is entrusted with communicating BPC Program objectives and requirements to Benefitting Country representatives and soliciting their partnership. The SCO is also familiar with the in-country security and logistics environment. Table C15.T1. provides a summary listing of SCO responsibilities unique to BPC Programs.

Table C15.T1. SCO Responsibilities for BPC Programs

#	SCO Responsibilities
1	Maintain a copy of the FAA, Section 505 Agreement (as amended by any Diplomatic Notes) and other relevant agreements between the USG and the Benefitting Country.
2	Provide interface for exchange of cooperative requirements information among the Benefitting Country, the Country Team within the U.S. Embassy, and the DoD Components responsible for the BPC case.

#	SCO Responsibilities
3	Provide a detailed explanation and a list of required defense articles and services to support Congressional Notification, as requested.
4	Provide shipping information (e.g., Mark For Code, Military Assistance Program Address Code (MAPAC)) to the Requesting Authority for inclusion in the MOR.
5	Present the Case Advisory document to the Benefitting Country prior to shipment of defense articles and services; record the name of the receiving Benefitting Country Representative and the date of presentation.
6	Obtain the signed Benefitting Country's Physical Security and Accountability Plan no later than 30 days prior to delivery of any Enhanced End Use Monitoring (EEUM) materiel, and provide a copy to DSCA (Programs).
7	Coordinate with the IA and the Benefitting Country on the preparation and arrangement for receipt of BPC Program defense articles and services. Provide advance notification of delivery to the Benefitting Country to coordinate receipt and security of case materiel.
8	Prepare and submit Transportation Discrepancy Reports (TDRs) and Supply Discrepancy Reports (SDRs) in accordance with guidance provided to foreign Purchasers in accordance with this Manual, Chapter 6.
9	Prepare the Transfer and Receipt of Materiel and Services documents and obtain signature from the Benefitting Country representative. Record when, where, and to whom delivery of materiel was made.
10	Maintain all records pertaining to Benefitting Country notifications and BPC case documentation. E-mail these documents to the DSCA CPD and the IA, as appropriate.

C15.1.4. BPC Programs. Following is a brief description of some of the more common BPC Programs. Refer to C15.T2 for a listing of the BPC Programs with their corresponding codes and appropriation authorities.

C15.1.4.1. Afghanistan Security Forces Fund (ASFF). The ASFF is authorized to be used to train, equip and provide related assistance to Afghan security forces, including the provision of equipment, supplies, services, facility repair, renovation and construction. The OUSD(C) coordinates the ASFF Financial and Activity Plan (FAP) for approval by the Afghanistan Resources Oversight Council (AROC), comprised of Principal Deputy Under Secretaries for OUSD(P), OUSD Acquisition, Technology, and Logistics (AT&L), and OUSD(C), as well as senior representatives from the Joint Staff, U.S. Central Command, and the Office of the Assistant Secretary of the Army (Financial Management and Comptroller). The OUSD(C) then coordinates the ASFF FAP with DoS and submits the program Congressional Notification by Budget/Sub-budget Activity Groups (BAG/SAG). Only a portion of ASFF is used to fund BPC cases. For these, the Army provides the fund allotments to DSCA. Requirements for ASFF cases are received from the Combined Security Transition Command - Afghanistan (CSTC-A).

C15.1.4.2. Coalition Readiness Support Program (CRSP). CRSP is an authority in the Coalition Support Funds legislation, which is part of the annual Department of Defense Appropriations Act, and is funded with Defense-Wide Operation and Maintenance Appropriations. CRSP may be used to provide specialized training, procure supplies and specialized equipment, and loan equipment on a non-reimbursable basis to coalition forces supporting U.S. military operations in Afghanistan and Iraq. CCMDs may submit requests for CRSP funds to OUSD(P), for prioritization, coordination, and submittal to the Secretary of

Defense for approval. Funds made available for CRSP prior to FY12 are available until expended.

C15.1.4.3. DoD Counternarcotics (CN) Program. DoD has authority under provisions in various National Defense Authorization Acts (NDAAs) to transfer defense articles and services for building counternarcotics capacity and counternarcotics support to Benefiting Countries. DSCA executes only a small portion of the DoD CN Program: Sections 1004 and 1033 of NDAA 1991 and 1998, respectively and as amended, are generally the authorities under which CN Programs are executed by DSCA. The Office of the Assistant Secretary of Defense for Special Operations/Low Intensity Conflict (SO/LIC) is responsible for CN policy and funding and may submit MORs to DSCA detailing equipment, training, facilities, and communications requirements to support security, law enforcement, drug detection, and reconnaissance within a Benefiting Country; DSCA executes these funds under the Economy Act authority. OUSD(C) transfers DoD CN funds to DFAS-IN from the DoD Counter Drug Transfer Account to execute these BPC cases.

C15.1.4.4. Global Train and Equip (Section 1206). The Section 1206 Program is funded with Defense-Wide Operation and Maintenance (DW O&M) appropriations. The Secretary of Defense, with the concurrence of the Secretary of State, has authority under Section 1206 to provide equipment, supplies, and training to build the capacity of foreign military forces to conduct counterterrorism operations or to participate in or support military and stability operations in which U.S. forces participate. Program funds can also be used to build the capacity of maritime security forces to conduct counterterrorism operations. The CCMDs, OSD, the Joint Staff, and/or DoS may identify Section 1206 requirements. The CCMD submits requirements in the form of proposals to OSD(SO/LIC). DSCA oversees a feasibility review of the proposals (which serve as MORs) to validate equipment lists, training requirements, and costs. These documents are simultaneously reviewed and prioritized by OUSD(P), the Joint Staff, and DoS, before approval by the Secretary of Defense, and then are submitted for Congressional Notification. The IA must develop Section 1206 cases as quickly as possible so that they are ready to offer on the day that case funding is available and to maximize the time available for contracting actions. The CCMDs should remain actively engaged and responsive to support this effort. DSCA (Programs) centrally manages the Section 1206 programs and tracks them from inception to case closure, including the timely, assured delivery of defense articles and services. Refer to DoD Instruction 5111.19, Section 1206 Global Train-and-Equip Authority, for specific Section 1206 Program guidelines.

C15.1.4.5. Iraq Security Forces Fund (ISFF). The ISFF provides support to all Iraqi security forces (ISF), including Army, police forces, special task forces, and border security. It funds construction, force protection, training, equipping, life support, and sustainment of ISF. Authority for the use of ISFF is incrementally drawn down following the withdrawal of U.S. forces from Iraq.

C15.1.4.6. Pakistan Counterinsurgency Fund/Counterinsurgency Capability Fund (PCF/PCCF). PCF/PCCF provides assistance to build and maintain the counterinsurgency capability of the Pakistan Security Forces, including military forces and the Pakistan Frontier Corps, and includes authority to provide program management, equipment, supplies, services, training, facility and infrastructure repair, renovation, and construction. PCF is a DoD authority and appropriation, while PCCF is a DoS authority and appropriation. The OUSD(C)

coordinates the PCF Financial and Activity Plan (FAP) with DoS and then submits the program-wide Congressional Notification by Budget Activity Group/Sub-Budget Activity Group (BAG/SAG). PCF is appropriated entirely to the Army as the DoD Executive Agent; only a portion of PCF is used to fund BPC cases via DSCA. For these, the Army provides the fund allotments to DSCA. The Office of the Defense Representative-Pakistan (ODR-P) serves as the Requesting Authority and generates requirements for PCF/PCCF, while the Army serves as the Funding Authority for those funds provided directly to DoD.

C15.1.4.7. Peacekeeping Operations (PKO), FAA Section 551. Funds are appropriated to DoS for PKO purposes. The PKO legislation authorizes the provision of assistance to Partner Nations and international organizations on such terms and conditions as the President may determine, including for use in regional security peacekeeping operations, and other programs carried out in furtherance of U.S. national security interests. Such assistance may include reimbursement to DoD for expenses incurred pursuant to Section 7 of the United Nations (UN) Participation Act of 1945, but may not exceed \$5,000,000 in any fiscal year unless a greater amount is specifically authorized by the President. The U.S. Embassy within a Benefitting Country or the CCMD defines PKO requirements and prepares the MOR for those requirements that will be executed by DSCA under a PKO BPC program. Each year, DoS uses FAA, Section 632(b) MOAs to transfer some of the PKO funding to DSCA in support of specific requirements.

C15.1.4.8. Global Peacekeeping Operations Initiative (GPOI). The GPOI Program is funded with PKO funds that have been specifically allocated by DoS to support UN and regional peace support operations (PSO) that establish and strengthen Partner Nations' institutional infrastructure for PSO training, train Partner Nation peacekeepers, and build capacity to address critical shortages in UN peacekeeping operations. DoS transfers a portion of the GPOI funds to DSCA under FAA, Section 632(b) MOA documents. DSCA (Programs) centrally manages the GPOI program and tracks cases executed by DSCA from inception to closure, including the timely, assured delivery of defense articles and services. The CCMDs are the lead implementers of GPOI activities, in collaboration with DoS. OSD(SO/LIC) approves GPOI MORs prior to case development.

C15.2. BPC PLANNING AND REQUIREMENTS DEFINITION

C15.2.1. General. During the Planning and Requirements Definition phase of a BPC case, the Requesting Authority must determine the program objectives and develop the request packages, with input from the SCO, the IA, the Benefitting Country, and other stakeholders. The IA needs detailed requirement information to source the defense articles and services appropriately. The Requesting Authority should clearly communicate a linkage between the provision of defense articles and services and the achievement of specific U.S. national security objectives; program effectiveness should be assessed following execution. The planning phase of a BPC case results in submittal of a detailed, coordinated MOR that is executable by the IA within funding and timeline limitations.

