



DEFENSE SECURITY COOPERATION AGENCY

2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

14 June 2023

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
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 FOR SECURITY ASSISTANCE, DEFENSE FINANCE
AND ACCOUNTING SERVICE – INDIANAPOLIS
OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY
NATIONAL MANAGER FOR NATIONAL SECURITY
SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: Defense Security Cooperation Agency Policy Memorandum 23-41, Valuation of
Articles and Services Provided Under Presidential Drawdown Authority [SAMM E-
Change 641

Reference: (a) Office of the Under Secretary of Defense (Comptroller), Clarification of
Presidential Drawdown Authority Valuation of Defense Articles, March 31, 2023
(b) Department of Defense 7000.14-R, Financial Management Regulation (FMR),
Volume 4, Chapter 4, Inventory and Related Property, November 2017
(c) Department of Defense 7000.14-R, Financial Management Regulation (FMR),
Volume 4, Chapter 25, General Equipment, May 2019

The attached memorandum updates the policy guidance for valuing defense articles and
defense services in accordance with references (a), (b) and (c) when being provided to foreign
partners under the Presidential Drawdown authority (section 506(a)(1) and (2) and section 552(c)
of the Foreign Assistance Act, as amended. This memo also clarifies the proper sources of
funding for the Military Services to support PD execution. The policy in the attachment is
incorporated into the DSCA Security Assistance Management Manual (SAMM) at
<https://samm.dsca.mil> and is effective immediately.

If you have questions concerning this guidance, please contact Mr. Samuel Malcolm, DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) at (703) 697-8875, samuel.j.malcolm.civ@mail.mil. If you have general questions on Presidential Drawdown Authority or the SAMM, please contact Ms. Caroline Chin, DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at (703) 697-9073, caroline.s.chin.civ@mail.mil.



David Ferrari
Assistant Director
Strategy, Plans, and Programs

Attachments:

- Security Assistance Management Manual E-Change 641

Security Assistance Management Manual E-Change 641

Presidential Drawdown Authority Valuation

1. Update SAMM Section C11.2.4.2.:

From:

C11.2.4.2. Transportation. New commercial contracts for transportation and related services may be used if the cost is less than the cost to use USG assets. All transportation costs must be included as part of the total drawdown authority amount. Transportation costs are calculated and tracked separately. The MILDEP providing the equipment must fund the transportation of that equipment to its final destination. The MILDEP reimburses the U.S. Transportation Command for air and sealift of the equipment. Existing contracts or resources may be used for airlift and sealift if their scope covers the proposed use (such as time-charter or multiple air mission agreements).

To:

C11.2.4.2. Transportation and Packing, Crating, and Handling. USTRANSCOM is generally responsible for coordinating and executing air and sealift of cargo into designated theatre locations and ensuring they arrive to the end user. The MILDEPs are responsible for CONUS-based Packing, Crating, and Handling (PC&H), which includes cargo movement to CONUS-based ports of embarkation or consolidation points. New commercial contracts for transportation and related services may be used if the cost is less than the cost to use USG assets. Existing contracts or resources may be used for airlift and sealift if their scope covers the proposed use (such as time-charter or multiple air mission agreements).

C11.2.4.2.1. All transportation and PC&H costs must be included as part of the total Presidential drawdown authority amount. Any CONUS transportation effort(s) should fall under PC&H, and any OCONUS transportation effort(s) should fall under a separate transportation line on the PD.

C11.2.4.2.2. The MILDEP allocated Transportation and PC&H in the EXORD is responsible the cost to transport equipment to the end user, to include reimbursing USTRANSCOM for all costs incurred when applicable.

C11.2.4.2.3. The MILDEPs must report actual PC&H and Transportation costs in the DSCA 1000 System within 90 days based on bills received from the organization responsible for executing the movement.

2. Update SAMM Section C11.2.5.:

From:

C11.2.5. Value of Drawdowns. It is critical to ensure that projected values are as accurate as possible. Close coordination between the DSCA CPD, DSCA Directorate of Business Operations (DBO) Financial Policy and Regional Execution (FPRE) Division Financial Reporting and Compliance (FRC) Branch and the MILDEPs during drawdown execution is critical to reconcile values as early as possible. The actual value of drawdowns is normally available 90 days after delivery of the equipment and should be reported to DSCA DBO/FPRE/FRC at that time (See SAMM Section C11.2.7.1.). Value of articles, services, and training is determined using the following guidance:

To:

C11.2.5. Value of Drawdowns. It is critical to ensure that projected values are as accurate as possible. Close coordination between the DSCA CPD, DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Reporting and Compliance Division (OBO/FPRE/FRC)) and the MILDEPs during drawdown execution is critical to reconcile values as early as possible. The actual value of drawdowns should be reported to DSCA (OBO/FPRE/FRC) in the DSCA 1000 system no later than 90 days after delivery of the equipment (See SAMM Section C11.2.7.1.). Value of articles, training, and services is determined using the following guidance:

3. Update SAMM Section C11.2.5.1.:

From:

C11.2.5.1. Value of Articles. The value of drawdown articles is calculated pursuant to DoD 7000.14-R, Volume 4, Chapter 4 for inventory and related property (e.g. operating materials and supplies, and stockpile material) and Volume 4, Chapter 25 for equipment.

To:

C11.2.5.1. Value of Articles. The value of drawdown articles is calculated pursuant to DoD 7000.14-R, Volume 4, Chapter 4 for inventory and related property (i.e., operating materials and supplies, and stockpile material) and Volume 4, Chapter 25 for general equipment. MILDEP replacement cost should not be used to determine the replacement value of drawdown articles. MILDEPs should not use replacement cost as the value of defense articles being provided under drawdown authority.

4. Update SAMM Section C11.2.6.:

From:

C11.2.6. Drawdown Process. Table C11.T5. summarizes the drawdown planning and development process.

To:

C11.2.6. Drawdown Process. Table C11.T5. summarizes the drawdown planning and development process. All personnel supporting this planning and development process, or the execution of the drawdowns themselves, must charge time spent and expenses incurred to an O&M appropriation of their respective Service or agency. DSCA will not reimburse other agencies for personnel costs incurred as a result of a Presidential Determination and subsequent drawdown of articles, services, and / or training. DSCA also will not authorize the use of a Foreign Military Sales (FMS) Administrative funds line of accounting to support PD planning and execution because the FMS Administrative account does not have reimbursable authority and thus, cannot be reimbursed by the appropriate O&M appropriation.

5. Update Table **C11.T5. Drawdown Process** step #8 to read:

Step	Actions
8	The MILDEPs (and others as appropriate) receive the drawdown execution message and provide Military Service O&M funding to the agency/organization responsible for executing the drawdown. The executing agency/organization provides the articles, services, and training to the recipient(s).