



## DEFENSE SECURITY COOPERATION AGENCY

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

11 OCT 2024

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, SECURITY COOPERATION ACCOUNTING  
DIRECTORATE, 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 24-04, Updates to  
Chapters 11, 15, and Issuance of Appendix 8. [SAMM E-Change 655]

Effective immediately, the Security Assistance Management Manual (SAMM) will update Chapters 11, "Security Assistance and Security Cooperation Programs" and Chapter 15, "Building Partner Capacity Case Development, Implementation, and Execution Process," per attached. Appendix 8, "Security Cooperation and Other Security Assistance Program Listing," will be initially issued. Various SAMM Chapters and Appendices that reference guidance within Chapters 11, Chapter 15 and Appendix 8 are updated for consistency. The policy in the attachment is incorporated into the DSCA Security Assistance Management Manual (SAMM) at <https://samm.dsca.mil/>.

Chapter 11 will contain an overview of security cooperation (SC) and security assistance (SA), explain the relationship between the two, and describe various authorities. Chapter 15 is updated to focus on the case process for Building Partner Capacity. The newly created Appendix 8 will provide an initial listing of 19 SC and SA programs and is designed to be easily searched and updated. Appendix 8 will contain the following sections for each program: Program Description, Specific Guidance and Restrictions, Key Stakeholders, Planning, Congressional Notification Requirements, Execution, Reporting, Authority/Appropriation and Code Listing if Applicable, and additional information, as required.

Attachment A also updates cross references to Chapter 11, Chapter 15, and Appendix 8 throughout the SAMM. Attachment B contains verbiage that was previously listed in Chapter 11 and should remain as current guidance for each special program or service until further notice. For specific questions for programs listed in Attachment B, reach out to DSCA Strategy, Plans, and Policy, Execution Policy and Analysis (SPP/EPA). The Warsaw Initiative Fund programs are now conducted under 10 U.S.C. 332 and funded from the International Security Cooperation Program account, so guidance previously provided in Chapter 11 Section 10 is being rescinded. Guidance previously provided in Chapter 11 Section 10 for loans of defense articles is also being rescinded as the Office of the Under Secretary of Defense for Acquisition and Sustainment executes and administers these loans.

If you have any questions concerning this guidance or questions relating to the SAMM, please contact DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)), [dsca.ncr.spp.mbx.epa@mail.mil](mailto:dsca.ncr.spp.mbx.epa@mail.mil).

A handwritten signature in black ink, appearing to read "M.F. Miller", with a stylized flourish at the end.

Michael F. Miller  
Director

Attachments:

1. Attachment A: SAMM E-Change 655 - Updates to Chapters 11, 15, and Issuance of Appendix 8
2. Attachment B: Continued Existing Guidance for Special Programs and Services

**Attachment A: SAMM E-Change 655 - Updates to Chapters 11, 15, Issuance of Appendix 8 and Update of Effected SAMM References.**

- 1) Chapters 11 and 15 are replaced in their entirety. See [Chapter 11](#) “Security Assistance and Security Cooperation Programs” and [Chapter 15](#) “Building Partner Capacity Case Development, Implementation, and Execution Process” for revised content.
- 2) Appendix 8 “Security Assistance and Security Cooperation Programs Listing” is issued. See [Appendix 8](#) for content.
- 3) Update Section **C1.1.2.1**. per below:

- Current Wording:

**C1.1.2.1. Security Cooperation Programs.** SC program authorizations and appropriations are provided to the Secretary of Defense primarily under the annual National Defense Authorization and Appropriations Act. By statute or Executive Order (EO), they are sometimes required to be exercised in coordination with the Secretary of State. These programs vary greatly in terms of the agency or DoD activity responsible and the manner in which they are planned for and funded. See SAMM [Chapter 15](#) for more detailed information on individual programs.

- Revised Wording:

**C1.1.2.1. Security Cooperation Programs.** SC program authorizations and appropriations are provided to the Secretary of Defense primarily under the annual National Defense Authorization **Act (NDAA) and appropriations acts**. By statute or Executive Order (EO), they are sometimes required to be exercised in coordination with the Secretary of State. These programs vary greatly in terms of the agency or DoD activity responsible and the manner in which they are planned for and funded. See [Chapter 11](#) and [Appendix 8](#) for more detailed information on individual programs.

- 4) Update Section **C1.2.2**. per below:

- Current Wording:

**C1.2.2. Legislative Authorities for Security Cooperation.** Security cooperation (SC) authorizations and appropriations are provided primarily under annual DoD Appropriations Acts and Supplementals and a range of other Title 10 provisions. These authorities and programs are discussed in detail in SAMM [Chapter 15](#).

- Revised Wording:

**C1.2.2. Legislative Authorities for Security Cooperation.** Security cooperation (SC) authorizations and appropriations are provided primarily under annual DoD

Appropriations Acts, [Supplementals](#), and a range of other Title 10 provisions. These authorities and programs are discussed in detail in [Chapter 11](#) and [Appendix 8](#).

5) Update Section **C2.1.7.1.3**. per below:

- Current Wording:

**C2.1.7.1.3.** [Chapter 15](#) provides comprehensive information on planning, developing, and executing BPC programs.

- Revised Wording:

**C2.1.7.1.3.** [Chapter 15](#) and [Appendix 8](#) provide comprehensive information on planning, developing, and executing BPC programs.

6) Update Section **C4.2.1**. per below:

- Current Wording:

**C4.2.1. Sales Determinations.** When the eligibility criteria in [Section C4.1](#), have been met, the Secretary of State determines whether there will be a sale to a country or international organization and the amount thereof, whether there will be a lease to a country or international organization, and whether there will be any other delivery or performance under any sale or lease. [See Section C11.6](#). for information on leases and [Chapter 15](#) for Building Partner Capacity (BPC) cases. Decisions to issue licenses or approve sales under the AECA or to furnish military assistance under the FAA must take into account the extent to which such exports, sales, or assistance contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements ([FAA, section 511 \(22 U.S.C. Section 2321d\)](#); see also [AECA, section 38\(a\)\(2\) \(22 U.S.C. 2778\)](#), and [42\(a\) \(22 U.S.C. 2791\)](#)).

- Revised Wording:

**C4.2.1. Sales Determinations.** When the eligibility criteria in [Section C4.1](#), have been met, the Secretary of State determines whether there will be a sale to a **partner** or international organization and the amount thereof, whether there will be a lease to a **partner** or international organization, and whether there will be any other delivery or performance under any sale or lease. [See Appendix 8, Lease of Defense Articles](#) for information on leases and [Chapter 15](#) for Building Partner Capacity (BPC) cases. Decisions to issue licenses or approve sales under the AECA or to furnish military assistance under the FAA must take into account the extent to which such exports, sales, or assistance contribute to an arms race, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements ([FAA, section 511 \(22 U.S.C. 2321d\)](#); see also [AECA, section 38\(a\)\(2\) \(22 U.S.C. 2778\)](#), and [42\(a\) \(22 U.S.C. 2791\)](#)).

7) Update Section **C4.3.13**. per below:

- Current Wording:

**C4.3.13. Department of Defense Support to Direct Commercial Sales.** U.S. industry may request defense articles and services from the DoD to support a DCS to a foreign country or international organization. Defense articles and/or services provided to U.S. industry must be accomplished pursuant to applicable statutory authority including AECA, section 30 (22 U.S.C. 2770), which authorizes the sale of defense articles or defense services to U.S. companies at not less than their estimated replacement cost (or actual cost in the case of services) for incorporation into end items to be sold by such company on a direct commercial basis to a friendly foreign country or international organization. Section C11.5. further clarifies authorized DoD support (articles or services) under this section. It is important that defense industry representatives identify early in the DCS planning process whether support from the DoD will be required. If DoD support is deemed necessary, meetings with DoD representatives should be arranged to discuss the level of support required and the method for funding the associated costs.