C15.2.2. Program Codes and Authorities. DSCA assigns BPC Program Codes to specific programs and appropriated fund sources, in the same way that FMS Country Codes are associated with an FMS Purchaser. Table C15.T2 lists each BPC Program with its associated code, authority, and funding information. The Fund Source column provides the fund source for

Pseudo LOA documents, and indicates whether the funds are from DoD or are provided via an FAA 632(b) MOA. Program and Appropriation authorities are identified in separate columns. The funds expiration date is September 30th of the year shown in the Expiration Date column (unless otherwise indicated), and program funds must be expended prior to the end of the year shown in the cancelling FY column. As Congress enacts legislation creating new authorities, DSCA (Strategy) will assign new program codes and update Table C15.T2. As appropriations cancel, they will be removed from the table.

Table C15.T2. BPC Program Codes and Authorities

Pgm	Pgm Cde	Program Authority	Purpose	Fund Source (DoD or FAA Sec 632(b) MOA)	Appropriation Authority	Expiration Date is September 30 (unless otherwise indicated)	Cancelling FY
1206	B5	P.L. 109-163, as amended	Build the capacity of foreign military forces to conduct counterterrorism or to support military operations	97 7 0100 (DW O&M)	P.L. 110-28 FY07	2007	2012
	B8			97 8 0100 (DW O&M)	P.L. 110-161 FY08	2008	2013
	B9		Build the capacity of foreign military forces or maritime security forces to conduct counterterrorism or to support military operations in which the U.S. is participating	97 9 0100 (DW O&M)	P.L. 110-252 FY09	2009	2014
	G7		Build the capacity of foreign military forces or maritime security forces to conduct counterterrorism or to support military and stability operations in which the U.S. is participating	97 0 0100 (DW O&M)	P.L. 111-118 FY10	2010	2015
	H2			97 1 0100 (DW O&M)	P.L. 112-10 FY11	2011	2016
	H4			97 2 0100 (DW O&M)	P.L. 112-74 FY12	2012	2017
	Afghan Train & Equip		Y2	P.L. 108-106	Provide assistance to the Afghan National Army to enhance its capability to combat terrorism and to support U.S. military operations	97 X 0100 (DW O&M)	P.L. 108-106 FY04
ASFF	B2	Annual Defense Authorization and Appropriation Acts	Provide assistance to the Afghanistan national security forces	21 6/7 2091	P.L. 109-234 FY06	2007	2012
	B6			21 7/8 2091	P.L. 110-28 FY07	2008	2013
	E3			21 8/9 2091	P.L. 110-252 FY08	2009	2014

Pgm	Pgm Cde	Program Authority	Purpose	Fund Source (DoD or FAA Sec 632(b) MOA)	Appropriation Authority	Expiration Date is September 30 (unless otherwise indicated)	Cancelling FY
	E5			21 9 2191	P.L. 110-252 FY09	2009	2014
	E6			21 9/10 2091	P.L. 111-32 FY09	2010	2015
	G5			21 10/11 2091	P.L. 111-118 and P.L. 111- 212 FY10	2011	2016
	G6			21 11/12 2091	PL. 112-10 FY11	2012	2017
	C5	P.L. 111-212		21 X 2091 FY__ (insert year of contribution)	Contribution (obtain data from CFD)	N/A	N/A
	H5	Annual Defense Authorization and Appropriation Acts		21 12/13 2091 (Army)	P.L. 112-74	2013	2018
CRSP	E7	P.L.110-252	Provide supplies, services, logistical support and non-reimbursable loan of equipment to certain coalition forces supporting military and stability operations in Iraq and Afghanistan	97 X 0100 FY__ (insert year of contribution) (DW O&M)	P.L. 109-148 P.L. 109-234, FY06 P.L. 109-289 P.L. 110-28, FY07 P.L. 110-161, FY08 P.L. 110-161 P.L. 110-25, FY09 P.L. 111-118, FY10 P.L. 112-10, FY11	N/A	N/A

Pgm	Pgm Cde	Program Authority	Purpose	Fund Source (DoD or FAA Sec 632(b) MOA)	Appropriation Authority	Expiration Date is September 30 (unless otherwise indicated)	Cancelling FY
	E8	P.L. 112-81	Provide specialized training and procure supplies and specialized equipment; provide such supplies and loan such equipment on a non-reimbursable basis to coalition forces supporting U.S. military operations in Afghanistan	97 12/13 0100	P.L. 112-74, FY12	2013	2018
DoD Counter Narcotics	S8	P.L. 101-510, Section 1004, as amd	Provide support for security, law enforcement, drug detection and reconnaissance with provision of equipment, training, facilities and communications	Various (refer to DSCA CFD for specific funds information)			
	S7	P.L. 105-85, Section 1033, as amd					
ISFF	B3	P.L. 109-234	Provide assistance to the security forces of Iraq including the provision of equipment, supplies, services, training, construction, and funding	21 6 2092	P.L. 109-234 FY06	2007	2012
	B7	P.L. 109-289		21 7 2092	P.L. 110-28 FY07	2008	2013
	E4	P.L. 110-161		21 8 2092	P.L. 110-161 FY08	2009	2014
	G3	P.L. 111-32		21 9 2092	P.L. 111-32 FY09	2010	2015
	G8	P.L. 111-212	Provide assistance to the security forces of Iraq, including the provision of equipment, supplies, services, training, facility and infrastructure repair, and renovation.	21 10 2092	P.L. 111-212 FY10	2011	2016
	H3	P.L. 111-383	Provide assistance to the security forces of Iraq	21 11 2092	P.L. 112-10 FY11	2012	2017
PCCF	G4	P.L. 111-32	Build and maintain the counterinsurgency capability of Pakistan's military and Frontier Corps	21 9/11 2395	P.L. 111-32 FY09	2011	2016
	G9	P.L. 111-73		FAA 632(b) MOA 2/3/2011, 1911_1210830000	P.L. 111-242 FY11	2013	N/A

Pgm	Pgm Cde	Program Authority	Purpose	Fund Source (DoD or FAA Sec 632(b) MOA)	Appropriation Authority	Expiration Date is September 30 (unless otherwise indicated)	Cancelling FY
PCF	G2	P.L. 111-32	Build the Counterinsurgency Capability of Pakistan Military and Frontier Corps	21 9/10 2095	P.L. 111-32 FY09	2010	2015
PKO and GPOI	S4	FAA Section 551 (22 U.S.C. Section 2348)	For PKO: Promote regional security operations, multilateral peace operations, and other programs in furtherance of the national security interests of the U.S. For GPOI: Build international peacekeeping capacity	FAA Sec 632(b) MOA and Amendments (Various--use appropriation on MOA provided)	P.L. 108-447, FY05	Funds obligated upon MOA signature	Pursuant to authorities contained in annual FOAAs
					P.L. 109-102, FY06		
					P.L. 109-234, FY06		
					P.L. 110-5, FY07		
					P.L. 110-92, FY08		
					P.L. 110-161, FY08		
					P.L. 110-329, FY09		
P.L. 111-117, FY10							
Other non-DoD Programs	S4	FAA Section 551 (22 U.S.C. Section 2348)	Various (as provided by the DSCA CPD)	FAA Sec 632(b) MOA and Amendments (Various--use appropriation on MOA provided)	Various (as provided by the DSCA CFD)	Funds obligated upon MOA signature	Pursuant to authorities contained in annual FOAAs

C15.2.3. International Agreements and Treaties in Force. Requesting Authorities will plan and execute BPC Programs in accordance with applicable bilateral and multilateral international agreements and arrangements. The SCO will maintain copies of these documents and be familiar with their contents. Copies should be shared with the CCMD, USG planners and Benefitting Country Ministry of Defense (MoD) counterparts, as necessary, to ensure all contributors are also cognizant of their contents. Specific agreements and arrangements apply to each Benefitting Country, but Table C15.T3 provides a listing of some of the common types of such agreements and arrangements.

Table C15.T3. International Agreements

International Agreements which may be in place:	Purpose
FAA, Section 505 Agreement	A bi-lateral exchange of diplomatic notes initiated by DoS in which the Benefitting Country provides end-use, security, and re-transfer assurances with respect to U.S. defense articles and services transferred via grant. Section 505 Agreements are a requirement of law for grant transfers.
Unilateral Diplomatic Note amending the Section 505 Agreement	Amends the Section 505 Agreement to apply to the U.S. assistance under consideration, in addition to those included in the original Section 505 Agreement. Generally, DoS PM will initiate the diplomatic note from the U.S. Embassy when a country is approved to benefit from a BPC Program.
Status of Forces Agreement (SOFA)	The SOFA generally establishes the legal framework under which DoD military and civilian personnel operate in a foreign country, addressing matters such as taxation, criminal jurisdiction, claims, drivers' licenses, privileges and immunities. The U.S. does not pursue a SOFA with each partner nation, and a SOFA is not required before a country may receive BPC Program assistance.
General Security of Military Information Agreements (GSOMIA)	Legally binding international agreements that establish terms for the protection and handling of classified military information provided by either partner to the other. Agreements that handle other types of classified information in addition to classified military information are referred to as General Security of Information Agreements (GSOIAs).
Communications and Information Security Memoranda of Agreement (CISMOA)	Establishes terms for secure communications interoperability and security
Bi-Lateral or Multi-Lateral Treaties	Various – e.g., NATO Treaty, NATO SOFA, U.S.-UK Defense Trade Cooperation Treaty.
Other Agreements and MOUs	Various – e.g., RDT&E Agreements, Reciprocal Defense Procurement MOUs, coproduction agreements.

C15.2.4. Planning and Coordination. Most BPC Program and case planning will occur in conjunction with annual CCMD security cooperation planning, which is organized by the CCMD J5 (or J4 for USPACOM) in a series of regional and country-focused working groups and documented in the Theater Security Cooperation Plan (TSCP). Crises, targeted appropriations, and other events may make it necessary for the Requesting Authority to begin BPC case planning outside the annual CCMD planning process. Some authorities, like Section 1206, are implemented through their own annual coordination cycles. In every instance, the Requesting Authority should initiate coordination with the appropriate IAs, other key USG stakeholders, and the CCMD J5 as early in the process as possible. It is often beneficial to invite participation from the SCO, the Military Departments (MILDEPs), and regional experts within OSD and DoS.

