



## DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON

WASHINGTON, D.C. 20301-2800

22 OCT 2019

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: New Term of Sale, Risk Assessed Payment Schedules (RAPS), DSCA Policy 19-42  
[SAMM E-Change 445]

Effective immediately, a new Term of Sale – “Risk Assessed Payment Schedules” – is available for certain Foreign Military Sales (FMS) purchases of eligible FMS Partners. This memorandum establishes the policy to offer and implement Risk Assessed Payment Schedules (RAPS) on Letters of Offer and Acceptance (LOA) for qualified FMS Partners and updates Chapter 9 of the Security Assistance Management Manual (SAMM) accordingly (see attached).

RAPS offers an alternative to the “Cash with Acceptance” standard term of sale for FMS Partners that do not qualify for Dependable Undertaking status due to a lower than average Interagency Country Risk Assessment System (ICRAS) rating. RAPS may benefit FMS Partners that are on the cusp of Dependable Undertaking eligibility by providing a mechanism by which Partners can establish a positive payment history for future LOAs. RAPS will still require a commitment from FMS Partners to pay the full amount of LOAs and sufficiently mitigate U.S. Government financial risk against any losses in accordance with provisions of the Arms Export Control Act.

FMS Purchasers may qualify for one of two types of RAPS depending on the FMS Purchaser’s risk of non-payment.

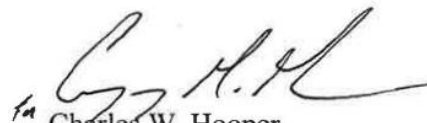
1. **FMS Partners Assessed at a Lower Risk of Non-Payment:** Requires an initial deposit, including 100% of the highest projected termination liability for the LOA, followed by quarterly payments one year in advance of expected financial requirements.
2. **FMS Purchasers Assessed at a Higher Risk of Non-Payment:** Requires an initial deposit of at least 50% of the total LOA value, including 100% of the highest projected termination liability for the LOA, followed by annual payments one year in advance of expected financial requirements.

The Security Cooperation Office, Implementing Agency, or FMS Partner may submit official RAPS requests to the respective DSCA Integrated Regional Team (IRT) Lead. Each request must include a Country Team Assessment and a COCOM endorsement of the FMS Partner's ability to pay. After receiving a request for RAPS, DSCA will assess FMS Partner eligibility based on the following primary factors: the Partner's ICRAS rating; FMS program and payment history; the value of the planned procurement; and any other pertinent factors such as debt relief history.

The DSCA Chief Financial Officer will evaluate and approve an FMS Partner for RAPS on a case-by-case basis. In the event of incomplete or untimely payments, DSCA may revoke the Purchaser's RAPS eligibility for future LOAs. Additionally, if the FMS Purchaser is not able to support the financial requirements of the FMS case, then DSCA Country Financial Management (CFM) must work with the appropriate offices to determine whether a program de-scope or shutdown is appropriate and the necessary steps to rectify the situation (e.g. diplomatic channels, referral to Department of Justice, etc.).

The "Cash Prior to Delivery" Term of Sale for Stock may be used in conjunction with RAPS. When used, it will be subject to the DSCA calculated RAPS payment schedule. Nothing in this policy memorandum changes the policy and procedures used to determine an FMS Partner's eligibility for Dependable Undertaking.

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.

  
Charles W. Hooper  
Lieutenant General, USA  
Director

Attachment(s):

As stated

## Security Assistance Management Manual (SAMM), E-Change 445

### 1) Add SAMM Section C9.8.4., Risk Assessed Payment Schedules

**C9.8.4. Risk Assessed Payment Schedules.** Risk Assessed Payment Schedules (RAPS) is a term of sale that provides approved FMS partners that are otherwise ineligible for Dependable Undertaking (DU) status with an alternative to the “Cash with Acceptance” standard term of sale. RAPS offers FMS Partners on the cusp of DU eligibility a mechanism to establish a positive payment history for future LOAs, while still mitigating risk to the United States Government against non-payment. DSCA will evaluate and grant the FMS Partner’s eligibility on a case by case basis under the existing three tier DU evaluation process.

**C9.8.4.1. Eligibility.** Financial Policy and Analysis (FPA) will determine Partner eligibility using the established Three Tier Evaluation process. FPA will use the following primary factors to determine eligibility: the FMS Purchaser’s Interagency Country Risk Assessment System (ICRAS) rating, FMS program and payment history, the value of the planned procurement, debt relief history, and any other pertinent factors.

**C9.8.4.2. Eligibility Evaluation.** The SCO, IA, or FMS Partner may submit an official request for an eligibility evaluation to the appropriate DSCA Integrated Regional Team (IRT). The DSCA IRT should then forward the complete request with supporting documents to FPA for review and evaluation. The requestor should submit the request for RAPS in conjunction with the formal Letter of Request. Each RAPS request must, at a minimum, include the same documents required for a standard DU second and third tier assessment.

**Table C9.T12. Documents Required For Final Evaluation**

Number	Document Name	Remarks	OPR
1	Letter of Request (LOR)	Identifies the item(s) being procured, quantity and budget requirements	FMS Purchaser
2	FMS Program History Form	Comprehensive Overview of FMS Program Financial History	CFM
3	Quarterly National Fund Payment History for last 5-7 years	Record of payments made from the FMS partner. Does not include FMF or any other source of funds	CFM and DFAS
4	Country Team Assessment	Should address SCO’s understanding of FMS Partner’s ability to pay and budget for requirement	SCO
5	COCOM Endorsement for DU	Should address COCOM’s understanding of FMS Partner’s ability to pay and budget for requirement	COCOM
6	Dependable Undertaking Assessment Form	Weighted Assessment of Various Factors	FPA

C9.8.4.3. FPA will conduct the evaluation, in coordination with the IRT, and will make a recommendation to the DSCA Chief Financial Officer (CFO) for approval or non-approval.

C9.8.4.4. If approved by the DSCA CFO, the authorization memo will prescribe one of two available payment schedule formats.

C9.8.4.4.1. For FMS Partners that require minimal risk mitigation, the payment schedule will require an initial deposit, including 100% of the highest projected termination liability for the case, followed by quarterly payments required one year in advance of financial requirements.

C9.8.4.4.2. For FMS Partners that require a higher level of risk mitigation, the payment schedule will require an initial deposit of at least 50% of the total case value, which must be sufficient to also covers the 100% of the highest projected termination liability, followed by payments one year in advance of expected financial requirements.

C9.8.4.5. Monitoring. To ensure the FMS Partner meets its financial requirements, DFAS will notify CFM each time a case payment is made under an approved RAPS by the FMS Partner. This is a positive reporting requirement that will ensure the FMS Purchaser is making full and timely payments.

C9.8.4.5.1. If DFAS and CFM identify that payments are not being made as required, then CFM will initiate dialogue with the Security Cooperation Office (SCO) and FMS Partner in accordance with [DoD FMR, Vol 16, Chapter 6](#) on FMS Arrearages.

C9.8.4.6. Termination. In the event of incomplete or untimely payments, DSCA may revoke the RAPS status and request Cash with Acceptance on future LOA documents. If the FMS Purchaser is not able to support the financial requirements of the FMS case, then CFM must work with the appropriate offices to determine whether a program de-scope or shutdown is appropriate and the necessary steps to rectify the situation (e.g. diplomatic channels, referral to Department of Justice, etc.)