- Revised Wording:

**C4.3.13. Department of Defense Support to Direct Commercial Sales.** U.S. industry may request defense articles and services from the DoD to support DCS to a **partner** or international organization. Defense articles and/or services provided to U.S. industry must be accomplished pursuant to applicable statutory authority including AECA, section 30 (22 U.S.C. 2770), which authorizes the sale of defense articles or defense services to U.S. companies at not less than their estimated replacement cost (or actual cost in the case of services) for incorporation into end items to be sold by such company on a direct commercial basis to a friendly **partner** or international organization. ~~Section C11.5. further clarifies authorized DoD support (articles or services) under this section.~~ It is important that defense industry representatives identify early in the DCS planning process whether support from the DoD will be required. If DoD support is deemed necessary, meetings with DoD representatives should be arranged to discuss the level of support required and the method for funding the associated costs.

8) Update Section **C4.4.10**. per below:

- Current Wording:

**C4.4.10. Ship Transfers.** Vessels 20 years old or more and no more than 3,000 tons (light load displacement) or less may be transferred after 30 continuous days of the date that the U.S. Navy (USN) notifies Congress of its intent to make the transfer. Naval vessels that are less than 20 years old or more than 3,000 tons may be transferred only after enactment of legislation authorizing the transfer. 10 USC 8677 prescribes these criteria and Congressional oversight provisions. See Section C11.3. for information on Excess Defense Articles (EDA) Congressional notification requirements.

- Revised Wording:

**C4.4.10. Ship Transfers.** Vessels 20 years old or more and no more than 3,000 tons (light load displacement) or less may be transferred after 30 continuous days of the date that the U.S. Navy (USN) notifies Congress of its intent to make the transfer. Naval vessels that are less than 20 years old or more than 3,000 tons may be transferred only after enactment of legislation authorizing the transfer. [10 U.S.C. 8677](#) prescribes these criteria and Congressional oversight provisions. See [Section EDA.5.](#) for information on Excess Defense Articles (EDA) Congressional notification requirements.

9) Update Section **C5.4.7.10.8.** per below:

- Current Wording:

**C5.4.7.10.8.** Known limitations in condition must be shown using codes in [Figure C5.F5.](#), or in unique case notes. The LOA should specify that the cost of any rehabilitation is not included in the “as-is” price. The purchasers are encouraged to perform Joint Visual Inspection (JVI) of the materiel before accepting it, in advance of receipt of the LOA if possible. JVI of materiel cannot occur prior to transfer approval from DSCA unless DSCA (IOPS) CPD and DSCA (SPP) has granted an exception. See [Section C11.3.6.](#), for more information on JVI.

- Revised Wording:

**C5.4.7.10.8.** Known limitations in condition must be shown using codes in [Figure C5.F5.](#), or in unique case notes. The LOA should specify that the cost of any rehabilitation is not included in the “as-is” price. **Purchasers** are encouraged to perform Joint Visual Inspection (JVI) of the materiel before accepting it, in advance of receipt of the LOA if possible. JVI of materiel cannot occur prior to transfer approval from DSCA unless DSCA (IOPS) CPD and DSCA (SPP) has granted an exception. See [Section EDA.2.4.](#) for more information on JVI.

10) Update Section **C6.3.3.** per below:

- Current Wording:

**C6.3.3. Incentive Clauses.** USG contracts may include incentive clauses for early performance. The Case Manager and contracting officer work together to make sure the contract and the LOA are consistent. A Technical Assistance Agreement (TAA) in support of a FMS LOA is not required during the period in which the FMS case and implementing USG FMS contracts and subcontracts are in effect if the LOA and the contract contain all of the information normally required by an export license; e.g. identification of exporter, specific service or information to be exported, intermediate consignees, end-use, and end-user. Under [22 CFR 126.6](#), the LOA and the implementing contracts serve as the authorization for the transfers without a license, provided the transaction is fully documented. For services provided under a Building Partner Capacity (BPC) LOA in support of a BPC program, [See Chapter 15.](#)

- Revised Wording:

**C6.3.3. Incentive Clauses.** USG contracts may include incentive clauses for early performance. The Case Manager and contracting officer work together to make sure the contract and the LOA are consistent. A Technical Assistance Agreement (TAA) in support of **an** FMS LOA is not required during the period in which the FMS case and implementing USG FMS contracts and subcontracts are in effect if the LOA and the contract contain all of the information normally required by an export license; e.g. identification of exporter, specific service or information to be exported, intermediate consignees, end-use, and end-user. Under 22 CFR 126.6, the LOA and the implementing contracts serve as the authorization for the transfers without a license, provided the transaction is fully documented. **For services provided under a Building Partner Capacity (BPC) LOA in support of a BPC program, See Chapter 15.**

11) Update Section **C6.3.4.1.2.** per below:

- Current Wording:

**C6.3.4.1.2.** This exception is not available for use with Building Partner Capacity (BPC) programs, which are funded with U.S. appropriations. See Table C15.T4, line 11, for guidance to the BPC Requesting Authority on sole source procurement.

- Revised Wording:

**C6.3.4.1.2.** This exception is not available for use with Building Partner Capacity (BPC) programs, which are funded with U.S. appropriations. See Figure C15.F2. and Section C15.2.16. for guidance to the BPC Requesting Authority on sole source procurement.

12) Update Section **C6.4.10.8.** per below:

- Current Wording:

**C6.4.10.8. SDR Financial Guidelines.** AECA, section 21 (22 U.S.C. 2761) and AECA, section 22 (22 U.S.C. 2762) require that the USG recover full costs. This requirement applies to SDRs. When purchasers re-requisition items, the current price is paid even if the item was initially released at a lower price. Purchaser issues involving Government Furnished Equipment and Materiel (GFE/GFM) obtained under AECA, section 30 (22 U.S.C. 2770) (See Section C11.5.) should be addressed to the U.S. contractor possessing the GFE/GFM. FMS funding and FMS SDR processing do not apply to these sales. GFE/GFM items purchased under the auspices of an FMS case are processed under normal SDR guidelines.

- Revised Wording:

**C6.4.10.8. SDR Financial Guidelines.** AECA, section 21 (22 U.S.C. 2761) and AECA, section 22 (22 U.S.C. 2762) require that the USG recover full costs. This requirement applies to SDRs. When purchasers re-requisition items, the current price is paid even if the item was initially released at a lower price. Purchaser issues involving Government

Furnished Equipment and Materiel (GFE/GFM) obtained under [AECA, section 30 \(22 U.S.C. 2770\)](#) (~~See Section C11.5.~~) should be addressed to the U.S. contractor possessing the GFE/GFM. FMS funding and FMS SDR processing do not apply to these sales. GFE/GFM items purchased under the auspices of an FMS case are processed under normal SDR guidelines.

13) Update Section **C6.6.1.7.** per below:

- Current Wording:

**C6.6.1.7.** [See Section C11.3.10.](#) for information on restriction on the EDA program when countries are under sanctions.

- Revised Wording:

**C6.6.1.7.** See [Section EDA.2.5.3.](#) for information on restriction on the EDA program when **partners** are under sanctions.

14) Update Section **C7.9.1.2.** per below:

- Current Wording:

**C7.9.1.2. Policy Requirements.** DSCA, in support of the U.S. maritime industry, requires 100% of applicable cargoes to be carried by U.S. Flag vessels unless a Determination of Non-Availability (DNA) is granted by DSCA, in coordination with [MARAD](#). These rules apply to materiel procured with grant funding provided under the Arms Export Control Act (AECA) and the Foreign Assistance Act (FAA) of 1961, as amended, including shipments of Excess Defense Articles and defense articles provided by loan or lease discussed in Chapter 11. Shipments of defense articles under specific Title 10 and Title 22 Building Partner Capacity authorities listed in Chapter 11 that utilize the BPC LOA process must be shipped through the Defense Transportation System (DTS) and comply with DoD policies. See [Department of Defense \(DoD\) Directive 4500.09](#), “Transportation and Traffic Management,” for further detail regarding the use of foreign-flag shipping and DoD policy.