C15.2.4.1. International Sanctions and Leahy Restrictions. The Requesting Authority must confirm that the Benefitting Country is not under sanctions and is otherwise eligible to receive BPC Program assistance from the USG. DoD and DoS “Leahy” human rights vetting requirements must be completed, as applicable, before a Benefitting Country receives BPC Program assistance. The DoS Leahy law (Section 620M of the FAA) provides that no assistance

may be provided under the FAA or the Arms Export Control Act to any unit of the security forces (including an individual) of a Benefitting Country if the Secretary of State has received credible information that such unit has committed a gross violation of human rights, unless the country is taking effective steps to bring the responsible members of the security forces unit to justice. The DoS Leahy law applies to DoS authorities such as PKO and PCCF. It also applies to certain DoD authorities, such as Section 1206, pursuant to the terms of those authorities. The DoD Leahy law is provided in the annual Department of Defense Appropriations Act, and it provides that DoD appropriations may not be used to support a training program involving a security forces unit (including police) of a foreign country if the Secretary of Defense has received credible information from the Department of State that the unit has committed a gross violation of human rights, unless all necessary corrective steps have been taken.

C15.2.4.2. Benefitting Country Involvement. The SCO will advise the Benefitting Country of BPC Program objectives and the Benefitting Country's role in the BPC case process. Benefitting Country representatives should provide details of their country's existing capabilities, capacity, and security requirements to enable identification and prioritization of requirements. The Benefitting Country should also indicate its ability to support and sustain the articles and services after delivery.

C15.2.4.2.1. Sharing Case Information With Benefitting Countries. The SCO may share information that contributes to defining requirements; arranging for delivery, Customs processing, and security; operating and sustaining the defense articles; and achieving training objectives. SCOs are encouraged to share requirement information with Benefitting Country representatives, as appropriate, to support U.S. objectives. Once the BPC case is Implemented, the SCO may share the Pseudo LOA and supporting documents (with the exception of protected information listed below) with Benefitting Country MoD representatives, as appropriate. Case information will be shared consistent with U.S. national security interests, and in accordance with any existing international agreements. Release of information regarding the schedule of shipments or training events does not constitute a commitment of the United States to the Benefitting Country and SCOs should clearly communicate this to Benefitting Country representatives. No guarantee of assistance can be made until the defense articles or services are delivered and title and custody has been transferred.

C15.2.4.2.2. Protected Information. SCOs may not share internal USG correspondence or information about internal USG discussions regarding case requirements with Benefitting Countries. The following information may not be shared and must be removed from case documents prior to release unless the IA has obtained authorization from DSCA (Strategy) to share the information:

C15.2.4.2.2.1. Pre-decisional case information (to include the draft Pseudo LOA);

C15.2.4.2.2.2. USG internal correspondence regarding the case (e.g., e-mails, meeting minutes) or any internal USG planning information, policy determinations or justifications regarding the case;

C15.2.4.2.2.3. Information pertaining to another country (a Pseudo LOA with multiple Benefitting Countries must be carefully screened prior to sharing);

C15.2.4.2.2.4. The FAA 632(b) Memorandum of Agreement or other Pseudo LOA

funding documents;

C15.2.4.2.2.5. Proprietary information from any source; or,

C15.2.4.2.2.6. Contract documents or commercially sensitive information, to include the Statement of Work (SOW).

C15.2.4.3. Identification of Desired Capabilities. The Requesting Authority, in coordination with the CCMD (if it is not the CCMD itself), should define Benefitting Country military roles required to meet security objectives under existing and emerging security environments. For each capability considered, this assessment should ideally include an analysis of doctrine, organization, training, materiel, leadership, personnel, and facilities within the Benefitting Country so as to prevent an overly narrow focus on equipment or training solutions. The assessment, captured in the CCMD's Country Campaign Plan, should also consider the Benefitting Country's political will to apply the capabilities, the national legal framework that permits or circumscribes the application of the capabilities in support of the desired partner role, and the capacity of the MoD and other supporting institutions to sustain the capabilities. The Country Campaign Plan articulates how desired roles and capabilities relate to specific CCMD and national-level strategic objectives. The U.S. Embassy includes desired country objectives in the Mission Strategic Resource Plan.

C15.2.4.4. Prioritize Requirements. Once initial planning has occurred, Requesting Authorities will identify a prioritized list of partner capacity/capability shortfalls that the country is willing to address and the Country Team within the U.S. Embassy is willing to support. This will help direct resources toward the most urgent requirements, assure proper sequencing of the delivery of new capabilities, facilitate the creation of capability packages, and provide scale-ability to the overall program should only a portion of requested funds be available. Prioritization should be done in coordination with IAs and CCMD staff, and should take into consideration any known restrictions on the use of funds.

C15.2.4.5. Capability Package Planning. The Requesting Authority will translate prioritized requirements into packages of specific, actionable, and sustainable BPC Program requests. For complex programs, or to obtain more definitive assessments, USG subject matter experts may conduct site visits to consult with Benefitting Country representatives, inspect equipment, evaluate institutional capacity, and assist the Requesting Authority in capability package planning. An Expeditionary Requirements Generation Team (ERGT) could be established to accomplish this. See Chapter 5.

C15.2.4.6. Total Package Approach. Where appropriate, BPC proposals should present a Total Package Approach (TPA) to the provision of defense articles and services. During planning, the Requesting Authority should consider and address follow-on support and effective sustainability, recognizing that BPC Programs are time-limited by their annual appropriations. Adequate sustainment support may require spares, additional training, consumables, and possibly contractor logistics support (CLS) that exceed BPC Program funding timelines, so the Requesting Authority should consider various funding resources. See Chapter 4 for more detailed discussion of TPA.

C15.2.5. Feasibility Assessment. The IA will conduct a feasibility assessment of the proposed case to verify requirements are actionable and funds can be obligated within time and

budget constraints. Feasibility assessments identify any documentation needed to complete the MOR package, such as a Country Team Assessment and CCMD endorsement; definition of requirements; technology security and foreign disclosure releases; accurate equipment, training, and support cost estimates; transportation plans; and special contracting requirements. If a requested item cannot be placed on contract before the appropriation expires, the IA will identify this to the Requesting Authority and the DSCA CPD.

C15.2.6. Memorandum of Request (MOR). The Requesting Authority, in accordance with its internal procedures, finalizes and submits an MOR to the IA with a courtesy copy to the DSCA CPD. MORs must be submitted in unclassified communication channels so they are accessible to all stakeholders, and formats vary according to the program. Section 1206 Program MORs (referred to as proposals) are first submitted to OUSD(P), which forwards them to DSCA and other organizations for review. Requesting Authorities should submit completed MORs no later than the first quarter of the fiscal year to allow adequate time for case development and funds obligation before year end and to meet the Requesting Authority's required delivery date. LOR guidance materials (found on the SCO/CCMD tab in the Security Cooperation Information Portal (SCIP)) may be helpful to guide MOR preparation.

Table C15.T4 MOR Information

#	Area	Description
1	Program and Authority	Identify the proposed BPC Program, the authority and/or funding which may be used to support the requirement. Refer to Table C15.T2 for a listing of BPC Programs and their assigned Codes. Contact DSCA (Strategy) if the program code is not listed.
2	Requesting Authority Point of Contact (POC)	Provide POC information for the organization and person who is familiar with the requirement and can address any questions. Include name, organization, address, phone number and e-mail address.
3	Description	Include a description of the defense articles, quantity, estimated unit price, National Stock Numbers (NSNs) and/or part numbers, and sizes (if sizes are not known, indicate if tariff sizing is acceptable). Describe the type of services required (e.g., site surveys, repairs, training, engineering and/or technical assistance) and whether the provider is military, civilian, or contractor.
4	Estimated Cost	Provide estimated costs of the total requirement, broken out by each separate element of materiel or service required. Include an estimate for DTS transportation (consult with DSCA CPD for appropriate rate). If the estimated costs are not known, include a not to exceed value for the case.
5	Shipment Method	Identify the shipping mode and any unique transportation requirements. Indicate if materiel consolidation is requested, or if a separate transportation case will be used to pay for shipment.
6	Destination Information	Designate the appropriate in-country Point of Debarkation (POD), the MAPAC, the Mark For Code (or in-the-clear text address), and the Purchaser Procuring Agency code (the component or service within the Benefitting Country to receive the case materiel).
7	Required Delivery	Provide an RDD that the IA can meet, allowing time for development of the

#	Area	Description
	Date (RDD)	LOA, for contracting and for DTS shipment of the materiel. If the request is short notice, provide a justification.
8	Statement of Work (SOW) for Training and Service	Include a SOW for contracted services.
9	Period of Performance	Identify the required period of performance for training and services.
10	Incidental Construction	Identify costs of incidental construction involved.
11	Exceptions from Full and Open Competition	<p>Exceptions from full and open competition require a Justification and Approval (J&A) in accordance with Federal Acquisition Regulation (FAR) and Defense FAR Supplement (DFARS) requirements for DoD and must be approved by the IA's contracting authority.</p> <ol style="list-style-type: none"> a. The Requesting Authority will provide a Statement of Urgency if an exception is requested based on unusual and compelling urgency, reference Title 10 U.S.C. Section 2304(c)(2). Neither the preference of the Benefitting Country nor the expiring nature of funds will be sufficient justification for urgency. b. The Requesting Authority will complete a Justification and Approval (J&A) if an exception is requested because there is only one responsible source or there is a specific brand-name requirement. Refer to FAR Subpart 6.3/DFARS 206.3/PGI 206.3. See Figure C15.F1 for guidance on preparing a Justification. c. The Title 10 U.S.C. Section 2304(c)(4) "International Agreement" exception cannot be used for BPC requirements, which do not represent international agreements. <p>Other justification for sole source may be available pursuant to FAR and DFAR guidance.</p>

