



DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

20 DEC 2016

MEMORANDUM FOR 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
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL – INTELLIGENCE
AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE LOGISTICS AGENCY DISPOSITION
SERVICES
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE


SUBJECT: Dependable Undertaking Policy Update, DSCA Policy 16-72 [SAMM E-Change 340]

Reference: DSCA Policy Memo 09-07, "Dependable Undertaking Policy," July 17, 2009

This memorandum provides updated policy guidance and clarification on Dependable Undertaking (DU). Sections 22 and 29 of the Arms Export Control Act (22 U.S.C. §§2762 and 2769) authorizes DU and allows the U.S. Government to enter into contracts for the procurement of defense articles and services for sale to any foreign country or international organization based on that country's or organization's ability to pay the full amount of the contract and to make funds available in advance to meet contract payments.

Security Assistance Management Manual, Section C9.8.3., provides a seven year "grace period" for countries that were eligible and executing cases using the DU term of sale as of the date of DSCA Policy Memo 09-07. The seven year "grace period" expired in July 2016. Effective on the date of this memo, the seven year "grace period" is renewed for any country actively using DU that does not have an Interagency Credit Risk Assessment System rating of "C" or greater.

For any questions regarding this policy, please contact Ms. Danielle Ayers, DSCA/DBO/FPA, at (703) 697-9407 or mary.d.ayers2.civ@mail.mil.



J.W. Rixey
Vice Admiral, USN
Director

cc:

STATE/PM-PPA

AFSAC

STATE/PM-RSAT

JOINT STAFF (J5)

AFRICOM

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TRANSCOM

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TRADOC

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NAVICP

NETSAFA

AFSAT

DISAM

MARCOR IP

SCETC

USCG International Affairs (G-CI)

Security Assistance Management Manual (SAMM), E-Change 340

Change SAMM Section C9.8.3.2, Dependable Undertaking, from:

C9.8.3.2. DSCA (Business Operations Directorate, Financial Policy and Internal Operations Division) will provide a list of countries and international organization with their eligibility for Dependable Undertaking to the IAs on a tri-annual basis (January/February, May/June, August/September). DSCA will include countries and international organizations on the eligibility list based on DSCA's analysis of ICRAS ratings and other factors. [See Section C9.8.3.4.](#) for additional information applicable when Dependable Undertaking cases for eligible countries might not be appropriate. Prior to publication of the tri-annual list, DSCA will notify the Department of State of any changes being contemplated to a country's Dependable Undertaking status.

Change SAMM Section C9.8.3.2, Dependable Undertaking, to:

C9.8.3.2. DSCA (Business Operations Directorate, Financial Policy and Analysis Division) is responsible for the list of countries and international organization with their eligibility for Dependable Undertaking. DSCA will include countries and international organizations on the eligibility list based on DSCA's analysis of ICRAS ratings and other factors. Uncertainty about a country's or international organization's Dependable Undertaking status should be addressed with DSCA Country Financial Management Division. [See Section C9.8.3.4.](#) for additional information applicable when Dependable Undertaking cases for eligible countries might not be appropriate. Prior to publication of the tri-annual list, DSCA will notify the Department of State of any changes being contemplated to a country's Dependable Undertaking status.

Change SAMM Section C9.8.3.2.1, Dependable Undertaking, from:

C9.8.3.2.1. [DSCA Policy Memo 09-07, published July 17, 2007,](#) provided policy and procedures used to determine a country's eligibility for Dependable Undertaking. Countries and international organizations included on [Table C4.T2.](#), which were listed as eligible for Dependable Undertaking prior to this policy memorandum, were included on the Dependable Undertaking listing as follows:

Change SAMM Section C9.8.3.2.1, Dependable Undertaking, to:

C9.8.3.2.1. DSCA Policy Memo 09-07, as amended by DSCA Policy Memo 16-72, provides policy and procedures used to determine a country's eligibility for Dependable Undertaking. Countries and international organizations included on [Table C4.T2.](#), which were listed as eligible for Dependable Undertaking prior to this policy memorandum, were included on the Dependable Undertaking listing as follows:

Change SAMM Section C9.8.3.2.1.1, Dependable Undertaking, from:

C9.8.3.2.1.1. Countries and international organizations that were eligible and executed cases using the Dependable Undertaking Term of Sale as of the date of [DSCA Policy Memo 09-07](#) were marked on the list as still eligible, regardless of their current ICRAS rating. They will remain eligible for a period not to exceed 7 years, which ends July 16, 2014, unless other factors undermine creditworthiness. Those countries whose ICRAS rating is below “C” will be marked with a “#” on the tri-annual list. After the 7-year “grace period,” these countries will be included as eligible only if their ICRAS rating is “C” or better. Should these countries have problems making payments before the 7-year period has expired or other factors undermine creditworthiness, their status may be changed to ineligible and their inclusion under the “grace period” may end.

Change SAMM Section C9.8.3.2.1.1, Dependable Undertaking, to:

C9.8.3.2.1.1. Countries and international organizations that were eligible and actively executing cases using the Dependable Undertaking Term of Sale as of the date of [DSCA Policy Memo 16-72](#) were marked on the list as still eligible, regardless of their current ICRAS rating. They will remain eligible for a period of 7 years, which ends December 31, 2023, unless other factors undermine creditworthiness. Those countries whose ICRAS rating is below “C” will be marked with a “#” on the list. After the 7-year “grace period,” these countries will be included as eligible only if their ICRAS rating is “C” or better. Should these countries have problems making payments before the 7-year period has expired or other factors undermine creditworthiness, their status may be changed to ineligible and their inclusion under the “grace period” may end.

Change SAMM Section C9.8.3.2.1.2, Dependable Undertaking, from:

C9.8.3.2.1.2. Countries and international organizations that were eligible as of the date of [DSCA Policy Memo 09-07](#), but had not used the Dependable Undertaking Term of Sale, were included on the list as eligible only if their ICRAS rating was a “C” or better.

Change SAMM Section C9.8.3.2.1.2, Dependable Undertaking, to:

C9.8.3.2.1.2. Countries and international organizations that were eligible as of the date of [DSCA Policy Memo 16-72](#), but had not used the Dependable Undertaking Term of Sale, were included on the list as eligible only if their ICRAS rating was a “C” or better.

Change SAMM Section C9.8.3.2.4, Dependable Undertaking, from:

C9.8.3.2.4. Countries and international organizations currently listed as eligible, that do not have an ICRAS rating and are executing cases, will remain eligible for a period not to exceed 7 years, which ends July 16, 2014, ([See DSCA Policy Memo 09-07](#)) unless other factors undermine creditworthiness. After the 7-year “grace period,” these countries and

international organizations will have eligibility determined by DSCA based on an assessment using the DSCA Dependable Undertaking Tool.

Change SAMM Section C9.8.3.2.4, Dependable Undertaking, to:

C9.8.3.2.4. Countries and international organizations currently listed as eligible, that do not have an ICRAS rating and are actively executing cases, will remain eligible for a period not to exceed 7 years, which ends December 31, 2023, ([See DSCA Policy Memo 09-07, as amended by DSCA Policy Memo 16-72](#)) unless other factors undermine creditworthiness. After the 7-year “grace period,” these countries and international organizations will have eligibility determined by DSCA based on an assessment using the DSCA Dependable Undertaking Tool.