- Revised Wording:

**C7.9.1.2. Policy Requirements.** DSCA, in support of the U.S. maritime industry, requires 100 percent of applicable **cargo** to be carried by U.S. Flag vessels unless a Determination of Non-Availability (DNA) is granted by DSCA, in coordination with [MARAD](#). These rules apply to materiel procured with grant funding provided under the Arms Export Control Act (AECA) and the Foreign Assistance Act (FAA) of 1961, as amended, including shipments of Excess Defense Articles and defense articles provided by loan or ~~Lease discussed in Chapter 11.~~ Shipments of defense articles under specific Title 10 and Title 22 Building Partner Capacity authorities listed in [Appendix 8](#) that utilize the BPC LOA process must be shipped through the Defense Transportation System (DTS) and comply with DoD policies. See [Department of Defense \(DoD\)](#)



Directive 4500.09, "Transportation and Traffic Management," for further detail regarding the use of foreign-flag shipping and DoD policy.

15) Update Section **C9.7.2.9.1.** per below:

- Current Wording:

**C9.7.2.9.1. Military Assistance Program Merger Funds.** Prior to FY 1982, defense articles and services provided to allied governments or international organizations by grant aid were administered through the Military Assistance Program (MAP). In FY 1982, unused MAP funding was merged into the purchaser's FMS Trust Fund account. The funds are identified within the purchaser's account as MAP Merger and may only be used to finance FMS cases. There are still open FMS cases that cite these "MAP Merger" funds. See Section C11.HR.1. of this Manual for more information.

- Revised Wording:

**C9.7.2.9.1. Military Assistance Program Merger Funds.** Prior to FY 1982, defense articles and services provided to allied governments or international organizations by grant aid were administered through the Military Assistance Program (MAP). In FY 1982, unused MAP funding was merged into the purchaser's FMS Trust Fund account. The funds are identified within the purchaser's account as MAP Merger and may only be used to finance FMS cases. There are still open FMS cases that cite these "MAP Merger" funds. See DSCA 24-04 Attachment B - SPS.4.T2. ~~of this Manual~~ for more information.

16) Update Table **C9.T2b.** introduction per below:

- Current Wording:

The United States Government (USG) owns the Building Partner Capacity (BPC) program requirements and provides Title 10 (T10) appropriated funds to support the administration, planning, development, execution, and monitoring of these programs throughout the BPC case lifecycle. T10 BPC programs are listed in Table C15.T2. and can be identified via the Fund Source column as specified by 97 (DoD) or 21 (Army). The Afghanistan Security Forces Fund (ASFF) and Counter-Islamic State of Iraq and Levant Train and Equip Fund (CTEF) T10 BPC authorities and programs are excluded. This guidance applies to the following T10 BPC authorities and programs that use the BPC case process for execution and is subject to change pending the addition of new T10 BPC programs or cancellations in accordance with legislation:

1. Title 10 U.S.C. Section 333
2. Coalition Readiness Support Program (CRSP)
3. Indo-Pacific Maritime Security Initiative (MSI)
4. Ukraine Security Assistance Initiative (USAI)

The funding sources for the T10 BPC activities are categorized as follows:

- **T10 BPC Program Support Costs.** Military Departments (MILDEPS) and other Implementing Agencies (IAs) will provide annual estimates for these activities to DSCA (Office of Business Operations (OBO) Comptroller (CMP)) and DSCU, Strategic Workforce Programs in accordance with the T10 BPC annual cost collection guidance. Approved program support estimates are provided to the IAs via Funds Authorization Document (FAD) for further distribution.
- **T10 BPC Case Costs.** BPC program funds are used to directly support developing a Benefitting Country's (BC) capability and are included as direct costs to the BPC Letter of Offer and Acceptance (LOA); there is a unique case line for each cost category.
- **Performing Activity T10 Costs.** The Performing Activity's T10 appropriated funds are used to cover its own requirements and activities supporting T10 BPC programs. These activities are funded using other non-DSCA administered/budgeted funds, e.g., Research, Development, Test and Evaluation (RDT&E), Operations and Maintenance (O&M), etc. The Performing Activity must review if they have other funding available to support these activities. If funds are not available, then the activities will not be funded, or a request must be submitted via the Department of Defense's Planning, Programming, Budgeting, and Execution (PPBE) process.

- Revised Wording:

The United States Government (USG) owns the Building Partner Capacity (BPC) program requirements and provides Title 10 (T10) appropriated funds to support the administration, planning, development, execution, and monitoring of these programs throughout the BPC case lifecycle. T10 BPC programs are listed in [Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing](#) and can be identified via the Fund Source column as specified by 97 (DoD) or 21 (Army). The Afghanistan Security Forces Fund (ASFF) and Counter-Islamic State of Iraq and Levant Train and Equip Fund (CTEF) T10 BPC authorities and programs are excluded. This guidance applies to the following T10 BPC authorities and programs that use the BPC case process for execution and is subject to change pending the addition of new T10 BPC programs or cancellations in accordance with legislation:

1. Title 10 U.S.C. Section 333
2. Coalition Readiness Support Program (CRSP)
3. Indo-Pacific Maritime Security Initiative (MSI)
4. Ukraine Security Assistance Initiative (USAI)

The funding sources for the T10 BPC activities are categorized as follows:

- **T10 BPC Program Support Costs.** Military Departments (MILDEPS) and other Implementing Agencies (IAs) will provide annual estimates for these activities to DSCA (Office of Business Operations (OBO) Comptroller (CMP)) and DSCU, Strategic Workforce Programs in accordance with the T10 BPC

annual cost collection guidance. Approved program support estimates are provided to the IAs via Funds Authorization Document (FAD) for further distribution.

- **T10 BPC Case Costs.** BPC program funds are used to directly support developing a Benefitting **Partner's** capability and are included as direct costs to the BPC Letter of Offer and Acceptance (LOA); there is a unique case line for each cost category.
- **Performing Activity T10 Costs.** The Performing Activity's T10 appropriated funds are used to cover its own requirements and activities supporting T10 BPC programs. These activities are funded using other non-DSCA administered/budgeted funds, e.g., Research, Development, Test and Evaluation (RDT&E), Operations and Maintenance (O&M), etc. The Performing Activity must review if they have other funding available to support these activities. If funds are not available, then the activities will not be funded, or a request must be submitted via the Department of Defense's Planning, Programming, Budgeting, and Execution (PPBE) process.

17) Update Section **C10.1.6.** per below:

- Current Wording:

**C10.1.6.** Eligible foreign governments or international organizations may also receive training through Security Cooperation (SC) programs authorized in Title 10 of the USC and funded through Defense appropriations, such as the Regional Defense Fellowship Plan (RDFP) or other Building Partner Capacity (BPC) programs. SC Programs are further defined in [Section C1.1.2.1](#). See [Chapter 15](#) for more detailed information on individual programs.

- Revised Wording:

**C10.1.6.** Eligible foreign governments or international organizations may also receive training through Security Cooperation (SC) programs authorized in Title 10 of the U.S.C. and funded through Defense appropriations, such as the Regional Defense Fellowship Plan (RDFP) or other Building Partner Capacity (BPC) programs. SC Programs are further defined in [Section C1.1.2.1](#). See [Chapter 11](#) and [Appendix 8](#) for more detailed information on individual programs.

18) Update Section **C10.13.3.** per below:

- Current Wording:

**C10.13.3. Travel and Living Allowance on Building Partner Capacity Cases.** The IA will coordinate training proposals with the DSCA (Office of International Operations (IOPS)) and the Building Partner Capacity (BPC) Program Managers to ensure CONUS or OCONUS training is appropriate and executable before including such training in the BPC memorandum of requirement (MOR). The IA may include appropriate TLA charges on BPC cases in accordance with the authorized living allowance rates in [Table C10.T12](#).

Approval from DSCA (Defense Security Cooperation University, International Military Training and Education Division (DSCU/IMTE)) to include TLA charges on the BPC MOR is not required. Refer to [Section C15.3.4.](#), to ensure that projected training schedules comply with period of performance restrictions applicable to the BPC program.