Figure C15.F1 Guidance for Sole Source Justification

JUSTIFICATION FOR SOLE SOURCE PROCUREMENT

The applicable IA contracting authority retains approval authority for any Sole Source request submittal. BPC case Requesting Authorities are encouraged to include the following elements in their Justification and Approval (J&A) if requesting the only one available source:

1. Description of the required defense articles or services, to include brand name.
2. A brief description of intended use or application. What is the requirement? (FAR 6.303-2).
3. A brief description of how the BPC Program would be impacted if the defense articles or services are not furnished.
4. The critical or unique features that are mandatory and limit the availability of the article or service to a single source. The necessity for these features should be clearly indicated. Minimum essential requirements must be stated (FAR 6.303-2). For example:
 - a. The material or service must be compatible in all aspects (form, fit, and function) with existing systems presently installed. Describe the equipment presently in use within the Benefitting Country, and how the new item/service must coordinate, connect, or interface with the existing system.
 - b. A patent, copyright, or proprietary data limits competition. Describe the proprietary data.
 - c. These are “direct replacement” parts/components for existing equipment. For such follow-on procurements, provide estimate of Government cost to duplicate the capability. (FAR 6.303-2(a)(9)(ii))
5. A statement that no other known product possesses one or a combination of all the required critical features. This statement should elaborate on the steps taken which led to the conclusion that only a particular source or product can meet the requirement. (i.e., market survey, investigation of sources) (FAR 6.303-2).
6. Determination that anticipated cost will be fair and reasonable.
7. Provide any other information that would justify an exception to full and open competition.

C15.2.7. Congressional Notification and Funding. BPC Program execution is subject to Congressional Notification before funds are made available for case implementation. The Congressional Notification process, managed by the Funding Authority, may take place prior to MOR submittal, concurrent with case development, or even after case development, but must be completed prior to case implementation. DSCA CWD will withhold offering any Pseudo LOA until confirmation that this process has completed, but it is imperative that the IA and DSCA (Operations) ensure each LOA is ready to offer as early in the year as possible, to take full advantage of remaining time for funds obligation, funds expenditure, and case execution.

C15.2.7.1. DoD-Funded Appropriations. The DoD Requesting Authority initiates the Congressional Notification process by submitting proposals/requirements to OSD. OUSD(C) or OUSD(P) coordinates the notification packages with DSCA, DoS, and OSD Legislative Affairs before they are submitted to Congress for the required notification period. The level of detail required for each Congressional Notification varies. For example, the ASFF notification is a

high-level summary, broadly defining DoD requirements for the upcoming year. The Section 1206 Congressional Notification package includes multiple country programs, and involves cost estimates, quantities and justifications for each. CRSP and Section 1206 notifications may be submitted multiple times during a fiscal year. Once notification is complete, OUSD(C) authorizes release of funds to the appropriate DoD comptroller office for use in support of BPC Programs.

C15.2.7.2. Appropriations Received on an FAA Section 632(b) MOA. DoS and other U.S. Government departments and agencies are responsible for preparing and coordinating Congressional Notification and/or approval packages based on program requirements. For example, DoS(PM) submits the PKO Congressional Notification and identifies what funds it proposes to execute through the DSCA case process. The Funding Agency will prepare an FAA Section 632(b) MOA, which records the terms of its inter-agency agreement with DSCA, such as spending limits, period of performance and other unique transfer requirements. The DSCA CPD will coordinate and process the MOA for signature by the DSCA Director. Once the MOA is signed by both DSCA and the Funding Authority, funds are considered obligated for the Funding Authority. As a result, DFAS transfers the funds into the FMS Trust Fund, where they may be used to support the BPC case for the purposes outlined in the MOA. A signed copy of the MOA will be attached to each funded Pseudo LOA document.

C15.3. BPC CASE DEVELOPMENT

C15.3.1. General. The Requesting Authority and SCO will remain actively engaged to clarify requirements, ensure development is on-track, and maintain communications with the Benefitting Country through the Case Development phase. The IA will document and price the required materiel and services on a Pseudo LOA and prepare a Case Advisory for the Benefitting Country. The DSCA CWD will place the BPC case in Offered status once all programmatic and policy requirements have been met.

C15.3.2. Initiating a Pseudo LOA. The DSCA CPD will forward a copy of the MOR to the IA, identify the allowed total case value (TCV), and provide a unique case identifier. The case identifier is a 6-position alpha-numeric string which includes the Program Code, the single-position IA code of the DoD Component providing the support, and a 3-position case designator (e.g., E7-B-UAC). Based on the use of a BPC Program code, DSAMS will attach Pseudo LOA information (in lieu of FMS LOA information) and validate the entry of BPC case data. Each program code in DSAMS is associated with an authorized Benefitting Country(ies). If a Pseudo LOA document benefits more than one Benefitting Country, the IA will first coordinate this requirement with the DSCA CFD. The applicable Benefitting Country country code (found in Table C4.T2 and distinct from the BPC code) will be selected by the IA at the line level in DSAMS. Table C15.T5 provides Instructions for preparing a Pseudo LOA document, to be used with BPC Program data provided in Table C15.T2 and the definitions of terms provided in the Pseudo LOA Information document.

Table C15.T5. Instructions for Preparing Pseudo LOAs

#	Item	Use
1	Case Identifier	Enter the unique case identifier assigned by DSCA (Strategy).
2	Purchaser's Reference	For DoD-funded BPC Programs: After "Based on" enter "funds provided and the Memorandum of Request from [enter Requesting Authority] to the Defense Security Cooperation Agency, [insert date of MOR and tracking number]." For non-DoD funded BPC Programs: Enter "the MOA between the Funding Authority and DSCA, dated [insert date of FAA Section 632(b) MOA in Fund Source] and the Memorandum of Request from [enter Requesting Authority] to the Defense Security Cooperation Agency, [insert date of MOR and tracking number]."
3	Nickname Field	Enter the Benefitting Country/organization, the Program, the Program Authority, and "BPC" (e.g., "Bandaria, 1206, PL 109-163, as amd, BPC"). If there are multiple Benefitting Countries on the LOA, list the Country Codes from Table C4.T2 (e.g., "BN, KY, MK") before entering the Program. This field is limited to 50 characters.
4	Offer Expiration Date (OED)	The recommended OED to meet USG-driven requirements is 30 days (25 days for administrative processing and 5 days for DSCA review) unless the DSCA CPD has granted a longer period. A Short OED note is required on every Pseudo LOA document with an OED of 60 days or less.
5	Authority Field	Select the BPC Program Authority abbreviation. The full program Authority will be printed on the LOA following the Terms of Sale.
6	Authority Fiscal Year	Select the Appropriation Authority fiscal year (found in table C15.T2). This field only appears in DSAMS.
7	S1 Description Field	Enter the Benefitting Country's Country Code (use the Program Code, if more than one country is benefitting) followed by a dash, and then a short description of the articles and services being provided. For programs which benefit only a single country (e.g., ASFF), the organization may be used in place of the Country Code. For example, "ANA – Emergency response vehicles and equipment." This field is limited to 45 characters.
8	Purchaser Mailing Address	Select "Department of Defense" or the non-DoD Funding Authority.
9	Item Number	Materiel and services on the case are listed by a three-position numeric case line number (e.g., 001, 002, etc.).
10	Benefitting Country	Select the Benefitting Country for each line, as applicable.
11	Description/Condition Field	Any MDE items will be listed separately on the LOA and not combined on a line with non-MDE equipment. Lines should be listed in order from most to least substantial. After the major items, the remaining lines should be listed in order by Generic Code at the IA's discretion.
12	Quantity, Unit of Issue, Unit and Total Costs.	This information is entered as applicable. Total costs for each line are always in whole dollars. See Section C15.3.3 for information on pricing.
13	SC/MOS/TA or Notes.	Enter codes for Source of Supply, number of months estimated before items or services will be available, and Type of Assistance and training notes.
14	Offer Release Code (ORC)	Enter "X."

#	Item	Use
15	Delivery Term Code (DTC)	Enter DTC 7 to indicate that DoD will provide trans-oceanic and in-country travel to the final destination. Enter DTC 9 if follow-on transportation from the port of debarkation has been arranged via another means.
16	Freight Forwarder Code	Enter "X" if the item will be shipped to a MAPAD address. 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). Enter "W" on exception requisitions, when shipment is to an off-line address or when the LOA provides only services. Clear instructions must be provided in the Remarks section, and the Mark For Code on the front page of the LOA will be "0."
17	Charges on the LOA	Charges listed "below the line" will identify Packing, Crating, and Handling (PC&H); the FMS Administrative Surcharge; Transportation or other accessorial charges, unless otherwise specified and provided as a separate line on the LOA.
18	Estimated Payment Schedule	Enter the Total Case Value (TCV) into the Due With LOA Acceptance field. BPC Programs have a statutory limit on the total amount of funds available for obligation in each fiscal year and/or for obligation in support of specific objectives, so requested deviations from the TCV must be approved by the DSCA CFD.

C15.3.3. Pricing. The IA will price defense articles and defense services for Pseudo LOA documents in accordance with the DoD Financial Management Regulation (FMR), DoD 7000.14-R; Volume 11A, for reimbursable operations, Chapter 9 of this Manual, and the authorizing legislation and relevant financial management policy for the funds. The IA must exercise care whenever items and quantities on the LOA change to ensure they do not change or exceed the nature and scope of the congressionally notified program. Depending on the requirements of the authorizing stature, there may be no flexibility in adjusting or exceeding the notified quantities or values.

C15.3.3.1. Standard Level of Service. DSCA Directorates and the IA will render the same level and manner of service for management of BPC cases as they do for management of FMS cases. Refer to this manual, Chapter 5, Table C5.T6 for a description of the case-related manpower functions and the appropriate funding source. Funding Authorities may approve payment for above standard level of service activities as long as the requirement is clearly justified in the MOR. The IA will include a charge for above standard level of service on the Pseudo LOA or on a separate management case for the BPC program.

C15.3.3.2. Defense Articles. The price of defense articles sold under BPC Program authority is the acquisition cost, adjusted as appropriate for condition and age.

C15.3.3.3. Defense Working Capital Funded (DWCF) Materiel and Services. The selling price is the DWCF current standard price. Payments or reimbursements are credited to the DWCF providing the items.

C15.3.3.4. Non-Excess Procurement Assets Not to be Replaced. The IA will set the price for these assets at 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. The IA deposits payments from the Funding Authority into the Miscellaneous Receipts Account.

C15.3.3.5. Non-Excess Procurement Assets to be Replaced. The DoD Budget and/or Future Years Defense Program (FYDP) must reflect intent to acquire replacements for such assets before they are included on a BPC case. The Funding Authority will make reimbursements equal to 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.

C15.3.3.6. Procurement. The investment item unit cost restrictions contained in 10 U.S.C. 2245a and the annual appropriations act for DoD enacted by Congress do not apply to the use of Operations and Maintenance funds for defense articles procured in support of BPC Programs unless specifically applied by Congress. Refer to language in the Congressional authorization and appropriation acts, the DSCA Office of General Counsel (OGC), and OUSD(C) for more information. The provisions of the various Buy American Acts may not themselves apply to all BPC Programs, however similar provisions generally will apply to most BPC Programs under the Balance of Payments Program regulations, which require DoD to purchase only U.S. domestically produced end products (as defined by those regulations).

C15.3.3.7. Training. The IA will apply Rate D (refer to DoD FMR Volume 15, Chapter 7) for tuition-based training wholly funded with appropriated funds. For training requiring dedicated resources, the full cost of the training will be applied (excluding military pay and civilian unfunded retirement).

C15.3.3.8. Services. Non-training services will be priced using the DoD FMR Volume 11A. Refer to C15.3.4. for more information regarding period of performance for services.

C15.3.3.9. Surcharges and Accessorial Charges. The IA will apply FMS Administrative Surcharge, Contract Administration Services (CAS) surcharge, and accessorial charges (such as packing, crating, handling (PC&H) and transportation) to the Pseudo LOA. OCONUS CAS is not applicable when Defense Contract Management Agency (DCMA) personnel are present in a Benefitting Country for the purpose of supporting DoD. OCONUS CAS on a BPC case, however, is applicable to DCMA personnel present in a Benefitting Country only to support an FMS case (i.e., full-time employees, 90 percent or more of their time devoted to an FMS case).

C15.3.3.10. Travel and Living Allowances (TLA) for Training. Provision of CONUS training to foreign personnel under a BPC case is not common, and any request must be supported by the DSCA CPD. If CONUS training is approved, the IA may include student travel and living allowances as a line on the Pseudo LOA document as long as funds are obligated before they expire. See paragraph C15.3.4.3 for a discussion of Section 1206 cross-fiscal year authority. TLA for OCONUS training does not require a DSCA CPD supported request. The IA may also add a separate line to the LOA to cover unforeseen medical expenses that may arise in the event that the student does not possess medical insurance. The LOA may not pay for routine medical expenses or for dependents. Unless dependents have adequate healthcare insurance coverage, dependents are not allowed to accompany the student to training in CONUS or OCONUS. Refer to Chapter 10 of this Manual for more information on TLA.

C15.3.3.11. Transportation Charges. DSAMS will automatically apply the DoD transportation rates for standard transportation of BPC case materiel, which includes the use of Channel flights, for each applicable line on the Pseudo LOA. These below-the-line transportation charges (called such because they are added on the LOA estimated cost summary below the line item Net Estimated Cost) are collected into a Transportation Cost Account within

the FMS Trust Fund. Below-the line transportation expenses are subsequently paid from this account. There are specific situations, however, in which the standard transportation rate will not be applied. If an IA deviates from the standard percentage rate, it must enter a case remark in DSAMS to provide the rationale for the rate being used.

C15.3.3.11.1. Transportation to a Consolidation Point. The IA may consolidate materiel at a CONUS inventory control point in order to manage multiple shipments of materiel to a Benefitting Country. If materiel consolidation is planned during case development, the IA will include a case note on the Pseudo LOA document to describe the intended consolidation and cite the separate case (if known) that will provide funds for materiel handling at the ICP and onward shipment into the Benefitting Country. The IA will inform their billing office to override the DTC rate calculation on the case in development by entering an appropriate Transportation Bill Code (TBC) to fund only transportation to the ICP at the time of delivery booking.

C15.3.3.11.2. Separate Transportation. If a separate transportation case will fund transportation of materiel to the Benefitting Country (other than from a consolidation point), the IA should not include a transportation charge on the Pseudo LOA. The IA will include a case note that identifies the lines that will be transported via a separate case and provide that case's identification. This information will also be entered when the TBC is selected.

C15.3.3.11.3. Premium Transportation. If a line item will be transported via a Special Assignment Airlift Mission (SAAM) or other premium transportation, the transportation service is entered as an above-the-line direct charge and not assessed on a rate basis.

C15.3.3.11.4. Prime Vendor Transportation. For system sales and more complex acquisition and sustainment efforts, the IA may request approval from DSCA (Strategy) for the prime vendor to transport and make delivery of materiel to the in-country location. The Prime Vendor's contract price will include a cost for transportation and DTC 4 will be cited against the line. The IA will include a note in the Pseudo LOA to describe the transportation and delivery arrangements.

C15.3.3.12. Engineering Services and Construction. Absent specific statutory authorization, BPC programs cannot be used for engineering services or construction to accomplish infrastructure projects within a Benefitting Country that are in support of U.S. forces. Such projects are governed by the laws regarding military construction, 10 U.S.C. Section 2801, implementing regulations and guidance provided by the Supported CCMD.

C15.3.3.13. Nonrecurring Costs (NC). USG appropriated funds will not be used to pay NC; therefore, IAs will not apply NC to Pseudo LOA documents.

C15.3.4. Period of Performance for Services.

C15.3.4.1. Contractor Services.

C15.3.4.1.1. Severable contractor services (such as tactical and deployment training) must generally be performed in, and paid with, funds from the current year. However, the period of performance of severable services may begin in the year of funds availability and end in the subsequent year, provided the contract period does not exceed 12 months.

C15.3.4.1.2. Non-severable services contracts, such as services to produce a single or

unified outcome, product, or report, will be funded entirely at the time the contract is awarded, though the period of performance may extend across fiscal years. Contractor-provided new equipment training and installation at a basic level are considered non-severable services when necessary for the installation or operation of the actual equipment. This includes basic quality assurance testing to ensure that the items are in operating order. For example, if a Benefiting Country under the FY 2011 program is to receive radios and antennas with a lead-time allowing deliveries in November 2012, FY 2011 funds can be used to place basic radio operator training and antenna installation on contract so that training and installation can be conducted when the equipment is delivered.

C15.3.4.2. Government-sourced Services. The IA may use current year BPC program funds to pay for training and services to be executed by USG sources, such as USG civilian and military personnel, as long as the funds are fully obligated prior to their expiration. This generally requires that civilian and military personnel funded with BPC program funds must cease program-related activities no later than the end of the fiscal year of funds expiration.

C15.3.4.3. Section 1206 “Cross Fiscal Year” Authority. Congress has provided the Section 1206 Program with a “cross fiscal year authority,” which applies to both contracted and government-sourced services. This authority provides a time-limited exception to the bona fide need rule (which requires that appropriated funds be used only for goods and services for which a need arises during the period of that appropriation’s availability for obligation), in that it authorizes performance of Section 1206 Program services beyond the funds availability period and up to the end of the fiscal year following appropriation, and includes services such as travel and government civilian services as they pertain to Section 1206-related TDY, properly chargeable to the Section 1206 Program. Funded civilian personnel are not required to cease their Section 1206-related activities at the end of the appropriation fiscal year. If military pay is part of the reimbursable expense (i.e., under contingency operations), it may be reimbursed from Section 1206 funds. This authority does not extend the period of availability for the Section 1206 appropriation, though; all funds providing support through the end of the subsequent fiscal year must be obligated prior to the end of the appropriation fiscal year.

C15.3.4.4. Under a Continuing Resolution (CR) Appropriation. When developing a Pseudo LOA document that will be funded under a CR appropriation that lapses before the end of the fiscal year, the IA will specify the required period of performance for services in accordance with regulation and disregarding the CR expiration. For example, if the CR appropriation ends on December 15, 2011 but the required period of performance extends to March 31, 2012, the Pseudo LOA document will be written to reflect performance period extending to March 31, 2012. The IA must ensure that the Pseudo LOA is for activity that is allowed by the CR. For example, CRs generally prohibit the initiation of projects for which appropriations, funds or authority were not available during the preceding fiscal year. The IA will provide written notification via e-mail or memo to the service provider to clarify that obligations are subject to the availability of funds. Refer to paragraph C15.3.8.3 for a discussion of funds obligation under a CR appropriation.

C15.3.5. Signed Copy Distribution. The following statement will be included after the payment schedule portion of each Pseudo LOA document:

- “1. Upon acceptance, the LOA Implementing Agency shall sign one copy of this LOA document and retain the signed copy in case files.
2. Simultaneously, the LOA Implementing Agency will enter the Accepted milestone into the Defense Security Assistance Management System (DSAMS), enabling the Defense Security Cooperation Agency (DSCA) to proceed with funds collection and case implementation.”

C15.3.6. Notes. A line item description note is required for every line on the LOA unless all line item description information can fit beneath the MASL descriptions. Notes on a Pseudo LOA do not represent terms and conditions of an international agreement, but rather an internal USG document. The standard notes and case-unique notes are attached to communicate case information necessary for proper management of the case and case materiel and are addressed to USG participants. Refer to the Note Usage line of Table C5.T5, LOA Notes, to identify which standard notes are to be used on Pseudo LOAs.