- Revised Wording:

**C10.13.3. Travel and Living Allowance on Building Partner Capacity Cases.** The IA will coordinate training proposals with the DSCA (Office of International Operations (IOPS)) and the Building Partner Capacity (BPC) Program Managers to ensure CONUS or OCONUS training is appropriate and executable before including such training in the BPC memorandum of requirement (MOR). The IA may include appropriate TLA charges on BPC cases in accordance with the authorized living allowance rates in [Table C10.T12.](#) Approval from DSCA (Defense Security Cooperation University, International Military Training and Education Division (DSCU/IMTE)) to include TLA charges on the BPC MOR is not required. Refer to [Section C15.3.5.](#) to ensure that projected training schedules comply with period of performance restrictions applicable to the BPC program.

19) Update Section **C10.17.21.** per below:

- Current Wording:

**C10.17.21. Global Peacekeeping Operation Initiative (GPOI).** GPOI promotes burden sharing and enhances national and regional capability to support PKO using core curriculum for PKO education and training and procurement of non-lethal defense-related training equipment. An FMS case is used to purchase this type of training with the GPOI funding identified. See [Chapter 15.](#)

- Revised Wording:

**C10.17.21. Global Peacekeeping Operation Initiative (GPOI).** GPOI promotes burden sharing and enhances national and regional capability to support PKO using core curriculum for PKO education and training and procurement of non-lethal defense-related training equipment. An FMS case is used to purchase this type of training with the GPOI funding identified. See [Appendix 8 Program - Peacekeeping Operations.](#)

20) Update Section **C10.22.5.5.2.** per below:

- Current Wording:

**C10.22.5.5.2.** MTTs are programmed by the SCO for the fiscal year in which the team will be used. Teams are programmed on a man-week basis. An IMET funded MTT cannot be funded across fiscal years; therefore, personnel on MTT duty must terminate their TDY and return to home station before September 30 unless action has been taken to reprogram the team in the new fiscal year. Such reprogramming is subject to the 179-day restriction on MTTs, receipt of Continuing Resolution Authority (CRA) or other budget authority in the new fiscal year, and DSCA approval. Consider also that there are some authorities that allow funding across fiscal years. See [Chapter 15.](#)

- Revised Wording:

**C10.22.5.5.2.** MTTs are programmed by the SCO for the fiscal year in which the team will be used. Teams are programmed on a man-week basis. An IMET funded MTT cannot be funded across fiscal years; therefore, personnel on MTT duty must terminate their TDY and return to home station before September 30 unless action has been taken to reprogram the team in the new fiscal year. Such reprogramming is subject to the 179-day restriction on MTTs, receipt of Continuing Resolution Authority (CRA) or other budget authority in the new fiscal year, and DSCA approval. Consider also that there are some authorities that allow funding across fiscal years **as discussed in [Appendix 8](#)**.

21) Update Table **C10.T20**. entry #2 per below:

- Current Wording:

2	Submit formal SCET team requests, using format provided in <a href="#">Table C11.T16.</a> , at annual SCETWG. Submit out-of-cycle SCET team requests to the appropriate MILDEP w/ copies to other stakeholders.
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- Revised Wording:

2	Submit formal SCET team requests, using format provided in <a href="#">Section C10.22.1.6.</a> , at the annual SCETWG. Submit out-of-cycle SCET team requests to the appropriate MILDEP w/ copies to other stakeholders.
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22) Update Chapter 16 Introduction per below:

- Current Wording:

Chapter 16, Case Reconciliation and Closure, comprises policy on case reconciliation and closure. The policy applies to both Foreign Military Sales (FMS) and Building Partner Capacity (BPC) cases. Unique closure requirements for BPC cases are provided in [Chapter 15, Section C15.6](#). Information contained in this chapter complements the [DoD Financial Management Regulation \(DoD FMR\), DoD 7000.14-R](#). This chapter identifies all policies in order to facilitate actions and simplify efforts to research the associated business rules and processes provided in the [Case Reconciliation and Closure Guide \(RCG\)](#), which is at [Appendix 7](#) of this document.

- Revised Wording:

Chapter 16, Case Reconciliation and Closure, comprises policy on case reconciliation and closure. The policy applies to both Foreign Military Sales (FMS) and Building Partner Capacity (BPC) cases. Unique closure requirements for BPC cases are provided in [Section C15.7](#). Information contained in this chapter complements the [DoD Financial Management Regulation \(DoD FMR\), DoD 7000.14-R](#). This chapter identifies all policies in order to facilitate actions and simplify efforts to research the associated

business rules and processes provided in the Case Reconciliation and Closure Guide (RCG), which is at Appendix 7 of this document.

23) Update Appendix 6 LOA note reference entries as follows:

<b>Note Name</b>	<b>Old Reference</b>	<b>New Reference</b>
Associated Lease	See Section C11.6.	See <u>Appendix 8, Lease of Defense Articles</u>
Authority for Sale – FAA, Section 607	See Section C11.4.	N/A
Building Partner Capacity (BPC) Materiel Transfer	See Section C15.5.4. and Section C15.5.5.	See <u>Section C15.5.4. and Section C15.5.8.9.</u>
Building Partner Capacity (BPC) Team Deployment	See Section C15.3.3. and Section C15.3.4.	See <u>Section C10.22.1.2. and Section C5.4.7.7.1.</u>
Case Closure - BPC	See Table C15.T2.	See <u>Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</u>
Coalition Readiness Support Program (CRSP) Equipment	See Section C15.1.4.2.	See <u>Section CRSP.1.</u>
End use – FAA, Section 607	See Section C11.4.	N/A
Excess Defense Articles (EDA) - Associated Services	See Section C11.3.	See Appendix 8 <u>Excess Defense Articles</u>
Excess Defense Articles (EDA) - Sales or Grant: Condition of Materiel	See Section C11.3.	See Appendix 8 <u>Excess Defense Articles</u>
Excess Defense Articles (EDA) - Sales or Grants	See Section C11.3.	See Appendix 8 <u>Excess Defense Articles</u>
Excess Defense Articles (EDA) - Storage Charges for Grant EDA	See Section C11.3.	See Appendix 8 <u>Excess Defense Articles</u>
Fund Source and Availability - DoD Funding – [Name of Program] FY[##]	Use with data from Table C15.T2.	See <u>Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</u>
Fund Source and Availability - Non-DoD Funding – [Name of Program] FY[##]	Use with data from Table C15.T2.	See <u>Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</u>
Funds Expiration, Purpose, Availability and Amount - DoD	See Table C15.T2.	See <u>Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</u>

Note Name	Old Reference	New Reference
Funds Expiration, Purpose, Availability and Amount non-DoD	See Table C15.T2.	See <a href="#">Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</a>
Indirect Charges - Title 10 BPC - LOAs Implemented Prior to 14 Aug 2020	Use with data from Table C15.T2. as applicable.	See <a href="#">Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</a>
Justification and Approval (J&A) for Sole Source Procurement	See Table C15.T4. and Figure C15.F1.	See <a href="#">Section C15.2.16.</a> and <a href="#">Figure C15.F2.</a>
Military Assistance Program (MAP) Redistributed Property	See Table C11.HR.T2.	See <a href="#">DSCA 24-04 Attachment B - SPS.4.T2.</a>
Night Vision Devices (NVDs) Physical Security and Accountability - BPC	See Chapter 8. and See Figure C15.F2.	See <a href="#">Chapter 8</a> and <a href="#">Figure C15.T1.</a>
Nonrecurring Costs do not Apply - BPC	See Section C15.3.3.13.	See <a href="#">Section C15.3.9.6.</a>
Prior Year Funds Usage	Section C15.5.3.4.	See <a href="#">Section C15.6.2.1.1.</a>
Shipment Consolidation - BPC	See Section C15.3.3.11.1.	See <a href="#">Section C15.3.13.4.</a>
Transportation Charges not Included	See Section C15.3.3.11.2.	See <a href="#">Section C15.3.2.6.</a>

24) Update Appendix 6 note text entries as follows:

Note Name	Old Note Text	New Note Text
Building Partner Capacity (BPC) Materiel Transfer	<p>1. Shipment and Delivery:</p> <p>a. All shipments will be marked and labeled in accordance with <a href="#">DoD Standard Practice for Military Marking (MIL-STD 129)</a>.</p> <p>b. The U.S. Government agrees to provide transportation services for the items identified in this LOA to the agreed point of delivery in the Benefitting Country. The SCO (or U.S. Government representative) will confirm receipt of all materiel deliveries within 30 days in accordance with <a href="#">SAMM Section C15.5.4.6.</a></p> <p>c. Any shipment discrepancies or damage in transit will be reported by a U.S. Government</p>	<p>1. Shipment and Delivery:</p> <p>a. All shipments will be marked and labeled in accordance with <a href="#">DoD Standard Practice for Military Marking (MIL-STD 129)</a>.</p> <p>b. The U.S. Government agrees to provide transportation services for the items identified in this LOA to the agreed point of delivery in the Benefitting <b>Partner</b>. The SCO (or U.S. Government representative) will confirm receipt of all materiel deliveries within 30 days in accordance with <a href="#">Section C15.5.9.13.</a></p> <p>c. Any shipment discrepancies or damage in transit will be reported by a U.S. Government</p>

Note Name	Old Note Text	New Note Text
	<p>representative through the existing DoD discrepancy reporting system (Transportation Discrepancy Report (TDR) according to procedures identified in <u>Defense Transportation Regulation - Part II, Appendix E, Para G., Sec 2</u>. If there is a deficiency or a problem with the delivery of materiel or services outside of transportation, IAs should refer to the relevant U.S. Government contract. If no contractual remedy is available, or liability does not reside with the contractor, the IAs shall contact the DSCA Program Manager to determine the way-forward. Discrepant articles will be returned to the U.S. Government's custody. Any claim, including a claim for shortage or nonperformance, received more than one year after delivery of the defense articles to the Benefitting Country (or after the end of the scheduled period of performance for services) will not be processed.</p> <p>d. The Supply Discrepancy Report (SDR) process is not applicable to Building Partner Capability (BPC) cases. The 12-month waiting period for closure of FMS cases to facilitate the submittal and resolution of SDRs does not apply to BPC cases.</p> <p>2. Title and Custody Transfer:</p> <p>a. The U.S. Government will retain title to and custody of the offered defense articles throughout transportation and delivery to the Benefitting Country, unless otherwise stated in this LOA.</p> <p>The U.S. Government representative will confirm delivery of materiel title and custody to an authorized Benefitting Country representative or agent by jointly signing a Transfer and Receipt document. The U.S.</p>	<p>representative through the existing DoD discrepancy reporting system (Transportation Discrepancy Report (TDR) according to procedures identified in <u>Defense Transportation Regulation - Part II, Appendix E, Para G., Sec 2</u>. If there is a deficiency or a problem with the delivery of materiel or services outside of transportation, IAs should refer to the relevant U.S. Government contract. If no contractual remedy is available, or liability does not reside with the contractor, the IAs shall contact the DSCA Program Manager to determine the way-forward. Discrepant articles will be returned to the U.S. Government's custody. Any claim, including a claim for shortage or nonperformance, received more than one year after delivery of the defense articles to the Benefitting <b>Partner</b> (or after the end of the scheduled period of performance for services) will not be processed.</p> <p>d. The Supply Discrepancy Report (SDR) process is not applicable to Building Partner Capability (BPC) cases. The 12-month waiting period for closure of FMS cases to facilitate the submittal and resolution of SDRs does not apply to BPC cases.</p> <p>2. Title and Custody Transfer:</p> <p>a. The U.S. Government will retain title to and custody of the offered defense articles throughout transportation and delivery to the Benefitting <b>Partner</b>, unless otherwise stated in this LOA.</p> <p>The U.S. Government representative will confirm delivery of materiel title and custody to an authorized Benefitting <b>Partner</b> representative or agent by jointly signing a Transfer and Receipt document. The U.S.</p>



Note Name	Old Note Text	New Note Text
	Government representative will keep documentation showing when, where, and to whom delivery was made and will provide a copy of this documentation to the DSCA Program Director and the IA."	Government representative will keep documentation showing when, where, and to whom delivery was made and will provide a copy of this documentation to the DSCA Program Director and the IA."
Fund Source and Availability - Non-DoD Funding – [Name of Program] FY[##]	<p>"Funds are provided in support of authority to [insert purpose as listed in Chapter 15, Table 2].</p> <ol style="list-style-type: none"> <li>1. The funds are subject to all the requirements and restrictions specified under Program Authority P.L. [XXX-XXX] and Appropriation Authority P.L. [XXX-XXX, FYXX].</li> <li>2. The funds carry the same time, purpose, and availability restrictions associated with the Interagency Agreement (IAA) / Memorandum of Agreement (MOA) ["(Basic)" -or- "(Amend #)"], using obligation number [insert obligation number].</li> <li>3. Funds are available for expenditure until funds cancel at midnight on September 30, [XXXX].</li> <li>4. This is the only source of funding for costs associated with this LOA and funds are limited to the total estimated cost of this LOA. Neither DSCA nor the IA have other funds legally available to them for this requirement for any costs that exceed the value of this LOA.</li> </ol>	<p>"Funds are provided in support of authority to [insert purpose as listed in <a href="#">Table AP8.T2. Security Assistance and Security Cooperation Programs Code Listing</a>].</p> <ol style="list-style-type: none"> <li>1. The funds are subject to all the requirements and restrictions specified under Program Authority P.L. [XXX-XXX] and Appropriation Authority P.L. [XXX-XXX, FYXX].</li> <li>2. The funds carry the same time, purpose, and availability restrictions associated with the Interagency Agreement (IAA) / Memorandum of Agreement (MOA) ["(Basic)" -or- "(Amend #)"], using obligation number [insert obligation number].</li> <li>3. Funds are available for expenditure until funds cancel at midnight on September 30, [XXXX].</li> <li>4. This is the only source of funding for costs associated with this LOA and funds are limited to the total estimated cost of this LOA. Neither DSCA nor the IA have other funds legally available to them for this requirement for any costs that exceed the value of this LOA." </li></ol>

25) Update Case Reconciliation and Closure Guide (RCG) Section AP7.C4.18. per below:

- Current Wording:

**AP7.C4.18. Closure Of Leases.** The authority for leases is contained in [Section 61 of the AECA](#). Please refer to [SAMM Section C11.10](#). for detailed lease program information. The administration of leases is delegated to the IA logistically responsible for the defense articles being leased. It is necessary for each IA to ensure that leases under their cognizance are properly closed. A lease cannot be closed until the equipment is returned, all related costs are recovered under FMS procedures (such as costs for restoration), and the lease rental payments are paid in full.

- Revised Wording:

**AP7.C4.18. Closure Of Leases.** The authority for leases is contained in Section 61 of the AECA. Please refer to [Appendix 8, Lease of Defense Articles](#) for detailed lease program information. The administration of leases is delegated to the IA logistically responsible for the defense articles being leased. It is necessary for each IA to ensure that leases under their cognizance are properly closed. A lease cannot be closed until the equipment is returned, all related costs are recovered under FMS procedures (such as costs for restoration), and the lease rental payments are paid in full.

26) Update Case Reconciliation and Closure Guide (RCG) Section AP7.C4.19. per below:

- Current Wording:

**AP7.C4.19. Closure Of Zero Value Grant Excess Defense Articles (EDA) Cases.** The authority for granting of EDA is contained in Sec 505, FAA. Please refer to the SAMM Section C11.3. for detailed grant EDA program information. The management of EDA Grant cases is delegated to the appropriate IA. It is necessary for each IA to ensure that Grant EDA cases under their cognizance are properly closed. Most IAs have the capability to certify zero value Grant EDA cases for closure using standard procedures. For those IAs whose management systems do not support the use of standard procedures, the following alternative closure process exists.