C15.3.7. Case Advisory. Benefitting Countries should understand USG expectations in advance of accepting any BPC assistance. The Case Advisory, prepared by the IA, is a notification to the Benefitting Country that a BPC case is being considered, and alerts the Benefitting Country of USG expectations that accompany the transfer of training and equipment. The SCO may present this document during case development or after case implementation, but will do so prior to shipment of the materiel or any training being provided.

C15.3.7.1. Preparation. The IA will use the template provided in Figure C15.F2 for preparing the Case Advisory during the case development phase. The IA need only insert the Benefitting Country’s name in the header section. The IA will enter the required information in the first and second paragraphs, obtaining agreement and Diplomatic Note information from the SCO. (NOTE: Information in paragraph 2 will generally remain constant for each case that a Benefitting Country receives.) The IA will select all applicable paragraphs to include in the Case-Unique Information section, and save the completed form as a PDF file, which will be provided to the SCO before the case is Implemented.

Figure C15.F2 Case Advisory

ADVISORY CONCERNING A UNITED STATES GOVERNMENT-FUNDED
CASE UNDER CONSIDERATION FOR THE BENEFIT OF

(Country)

Presented to: _____ on: _____
Title and Organization: _____

Presented by: _____ on: _____
Title and Organization: _____

The U.S. Government is considering whether to provide defense articles and / or defense services to your Government in order to [insert Program purpose from SAMM Chapter 15 Table C15.T2.]. The defense articles and services under consideration include [briefly summarize the articles and services under consideration].

If these defense articles and/or services are furnished by the U.S. Government, an authorized representative of your Government will be required to indicate acceptance by signing documentation (TAB 1) that transfers ownership and obligations for the defense articles and/or services pursuant to the Exchange of Notes done at _____ and dated _____ regarding [use title of exchange specific to the 505] and [refer to the Diplomatic Note specific to the program], dated _____ (TAB 2 and TAB 3). In these Notes, your Government agreed that upon transfer of defense articles and services, the U.S. Government retains the right to verify reports that such defense articles and services have not been used or protected in a manner consistent with this agreement. If the U.S. Government were to find that such defense articles and services have not been used or protected in a manner consistent with these Notes, further assistance from the U. S. Government might not be approved.

Liability. If the U.S. Government provides defense articles and/or services for the benefit of your Government, the U.S. Government will assume no liability for loss, damage, or injury of any kind in connection with use or handling of the defense articles or services.

Taxation and Customs. If the U.S. Government provides defense articles for the benefit of your Government, the U.S. Government expects that your Government will accept responsibility for prompt clearance of materiel through its Customs at the in-country Point of Debarkation (POD) free from any Customs duties, import taxes, or similar charges.

Title and Custody Transfer. If the U.S. Government provides defense articles for the benefit of your Government, the U.S. Government will retain title to and custody of furnished materiel until delivery to your Government at the specified in-country location. The U.S. Government expects that an authorized representative or agent of your Government will participate in an inventory of the articles and accept receipt and responsibility for the articles by signing a transfer and receipt document (example provided at TAB 1).

Passports, Permits and Personnel Security. If the U.S. Government provides personnel services for the benefit of your Government, the U.S. Government expects that your Government 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 U.S. personnel to carry out this effort. U.S. Government expects that your Government will provide adequate security to protect U.S. personnel and property associated with this case and located on military installations or other designated work sites.

Case-Unique Information (Select and include only the paragraphs that apply):

- Ammunition.** The U.S. Government expects that your Government will complete appropriate actions for each explosive/ammunition item accepted to facilitate movement of the item to your Government's in-country destination.
- Coalition Readiness Support Program (CRSP).** The defense articles and/or supplies under consideration may be loaned to eligible countries supporting U.S. military operations in Iraq and/or Afghanistan. The U.S. Government does not transfer title to equipment loaned under CRSP authority.
- COMSEC Equipment.** The U.S. Government retains legal title to COMSEC Equipment and can recall the equipment at any time. The defense articles under consideration are COMSEC equipment and require physical security and accountability as set forth in the following agreements and documents, as applicable.
 - a. Communication Interoperability and Security Memorandum of Agreement (CISMOA) between the U.S. Government and your Government dated _____.
 - b. Bilateral and/or multilateral Communications Security and other security agreements between the U.S. Government and your Government dated _____.
- Environmental Hazards.** There may be items included in this transfer that require special skills or equipment for operations, maintenance, or disposal in a manner that will minimize any environmental hazards.
- Physical Security and Accountability Plan.** Prior to the transfer of any item requiring Enhanced End Use Monitoring (EEUM) (reference SAMM Chapter 8), your Government will be required to provide a Physical Security and Accountability Plan, which specifies how the EEUM items will be secured against loss, theft, or unauthorized access. The Security Cooperation Organization can provide a template for such a plan upon request. Within 30 calendar days of the discovery of destruction, loss, theft, or unauthorized access of any EEUM items, the U.S. Government expects that your Government will provide a written report to the U.S. Government with details of the incident and steps being taken in response. The U.S. Government expects that, upon request, it will be permitted to conduct an inspection and inventory of the EEUM items by serial number.
- Training or Service in Your Country.** U.S. personnel who travel to your country for the purpose of supporting this case will operate under the general supervision of the U.S. Chief of Diplomatic Mission. Deployment dates for U.S. personnel will be established: 1) in coordination with your Government, 2) upon confirmation that all training equipment, tools, facilities and interpreter support are available and operational, and 3) after confirmation that all students are available at the training site and meet U.S. Government eligibility requirements. The U.S. Government expects that prior to the training team arrival, your Government will arrange access for the training team to visit all agencies, offices, activities, training installations, and training sites required for the duration of the team visits and promptly provide such further support as may be required to facilitate the entry, security, and work of training personnel as established in

separate discussions.

- **Training at U.S. Facilities (in CONUS or OCONUS).** Your Government will be required to supply personnel information for each student prior to the training report date, to ensure that all training tracks in the U.S. Security Assistance Network (SAN) have complete student names, dates of birth, places of birth (consisting of city and country) and current assigned unit or organization no later than 16 calendar days prior to students' report date in the U.S. If the required information is not available in the SAN by such date, the USG will cancel or re-schedule the subject training. Forfeiture charges will be applied against this case if training is in CONUS. Your Government is advised to purchase or provide medical insurance coverage for each student approved for training in advance of international travel, as medical expenses may not be covered by this case.

TABS:

- TAB 1: Example Transfer and Receipt Document
- TAB 2: Section 505 Exchange of Notes
- TAB 3: Program Diplomatic Note

C15.3.7.2. Case Advisory Presentation. Before presentation of the Case Advisory to an appropriate representative of the Benefitting Country, the SCO will complete the header information and attach specific documents: an example (uncompleted) Transfer and Receipt document from Figure C15.F4; the Benefitting Country's Section 505 Agreement; and any unilateral Diplomatic Note amending the Section 505 Agreement. The SCO will present the Case Advisory to appropriate Benefitting Country Ministry of Defense representatives, and will communicate its purpose and intention prior to shipment of case materiel. The SCO will make it clear that this document is advisory, does not guarantee provision of program materiel and does not obligate the Benefitting Country or the USG (it is not legally binding in the way that an international agreement would be). Benefitting Country representatives should be encouraged to share the document with others in their government. If Benefitting Country representatives believe their government will be unable to meet the expectations as stated, this will be discussed and reported to the DSCA CPD before materiel is shipped. A copy of the completed Case Advisory will be retained in SCO files.

C15.3.8. Offer of the Pseudo LOA.

C15.3.8.1. Submittal to DSCA CWD. The IA should ensure that Pseudo LOA documents are submitted to DSCA CWD early in the fiscal year so they can be offered at the earliest opportunity. At the latest, the IA should place the LOA in Writing status in DSAMS with at least 60 days remaining before the BPC Program funds expire for new obligation. The DSCA CWD conducts quality assurance review and prepares the final version of the LOA.

C15.3.8.2. DSCA and DoS Approval. After the Pseudo LOA is reviewed and approved by DSCA and the IA, it will be coordinated with DoS(PM) via the Daily State List. Either during or prior to this review, the Funding Authority will provide DSCA CWD with confirmation that all processes required by law have been completed (including Congressional Notification) and assurance of funding.

C15.3.8.3. Fund Source, Availability and Amount. DSCA CWD will place the LOA into Offered status, ensuring the Fund Source, Availability and Amount note cites the current

appropriation authority and fund source. Obligation and expenditure of the case funds are subject to the terms, conditions and expiration date specified in the appropriation. Case funds must be obligated prior to the end of their period of availability.

C15.3.8.3.1. Continuing Resolution (CR) Appropriations. Congress may pass a CR appropriation that partially funds BPC Programs and for a specific time period, rather than a full year. If a Pseudo LOA is Offered using a CR appropriation and the case funds are not obligated prior to the CR expiration, the funds are generally not available for use unless the appropriation time period is extended or replaced by a subsequent appropriation. If the CR is extended or replaced by a subsequent appropriation, case activity and funds obligation may proceed (the appropriation cited in the Fund Source, Availability and Amount note does not need to be immediately revised), subject to the terms and conditions of the new appropriation. If the CR is not extended or replaced, however, any funds not yet obligated become no longer available.

C15.3.8.3.2. Modification to Reflect Final Fiscal Year Appropriations. Every Implemented case that does not cite a final FY appropriation in the Fund Source, Availability, and Amount note will need to be modified prior to case closure to cite the final appropriation. Usually, this is accomplished when other case changes are implemented. For example, a BPC case implemented under the FY11 CR that expired on March 4, 2011, may carry the reference to that CR funding appropriation throughout its execution but will need to be modified sometime prior to case closure to reflect the final FY11 appropriation legislation.

C15.4. BPC CASE IMPLEMENTATION

C15.4.1. General. During the implementation phase of a BPC case, the Pseudo LOA document is Accepted by the IA, funds are placed on the case in the FMS Trust Fund by DFAS, the case is Implemented, and obligation authority is granted to the IA. If the funds expiration date is imminent, the IA, DSCA (Business Operations) and DFAS-IN may initiate emergency implementation procedures.