- Revised Wording:

**AP7.C4.19. Closure Of Zero Value Grant Excess Defense Articles (EDA) Cases.** The authority for granting of EDA is contained in Sec 505, FAA. Please refer to the [Appendix 8, Excess Defense Articles](#) for detailed grant EDA program information. The management of EDA Grant cases is delegated to the appropriate IA. It is necessary for each IA to ensure that Grant EDA cases under their cognizance are properly closed. Most IAs have the capability to certify zero value Grant EDA cases for closure using standard procedures. For those IAs whose management systems do not support the use of standard procedures, the following alternative closure process exists.

## Attachment B: Continued Existing Guidance for Special Programs and Services

### SPS.1. C-12 Aircraft Management

The Defense Security Cooperation Agency (DSCA), Defense Intelligence Agency (DIA), and U.S. Air Force (USAF) Memorandum of Understanding (MOU), dated August 6, 1996, [new 2011 version of MOU pending final approval/signature] provides four C-12 aircraft to DSCA for use in implementing Security Assistance programs. In consultation with the appropriate Geographical Combatant Command (CCMD), DSCA assigns the C-12s to overseas Security Cooperation Organizations (SCOs) on a priority basis. The CCMDs provide additional supplemental guidance to SCOs on C-12 program management with regard to the approval and funding of Security Cooperation (SC)/Department of Defense (DoD) missions.

#### SPS.1.1. C-12 Aircraft Missions.

**SPS.1.1.1. Security Assistance (SA) C-12 Aircraft Missions.** The primary mission of the DSCA dedicated C-12 aircraft is to support SCO SA program management as outlined in [Foreign Assistance Act \(FAA\), section 515. Section C2.1.](#), provides a representative list of SA program management functions. Included in this category are local in-partner territory training, evaluation, and maintenance flights. When scheduling missions, the SCO lead pilot will ensure that the flight directly supports an SA program management function. These missions are financed by SA Administrative (T-22) funds.

**SPS.1.1.2. Non-Security Assistance C-12 Aircraft Missions.** SC, DoD, and other missions, as directed by the CCMD, may be flown only when they do not impair SA missions, when they are reimbursed, and only when in compliance with the laws and regulations governing the use of DoD transportation assets. Examples include: disaster relief, CCMD exercises, visitors who are on non-SA management business, flights flown in support of the U.S. Embassy, Senior Defense Official/Defense Attaché (SDO/DATT) responsibilities, or flights flown in support of an FMS case which specifically includes a transportation line. C-12 flights that support Congressional or Congressional Staff Delegations (CODELs) are also included in this category. DSCA Form 78-001 (See Figure **SPS.1.F1.**) should be completed and submitted with a certified statement of actual flying time to DSCA (Business Operations Directorate/Comptroller) within five workdays after the airlift has been completed.

#### SPS.1.F1. DSCA Form 78-001, Request for Revenue Traffic Airlift

<p>DEFENSE SECURITY COOPERATION AGENCY 2800 DEFENSE PENTAGON WASHINGTON, D.C. 20301-2800</p> <p><b>REQUEST FOR REVENUE TRAFFIC AIRLIFT</b></p>	
<p>Date:</p>	<input type="text"/>

Request No:	
From:	
To:	SDO/DATT

Revenue traffic airlift services as described are requested for the following activity:	
Purpose, date, estimated flying times, and route of non-Security Assistance flight mission:	
Billing address:	
Fund citation to be shown on billing:	

**CERTIFICATION BY REQUESTING OFFICIAL:** Pursuant to requirements of DoD 4515.13-R and DoDD 4500.9E, I certify that commercial transportation is neither available, nor readily obtainable, nor satisfactorily capable of meeting the requirements. I certify that the requesting office will accept liability for the reimbursement billing for airlift service provided in response to this request.

[Name and Title of Requesting Official]

For use by SDO/DATT:  
[Name and Title of SDO/DATT or SCO Approving Official]

**SPS.1.2. C-12 Aircraft Policies.** The policies in Table **SPS.1.T1.** govern the use of the DSCA C-12 aircraft.

**SPS.1.T1. DSCA C-12 Aircraft Policies**

#	Description
1	When SCOs share or jointly use C-12 aircraft, Security Assistance missions take precedence over any other SCO requirements.
2	All C-12 missions flown out of the SCO area of responsibility (AOR) require prior justification to/approval by the CCMD and DSCA (Business Operations Directorate/Comptroller).

#	Description
3	The C-12 aircraft will be used only when such use is more economical than commercial aircraft or airline services are not available, readily obtainable, or for reasons which must be specified, incapable of satisfying the transportation requirements. The C-12 should not be used if travel requirements can be met with other safe, more cost effective modes of transportation, (e.g., rail or automobile). The SDO/DATT has the authority to make these decisions.
4	Passenger travel and reimbursement will be in accordance with <a href="#">DoD 4515.13-P</a> and <a href="#">DoDD 4500.9E</a> , or by specific CCMD approval before flight, except in case of emergency.

**SPS.1.3. Flight Approval Authority for DSCA C-12 Aircraft.** If the SDO/DATT will be a traveler on the proposed C-12 mission, or for all non-SA missions (SC, DoD, CCMD, CODEL, etc.), the SDO/DATT will coordinate with the CCMD and follow established CCMD approval procedures (to include ensuring that the required fund cite is obtained) prior to approving the flight. If the SDO/DATT will not be a traveler on the proposed C-12 aircraft mission, the SDO/DATT is the approval authority for flights within his or her partner territory or AOR in support of SA program management functions. The SDO/DATT retains responsibility for the proper use of the C-12 aircraft regardless of the agency using or funding its use. For DIA dedicated C-12 aircraft used jointly by the SCO, the SDO/DATT retains responsibility for proper C-12 aircraft uses for SCO missions.

**SPS.1.4. Passenger Approval and Eligibility for DSCA C-12 Aircraft.** Passenger eligibility for all DoD aircraft is set out in [DoD 4515.13-P](#) and [Department of Defense Directive \(DoDD\) 4500.56, “DoD Policy on the Use of Government Aircraft and Air Travel.”](#) Normal categories of military travel are permitted to include temporary duty and space-available travel of military members and dependents, provided that such travel does not interfere with the primary SA mission. Special categories of passengers, such as CODELs, may be eligible for C-12 travel if approved by the appropriate authority as set out in [DoD 4515.13-P](#). The SDO/DATT authorizes SA program management travel and makes the determination that non-SA travel does not interfere with the SA mission; he/she is the final authority for passenger movement, to include approval of space-available travel. In addition, the SDO/DATT has special authority as outlined in [DoD 4515.13-P](#), Sections [C9.4](#) and [C10.9.](#), for specified U.S. Embassy personnel, distinguished foreign nationals, key foreign military, and spouses of certain officials, under certain conditions as indicated in Table **SPS.1.T2**. DSCA dedicated C-12 missions may not be scheduled solely for rest and recuperation purposes.

**SPS.1.T2. Passenger Eligibility for DSCA C-12 Aircraft**

Passenger Type	Eligibility for DSCA C-12 Aircraft
Spouses of DoD personnel, other than authorized by <a href="#">DoD 4515.13-R</a> must have Invitational Travel Orders (ITOs)	Due to unique funding of DSCA C-12 operations, these procedures may differ from other DoD aircraft transportation requirements. The spouse travel must clearly be in the national interest and there must be an unquestionable official requirement in which the spouse is to participate.
Congressional Delegations (CODELs)	CODELs warrant special consideration. The Assistant Secretary of Defense for Legislative Affairs (ASD(LA)) has approval authority for non-sponsored, non-reimbursable flights in support of CODELs. In addition,

Passenger Type	Eligibility for DSCA C-12 Aircraft
	<p>sponsored, non-reimbursable CODEL flights outside of the United States must be submitted to the Secretary of Defense (<a href="#">DoD Directive 4515.12</a>).</p> <p>In the process of determining the availability of DSCA dedicated C-12 aircraft to support a CODEL mission, DSCA verifies to ASD(LA) that the aircraft does not have a higher priority Security Assistance requirement. DSCA requests the appropriate CCMD obtain C-12 availability from the SDO/DATT. Once a decision has been made to use the DSCA dedicated C-12, the Military Department (MILDEP) that has been assigned by ASD(LA) to support the CODEL should immediately provide the SDO/DATT, the CCMD, and DSCA (Business Operations Directorate/Comptroller) with a fund cite to support the mission, as well as a list of names of official members of the CODEL, identified by the Chairman of the Committee which is sponsoring the CODEL, to ensure that all concerned clearly understand who are the authorized passengers.</p> <p>Pursuant to <a href="#">10 U.S.C. 2341-2350</a>, and the rules promulgated thereunder, such as <a href="#">DoD Directive 4515.12</a>, official members of CODELs may be authorized passengers on DSCA dedicated C-12 aircraft. On short notice requests, the SDO/DATT should contact DSCA (Business Operations Directorate/Comptroller) to resolve questions on CODEL travel. The SDO/DATT will keep the CCMD and DSCA (Business Operations Directorate/Comptroller) informed on all matters related to CODEL C-12 travel.</p>

**SPS.1.5. Reimbursement for C-12 Aircraft Flights.** The reimbursement requirement for passenger travel is addressed in [DoD 4515.13-P](#). If the passenger is on official duty in support of SA program management functions, he or she is authorized travel and no reimbursement is required. Approval authority for space-available, non-reimbursable travel for designated individuals is granted to SDO/DATTs by [DoD 4515.13-P](#). Embassy requests for permission to transport non-DoD individuals (outside the authority of [DoD 4515.13-P](#) shall be in accordance with [DoS Foreign Affairs Manual, Volume 14, Section 551.5](#), to ensure proper inter-agency coordination. All other passengers must fall under the purview of [DoD 4515.13-P](#) as non-reimbursable, or they must reimburse DSCA for their travel. While some CODEL travel may be determined by DSCA and the respective CCMD to be in support of SA missions, there is no authority for the use of SA Administrative funds to support non-SA CODEL missions on DSCA dedicated C-12 aircraft. CODEL mission funding is the responsibility of the MILDEP tasked by ASD(LA) to support the CODEL. The cost for the CODEL mission is reported by the SCO via DSCA Form 78-001 (See Figure **SPS.1.F1.**) to DSCA (Business Operations Directorate/Comptroller) for reimbursement action. For reimbursable travel, there is no seat mile rate for DSCA dedicated C-12 aircraft; flying hour rates will be used. Questions should be directed to DSCA (Business Operations Directorate/Comptroller).

**SPS.1.6. DSCA C-12 Aircraft Program Management Responsibilities.** Table **SPS.1.T3.** shows the C-12 Aircraft program management responsibilities for the SCOs, the CCMDs, and DSCA (Business Operations Directorate/Comptroller).

### SPS.1.T3. DSCA C-12 Aircraft Program Management Responsibilities

Group/Org	Responsibilities
SCOs	<ul style="list-style-type: none"> <li>• Provide to DSCA (Business Operations Directorate/Comptroller) and the respective CCMD the flying hour requirements for the yearly budget in accordance with criteria established by this manual and the DSCA (Business Operations Directorate/Comptroller) annual budget call.</li> <li>• Provide to DSCA (Business Operations Directorate/Comptroller) and the respective CCMD copies of all Memoranda of Understanding (MOU) between the SCO and other organizations where a shared or joint use agreement is in effect.</li> <li>• Submit monthly activity reports to the DSCA C-12 Program Manager DSCA (Business Operations Directorate/Comptroller), the respective CCMD, and the Oklahoma Air Logistics Center (OC-ALC), Oklahoma City, OK. Include all receipts for Fuels and Ground Handling Services provided through use of the MultService AIRCards and Identaplates for each given month.</li> <li>• Complete DSCA Form 78-001, "Request for Revenue Traffic Airlift", and a memorandum certifying actual flying time, for each reimbursable flight and send these forms to DSCA (Business Operations Directorate/Comptroller), DEFENSE SECURITY COOPERATION AGENCY 2800 DEFENSE PENTAGON WASHINGTON, D.C. 20301-2800, within 5 working days after the completion of the flight.</li> <li>• Keep DSCA (Business Operations Directorate/Comptroller) and the respective CCMD informed of all CODEL mission requirement/activities.</li> <li>• Provide to DSCA (Business Operations Directorate/Comptroller) and the respective CCMD information pertaining to changes in overall flying hour program requirements as soon as possible. Changes to flying hour programs, or movement of aircraft, can require a lead-time of six months to become effective.</li> <li>• Validate/approve SA missions and approve non-SA missions upon receipt of fund cite authorizations.</li> <li>• Comply with this section of the SAMM, as well as guidance that may be provided by the respective CCMD. Questions should be directed to DSCA (Business Operations Directorate/Comptroller).</li> </ul>
CCMDs	<ul style="list-style-type: none"> <li>• Review and forward recommended flying hour requirements to DSCA (Business Operations Directorate/Comptroller).</li> <li>• Provide administrative oversight of DSCA dedicated C-12 aircraft in the respective AOR consistent with applicable guidelines and directives to ensure safe and efficient use of these resources.</li> <li>• Keep DSCA (Business Operations Directorate/Comptroller) informed of problems or issues resulting from reviews of SCO monthly reports, or other sources, to include corrective action(s) underway.</li> <li>• Assist SCOs in obtaining fund cites for non-SA missions, as necessary, prior to the mission.</li> </ul>

Group/Org	Responsibilities
	<ul style="list-style-type: none"> <li>• Maintain copies of all MOUs between SCOs and other organizations for joint or shared use of DSCA dedicated C-12 aircraft.</li> </ul>
<p>DSCA (Business Operations Directorate/ Comptroller)</p>	<ul style="list-style-type: none"> <li>• Coordinate/maintain the DIA/DSCA/USAF C-12 MOU. Provide policy and program guidance on management of DSCA dedicated C-12 aircraft.</li> <li>• Provide financial management of the DSCA C-12 program. Obtain funding and establish approved flying hour budgets for SCOs; process DSCA Forms 78-001 submitted by SCOs; administer reimbursement to the USAF for the Contract Logistics Support case costs of the DSCA C-12 program, to include maintenance contract costs, engine overhauls, and flying hours; administer reimbursement to MultiService Corporation for costs of Fuels and Ground Handling services.</li> <li>• Establish annual flying hour program reporting requirements; provide annual flying hour requirements to the C-12 Program Management Office, OC-ALC, Oklahoma City, and Internal Management Control (ICM) reporting on the C-12 aircraft to higher authority.</li> <li>• Coordinate C-12 pilot training requirements and scheduling with SCOs, CCMDs, DIA Air Operations, MILDEPs, and AFMC/Rucker/A3V.</li> </ul>



## **SPS.2. Foreign Assistance Act (FAA), Section 607 Furnishing of Services and Commodities**

**SPS.2.1. Definition and Purpose.** Whenever the President determines it to be consistent with, and in furtherance of, the purposes of Part I of the FAA and within the limitations of the [Foreign Assistance Act of 1961](#), section 607 of the FAA authorizes any agency of the USG to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly partners, international organizations, the American National Red Cross, and voluntary nonprofit relief agencies/private voluntary organizations (PVOs) registered with and approved by the U.S. Agency for International Development (USAID). For the purposes of the FAA, "services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance. "Commodities" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance. The President's authority to make determinations under section 607 was delegated to the Secretary of State and to the Administrator of USAID for matters within their respective areas of responsibility in a memorandum dated February 16, 1995. A list of registered PVOs can be found at the following USAID website: <http://pvo.usaid.gov/usaid/>.

**SPS.2.2. Requests for Sales.** A Letter of Request (LOR) that details the services and/or commodities needed is submitted by a foreign government or international organization, as referenced in **SPS.2.1**, to the USG through the U.S. Embassy Security Cooperation Organization (SCO). The LOR should indicate the proposed method of financing and whether Price and Availability (P&A) data, a Letter of Offer and Acceptance (LOA), an LOA Amendment or LOA Modification is desired. Once endorsed by the U.S. Embassy SCO, a copy of the LOR should be forwarded to the appropriate Implementing Agency (IA) and DSCA alerting each organization of the request. The LOR is subsequently forwarded by the IA to USAID with a request for a determination from USAID, which is coordinated with the Department of State (DoS), on whether it approves or disapproves of the request. Once USAID has approved or disapproved the request, the determination is sent back to the IA for onward coordination and processing with DSCA. Prior to the development of an LOA, the IA furnishes P&A data to DSCA (Operations Directorate) for appropriate coordination with the Office of the Secretary of Defense (OSD).