C15.4.2. Acceptance. The IA is responsible for entering the Accepted milestone in DSAMS after the Pseudo LOA document is Offered. An authorized representative of the IA will sign at the U.S. Signature block on the LOA. This is the only physical signature applied to the Pseudo LOA document, as the DSCA counter signature data is updated by DSAMS. Neither the Benefitting Country nor the Funding Authority will sign the Pseudo LOA; the Purchaser Signature block will be left blank.

C15.4.3. Funding. Before proceeding to implementation, DFAS-IN must confirm that BPC Program funds have been collected into the FMS Trust Fund.

C15.4.3.1. DoD Appropriations. DSCA (Business Operations) usually sends a funding memo to DFAS-IN with instructions to collect DoD appropriated funds for the BPC case. BPC Program funds will either be authorized for release by OUSD(C) or issued on a Military Interdepartmental Purchase Request (MIPR) (DD Form 448) by the DoD program's Funding Authority. Funds from one fiscal year appropriation or type of appropriation cannot be combined with another fiscal year appropriation or type of appropriation to fund a Pseudo LOA document.

C15.4.3.2. FAA Section 632(b). FAA, Section 632(b) MOA funds are obligated upon the last signature on the FAA, Section 632(b) MOA. DSCA (Business Operations) sends a copy of the signed FAA, Section 632(b) MOA to DFAS-IN along with instructions to collect the funds from the Funding Authority and to establish a separate account within the FMS Trust Fund associated with the BPC Program. Note: Transfer of funds into the FMS Trust Fund may take place prior to the LOA development phase, but a completed MOR should be included with the MOA that is transmitted. Multiple Pseudo LOA documents may be developed to use funds from a single FAA, Section 632(b) MOA. Additionally, an FAA, Section 632(b) MOA can be amended to add funds or change the scope.

C15.4.3.3. Implementation. The BPC case is Implemented when DFAS-IN notifies DSAMS of successful cash collection (or funds availability) in the FMS Trust Fund and obligation authority has been approved by the IA.

C15.4.4. Notification to the SCO. Immediately after a BPC case has been Implemented, the IA will notify the SCO by providing a copy of the Implemented case. The SCO may begin preparations for receipt of the materiel and services, as needed. The SCO will make no guarantee to the Benefitting Country that it will receive assistance, however, until the final delivery of the materiel or services.

C15.5. BPC CASE EXECUTION

C15.5.1. General. The IA receives obligation authority upon case implementation, and is then responsible for obligating the funds and executing the case to meet Requesting Authority timelines. Unless specifically exempted by law, BPC Program funds are subject to applicable USG procurement law and policy. The USG is responsible for transporting BPC materiel all the way into the Benefitting Country, according to delivery requirements provided by the SCO. The SCO will transfer custody to the Benefitting Country after materiel and services have been inventoried and when the Benefitting Country is ready to maintain and employ them.

C15.5.2. Funds Obligation. DoD must obligate USG appropriations in accordance with the rules described in the DoD FMR (refer to Volume 3, Chapter 8). Case financial documents will indicate the FMS Trust Fund cite (97 X 8242). The IA and the Procuring Agency must review the “Fund Source, Availability and Amount” note on the Pseudo LOA document to identify the period in which case funds are available for obligation and expenditure. The IA may also refer to Table C15.T2 for BPC Program funds expiration dates. Refer to C15.4.4.1 for specific guidance for handling LOAs funded under a CR Appropriation.

C15.5.2.1. Obligation Against Materiel and Services. To ensure funds are obligated prior to their expiration, Requesting Authorities should submit information and documentation to the IA Procuring Agency as early as possible, allowing sufficient time for them to submit requisitions or award contracts. The processing time required to obligate funds on contract will depend on the complexity of the requirement. The IA will ensure that participants in the sourcing, procurement and acquisition processes are informed of the BPC case financial timeline. Instructions should be included in funding documents to ensure that all contributors are aware of the expiring/cancelling nature of the case funds. An example of such wording follows:

This funding document contains funds that expire for obligation on 30 Sep 20XX.

These funds cancel 30 Sep 20XX and will not be available for any funding adjustments after that date. All actions and final billings must be complete in sufficient time for cases to complete closure actions by 31 Jul 20XX.

C15.5.2.2. Obligation Against DTS Transportation. The IA will plan for transportation of BPC case materiel from the earliest stages of Pseudo LOA development in order to ensure materiel and services are successfully delivered to meet the Requesting Authority's Required Delivery Date (RDD). Below-the-line transportation funds on a case are considered obligated when the item requisitions are filled or the procurement contract is signed. If transportation costs will be paid by a separate transportation case, estimated costs for transportation will be calculated and tracked so that an adequate request for resources can be made. Above-the-line transportation funds are obligated when transportation is contracted or when a manifest is received from USTRANSCOM (a manifest is issued after the materiel has been loaded on the DTS conveyance). The IA will confirm with the SCO that shipment delivery information provided in the MOR (e.g., MAPAC, POD, and RDD) is complete and valid. The shipping data will then be submitted by the IA to the Procuring Agency, along with any other specific transportation guidance. When the BPC materiel is ready for shipment, the DoD entity responsible for ensuring DTS transportation will enter the shipment requirements into the DTS booking system.

C15.5.3. Funds Expenditure. Once obligated, BPC case funds may be expended at any time until the funds cancel, at which time they are no longer available for any purpose. The Fund Source, Availability, and Amount note on the LOA will specify the date by which funds must be expended (data can be found in Table C15.T2).

C15.5.3.1. Expenditure Authority. Prior to processing disbursements, the disbursing activity must obtain expenditure authority from DFAS-IN. The IA will maintain oversight of deliverables and coordinate with the Defense Contract Management Agency (DCMA) to ensure inspection, acceptance, and timely processing of contractor invoices (see FAR 32.905).

C15.5.3.2. Reporting. DFAS-IN, provides DSCA (Business Operations) and the Funding Authority with quarterly reports of program activities using DD Form 645, "FMS Billing Statement." Though cash has to be available for a BPC case before shipment of the articles, this document indicates items shipped and amounts charged.

C15.5.3.3. Review and Reconciliation. The DoD FMR, Volume 3, Chapter 8, requires a Triannual Review of commitments, obligations, accounts payable, and accounts receivable. The IA will review and reconcile financial documentation regularly to identify and correct errors. The goal in performing these reviews is to ensure the use of appropriations before they expire and to ensure that open obligations are valid and liquidated before the cancellation of the appropriation. This should be a collaborative effort among multiple IA offices, such as the Resource Management; Accounting; Program Management; Contracting Office; and Acquisition/Logistics functions. Both case and financial data should be reconciled throughout the execution phase to facilitate timely case closure. During the funds execution period following expiration, price increases and other activities may occur on the BPC case. Appropriation law allows upward obligation adjustments only in select situations. Increases in scope, quantity increases on defined order lines, or extending the period of performance are not

usually allowed. DSCA (Business Operations) will review any price/quantity increase or extension of the period of performance at the line or sub-line level. For adjustments to obligations incurred on a BPC case, fiscal year funds from the original period of availability should be used if available and resort to current year funds should only take place if there are no more original year funds available. See DoD FMR Volume 3, Chapter 10.

C15.5.3.4. Requests for Additional Funding After Period of Availability Expires. If a situation occurs that requires additional prior year funds or extensions of the period of performance, the IA will provide the amount required, the reason for the additional funds or time, and supporting documentation to the DSCA CFD. If additional funds are required for a procurement action, a determination by the IA Contracting Officer and/or an opinion by the IA's legal counsel are required. The DSCA CFD will determine an appropriate fund source and coordinate approval by the DSCA Principal Director for Business Operations. In certain instances, OUSD(C) or Congressional notification may be required. Once notified by DSCA CFD that the request has been approved, the IA will add a case note to the Pseudo LOA document providing details of the fund use.

C15.5.3.5. Residual Funds. Often, the value of the Implemented case is greater than the actual funding needed to execute the case. IAs should review their BPC cases/lines for possible excess obligation authority throughout the period of funds availability to ensure any residual funds are quickly identified so they can be returned or redirected. DSCA (Business Operations) retains residual funds for upward adjustments. The funds are returned to the Funding Authority during the last months before they cancel. Options available to the Requesting Authority for use of residual funds, in priority order, are:

C15.5.3.5.1. Use for other requirements within the existing case, assuming that the requirement is consistent with any Departmental or Congressional authorization or program notification.

C15.5.3.5.2. Modification of the case to reduce case value. DSCA (Business Operations) will then direct DFAS-IN to return residual funds to the appropriate account. This action does not require an MOR from the Requesting Authority.

C15.5.4. Delivery of Materiel and Services. The IA has overall responsibility for transportation of BPC case materiel and will ensure that requirements and schedules are communicated appropriately to USTRANSCOM and the SCO. The SCO will provide shipping documents and bills of lading to the Benefitting Country representative so that materiel off-load, Customs clearance, storage, onward movement, security, staging, and integration can be arranged. The IA will confirm that the Benefitting Country is ready to receive the materiel before delivery, and if any classified or sensitive cargo is on the manifest, proper arrangements have been made to receive and move the cargo to a secure location.

C15.5.4.1. Materiel Accountability. The IA will enter serial numbers, Vehicle Identification Numbers (VINs), and country of origin (for those defense articles that have them) into the Security Cooperation Management Suite (SCMS) on the Security Cooperation Information Portal (SCIP) prior to the materiel shipment. For radios with serial numbered components only, the IA should enter the serial number of the receiver/transmitter. SCMS should be referenced during case planning to identify the status of already-programmed BPC cases by country. Refer to Chapter 13 of this Manual for information about the SCIP.

C15.5.4.2. Materiel Preparation. The IA and SCO should use the Enhanced Freight Tracking System (EFTS), in SCIP, to track transportation of all BPC materiel. The IA will ensure that specific requirements for materiel packing and shipping are properly addressed, and that necessary plans have been made, for EEUM, classified, or sensitive materiel.

C15.5.4.3. Export Authorization. BPC defense articles and services are exported as USG-owned materiel to the SCO (or USG representative) in the Benefitting Country. The defense articles will remain USG-owned materiel until they pass through Customs and are transferred to the Benefitting Country. Contractors that execute BPC cases are required to comply with the ITAR in their dealings with the USG and Benefitting Country.

C15.5.4.4. Advance Notice of Delivery. Approximately two weeks prior to materiel delivery, or as soon as possible thereafter, the SCO will provide the Benefitting Country MoD (or other government Ministry, as appropriate) with a written notice of delivery. The notice should state what materiel or service is arriving for the Benefitting Country, when (if known) and where the materiel will be delivered, and which unit is to receive the materiel or service. A copy of the Case Advisory and materiel shipment information should be attached to the notice, which may be used by the Benefitting Country to facilitate Customs processing. An example notice of delivery is provided in Figure C15.F3.

Figure C15.F3. Example Notice of Delivery

	Embassy of the United States of America Bandaria Office of Military Cooperation
BN-Q-SEJ	July 19, 2011
[Rank and Name]	
Chief of Staff Ministry of Defense Bandaria	
Dear [Rank and Name]:	
[Greeting]	
I would like to inform the Ministry of Defense of the arrival of a cargo vessel that will be transporting a shipment of equipment for the Bandarian Special Operations Force (BSOF) under [program name]. I request your assistance in facilitating processing of the equipment through local Customs. All of the equipment will be ferried directly to Bandaria International Harbor and should be received by the BSOF representatives on or about July 07, 2011.	
Enclosed with this letter is a list of ammunition and equipment that is expected to arrive.	
If you have any questions regarding this issue, please have your staff contact my Security Cooperation Officer, [Full Name and phone].	
As always, I remain prepared to assist you in this important endeavor.	
Sincerely, [Full Name] Colonel, U.S. Army Senior U.S. Defense Representative Chief, Office of Military Cooperation Bandaria	
Enclosures: Case Advisory to Bandaria, February 20, 2011 Materiel Shipping List	

C15.5.4.5. Arrival. BPC case materiel will be delivered to the Mark For address (or text address) provided at the time of DTS booking. The SCO should provide any corrections to this information to the IA as soon as they are known. Upon arrival in the Benefitting Country, BPC

materiel will normally be processed through Customs by Benefitting Country officials before being released into the SCO's custody. The SCO shall record the receipt date of BPC materiel.

C15.5.4.6. Joint Inventory. The SCO and the Benefitting Country representative will conduct a joint materiel inventory using the shipper's manifest while the materiel remains in the custody of the SCO. The SCO will inform the IA of any materiel suspected to be missing, in case it has been included in a separate delivery. Items that are confirmed to be missing will be reported by the SCO on a TDR. Items that are damaged or appear to have latent defects will be reported by the SCO on an SDR in accordance with guidance for FMS Purchasers provided in Chapter 6 of this Manual.

C15.5.5. Transfer and Receipt of Materiel and Services. The SCO will retain control and ownership of the BPC equipment until such time as the Benefitting Country is ready to maintain and properly employ the equipment. The Transfer and Receipt document shown in Figure C15.F4 (or a comparable form established for this purpose) and a complete materiel/services listing will be prepared by the SCO in advance of title transfer. When title transfer is appropriate, or when defense services are ready to begin, the SCO and the Benefitting Country representative will sign a Transfer and Receipt document, acknowledging that the Benefitting Country is assuming custody title to and responsibility for the items or services being transferred. The attached materiel inventory should contain item descriptions, quantities, and National Stock Number (NSN) or part numbers. The Case Advisory will also be attached to the Transfer and Receipt document. The SCO will provide a copy of the signed Transfer and Receipt document to the IA. If the Benefitting Country representative does not sign the Transfer and Receipt document, the SCO will provide an explanatory memo to the IA, along with the unsigned document and attachments. The IA will discuss resolution with the CPD. The SCO and the Benefitting Country will track and conduct EUM inspections as required by the DoD Golden Sentry program and guidance in Chapter 8 of this Manual, maintaining appropriate records within the SCIP EUM community.

Figure C15.F4. Transfer & Receipt Document

TRANSFER AND RECEIPT
OF UNITED STATES DEFENSE ARTICLES AND SERVICES
(Case XX-X-XXX)

The United States Department of Defense, through its duly authorized representative, transfers rights, title (unless noted otherwise in the Case Advisory document), and obligations for the defense articles and services described in Annex A to the Ministry of National Defense of the Government of [name of country] (hereinafter referred to as the Receiving Government) in accordance with relevant agreements.

The Ministry of National Defense of the Receiving Government, represented by [rank, name, and position], being duly authorized and in keeping with the ADVISORY CONCERNING A UNITED STATES GOVERNMENT-FUNDED CASE dated [date of ADVISORY] (Annex B), hereby accepts from the United States Department of Defense representative, the defense articles and services described in Annex A. The articles and services are being furnished to [insert Program purpose from SAMM Chapter 15 Table C15.T2.]

Following receipt, the Ministry of National Defense of the Receiving Government will have rights to use the defense articles and services consistent with other relevant agreements and the Exchange of Notes done at [cite the agreement regarding Grants under the Foreign Assistance Act of 1961, as amended, and its date], and additional diplomatic note [cite the U.S. Embassy's unilateral Note regarding application of the agreement to this program, and its date], such that the Receiving Government has agreed to obligations regarding the use, disposition, and security of the defense articles and services described in Annex A.

The U.S. Government accepts no responsibility for payment of Customs duties, import taxes, and similar charges, recognizing the principle that sovereign governments do not impose such costs and requirements on sovereign counterparts.

The United States Government assumes no liability for loss, damage, or injury of any kind in connection with use or loss of the defense articles and services listed in Annex A.

Effective upon receipt, at _____ on _____ (MM/DD/20XX) in two originals in the English language only.

[Name and Rank]
U.S. Department of Defense Representative
[Position]

Date: _____

[Name and Rank]
[Ministry of Defense] Representative
[Position]

Date: _____

Annex A: Materiel Inventory and/or Service Description

Annex B: Case Advisory

C15.6. BPC CASE CLOSURE

C15.6.1. General. The IA will expend funds or reduce case value before the end of the cancelling year of the funds (i.e., generally the fifth year after the funds expire for new obligation) or other statutorily authorized period. To allow time for residual funds to be

redirected or returned before this deadline, DSCA requires that BPC cases funded with expiring/cancelling funds be closed by the IA no later than July 31st of the cancelling year. This means that the IA must ensure that vendors have submitted all invoices and that all outstanding obligations have been paid in full before then. The IA will update the Estimated Closure Date milestone in DSAMS, if appropriate, and begin closure of a BPC case as soon as final delivery or service performance is completed. For further information on case reconciliation and closure, refer to DoD 5105.65-M, Foreign Military Sales (FMS) Case Reconciliation and Closure Manual (RCM).

C15.6.2. Closure Facilitation. Prior to June 30th of the fiscal year preceding funds cancellation, each IA will provide case closure contact information to DSCA (Business Operations). The individual serving as a Closure Facilitator for the IA is expected to lead the stakeholders within the respective IA and ensure timely closure of BPC cases. The Closure Facilitator will direct stakeholders to review cancelling BPC cases as listed in SCMS and identify any case at risk of not closing by July 31st. The Closure Facilitator will also identify to DSCA (Business Operations) valid, unliquidated obligations subject to closure/cancellation to determine whether funds are available for future adjustments or payments against such obligations (DoD FMR, Volume 3, Chapter 10, 100201.D).

C15.6.3. Reporting Case Financial Status. The IA will input closure status/issues for all cases funded with funds that cancel in the current year on the form at Table C15.T6, available in SCMS (Input Case Option). DSCA (Business Operations) will download this information monthly beginning in November, bi-weekly beginning in July, and weekly beginning in September.

Table C15.T6. BPC Case Financial Status Update

Case	Country	Case Status	Implemented Case Value	Disbursements	Undisbursed Value	Date Closed or Estimated Closure Date	Status/ Issues
						Est. MMM YYYY	
						Est. MMM YYYY	
						Est. MMM YYYY	

C15.6.3.1. Reconciling Balances. The IA and DFAS-IN will ensure accounting balances have been reconciled and all performance and disbursements have been properly reported. The IA will also ensure approved outstanding SDRs applicable to BPC cases have been submitted to DFAS-IN for action. BPC cases which have associated open contracts can be closed if no unliquidated obligations exist on those contracts. IAs will prepare the closure certificate and any other necessary supporting documentation in accordance with established procedures. Closure certificates will be sent electronically to DFAS-IN.

C15.6.4. Closure in DIFS. DFAS-IN will review the closure certificate and perform actions to close the Pseudo LOA document in DIFS. DFAS-IN should close cases containing no inhibitors within 30 days of receipt of the closure certificate and "C1" closure transaction. When DFAS

closes the case in DIFS, DIFS sends a transaction to CISIL, MISIL or CMCS to close the case in those systems. When that closure transaction processes, those systems send a transaction to update the status in DSAMS to Closed. IAs can review closure information by referring to their MILDEP systems or to SCIP.

C15.6.5. Financial Activity After Funds Cancel.

C15.6.5.1. Adding Funds to an Open Case. If additional funds are required on a case for which funds have canceled, the IA must contact DSCA (Business Operations). Under specific conditions, a currently available appropriation may be approved by DSCA (Business Operations) to pay this requirement. The total of all payments from the current appropriation must not exceed the amount specified in DoD FMR, Volume 3, Chapter 10, 100201.F.

C15.6.5.2. Reopening a Closed Case. It will be necessary for an IA to reopen a BPC case once closed if there is financial activity that impacts the closed case. Should this occur, the IA will send a request to reopen the case, with sufficient justification, to DSCA (Business Operations) for review and approval.