**SPS.2.3. Letter of Offer and Acceptance (LOA).** The USG uses an LOA to track the sale of services and/or commodities (to include training, and design and construction services) under the authority of [FAA, section 607](#). The LOA itemizes the services and/or commodities included in the LOR. Like other FMS LOAs, section 607 LOAs authority are signed by the partner and/or organization receiving the services and/or commodities.

**SPS.2.3.1. LOA Preparation Timeframe.** Section 607 LOAs are categorized as "Group D" and will be processed according to the guidelines provided in [Section C5.3.2](#).

**SPS.2.3.2. LOA Preparation.** The IA develops a section 607 LOA in the Defense Security Assistance Management System (DSAMS) to allow execution of these programs through existing Security Assistance automation systems. Section 607 LOAs follow the same LOA preparation guidelines as FMS LOAs. [See Section C5.4.5](#).

**SPS.2.3.3. LOA Format.** LOA format guidance provided for FMS LOAs in [Figure C5.F6](#) applies to section 607 LOAs except as identified in Table **SPS.2.T1**.

**Table SPS.2.T1. Unique Instructions for Preparing Section 607 LOAs**

#	Unique Instructions for Preparing a Letter of Offer and Acceptance for Section 607 Cases
1	Case Identifier. For section 607 LOAs, the case identifier is composed of country code "S6" (FAA, section 607 Transactions - Payment in Advance), the Implementing Agency code of the DoD Component providing support, and a case designator assigned by DSCA (Office of Strategy, Plans, and Policy (SPP)).
2	Purchaser's Reference. The USAID Determination that covers the region or partner being supported is entered in the "Based on" field.
3	Nickname Field. The partner/organization receiving the support and the type of support (e.g., section 607 - [insert partner/international organization]) is identified in the "nickname" field on the LOA.
4	Terms of Sale. The Term of Sale for all section 607 LOAs is "Cash with Acceptance."
5	Transportation. Transportation costs for section 607 LOAs are required to be included as actual costs above-the-line and must contain Delivery Term Code (DTC) "4".

**SPS.2.3.4. Pricing of LOAs.**

**SPS.2.3.4.1. Commodities.** The price of commodities sold under this authority is the acquisition cost adjusted, as appropriate, for condition and age; or the Defense Working Capital Fund (DWCF) standard price.

**SPS.2.3.4.2. Services and/or Training.** The price of services and/or training sold under this authority is the amount of additional costs incurred by the DoD to provide such services. For DoD airlift services, the rate is that specified for Joint Chiefs of Staff exercises in the Catalog of USG and Non-USG Airlift Rates published annually by the US Transportation Command (TRANSCOM).

**SPS.2.3.4.3. Surcharges and Accessorials.** FMS surcharges (i.e. FMS Administration Fee and Contract Administrative Surcharge (CAS)) and accessorial rates apply (i.e. Transportation and Packing, Crating and Handling - PC&H). DoD FMS resources support this effort and are reimbursed through the normal FMS surcharges and accessorial accounts. Any request to deviate from the application of these surcharges and accessorials must be sent to DSCA (Business Operations Directorate) for approval.

**SPS.2.3.4.4. Nonrecurring Cost (NC).** NC does not apply to section 607 LOAs.

**SPS.2.3.5. Additional LOA Information.** Each section 607 LOA must include, as an attachment, a copy of a State Department or USAID determination authorizing the sale. The LOA Standard Terms and Conditions apply to section 607 LOAs as do all other mandatory notes. Notes regarding inclusion of charges on the document (e.g., Administrative Surcharge and CAS notes) apply to these LOAs as well. [See Appendix 6](#) for exact wording of these notes.

**SPS.2.3.6. DSCA Coordination and Countersignature of LOAs.** All section 607 LOA documents require DSCA countersignature. [See Section C5.4.13.](#) The Implementing Agency posts the partner acceptance milestone in DSAMS after purchaser signature.

**SPS.2.3.7. Support to the United Nations (UN).** Rather than signing the LOA, when the UN accepts a section 607 LOA it incorporates the documents into a UN Letter of Assist (UNLOA). UNLOAs are considered by the UN to be firm fixed-price contracting documents. They are submitted, with a copy to DSCA, to the IA for review of prices, delivery dates, and other data. After coordination with the IA and appropriate OSD and DoS activities, DSCA grants approval to IA to provide the commodities or services. Multiple UNLOAs should not be executed on a single LOA. However, multiple LOAs may be prepared to support a single UNLOA.

**SPS.2.4. Management of Funds.** Section 607 sales are cash in advance. Defense Finance and Accounting Service (DFAS) Indianapolis establishes a sub-account within the FMS Trust Fund for these transactions. If advance payments are deposited into this account, standard procedures, including direct citing of the FMS Trust Fund on the DoD contract, apply.

**SPS.2.5. LOA Reporting.** The DSCA 1200 system is used to record section 607 LOAs and is distinguished by the type of sales code of "S-FAA" from other FMS agreements. The Implementing Agency submits delivery reporting for these cases. Transportation costs for section 607 LOAs are reported as actual costs on above-the-line delivery reports. All delivery reports must contain Transportation Bill Code (TBC) "D." Government Bills of Lading cite the transportation line of the section 607 case and do not cite the FMS Trust Fund Transportation Clearing Account.

**SPS.2.6. LOA Billing.** For non-UN support, standard billing procedures are used for section 607 LOAs. For UN support, the following guidelines apply:

**SPS.2.6.1. "S6" LOAs (Payment in Advance).** The IA provides DFAS Indianapolis a monthly forecast using a payment schedule. DFAS Indianapolis prepares a special monthly bill on or about the 15th of each month. The bill shows the LOA and the UNLOA designators and forecasted payment amount for the current month. It is based on delivery reports received from the IA. Monthly delivery listings are also provided to the UN. DFAS Indianapolis coordinates the bill with DSCA and forwards it to the UN through the U.S. Mission to the United Nations (USUN).

**SPS.2.6.2. "S5" LOAs (Reimbursable).** As a matter of policy, "S5" or reimbursable section 607 cases are no longer executed by DSCA.

**SPS.3. Government Furnished Equipment and Materiel (GFE/GFM) Sales**

[Arms Export Control Act \(AECA\), Section 30 \(22 U.S.C. 2770\)](#) authorizes the USG to sell defense articles and defense services to U.S. companies in support of direct commercial sales pursuant to an approved export license. Authority to approve such sales has been delegated to the Director, DSCA. When the sale has been approved, the Implementing Agency concludes and executes the sale contract with the purchasing company.

**SPS.3.1. AECA, Section 30 Sales Eligibility Requirements.** If an Implementing Agency receives such a request, it must determine whether the proposed sale meets all of the criteria in Table **SPS.3.T1**.

**SPS.3.T1. AECA Section 30 Sales Eligibility Requirements**

#	Statutory Eligibility Requirements
1	Sale is to a company incorporated in the United States that has an approved export license for final assembly, manufacture, or concurrent or follow-on support of an end item being procured for the armed forces of a friendly partner or for an international organization.
2	The articles would be supplied to the prime contractor as GFE/GFM if the end item were being procured for the use of the U.S. Armed Forces;
3	Any services being provided must be performed in the United States and may include transportation, installation, testing, or certification that are directly associated with the sale.
4	And the articles and services are available only from USG sources or are not available to the prime contractor directly from the U.S. sources at such times as may be required to meet the prime contractor’s delivery schedule.

**SPS.3.1.1. AECA, Section 30 Sales from Stock.** Unless approved by the Under Secretary of Defense for Policy (USD(P)) in coordination with the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)), sales are not authorized if they result in stocks dropping below the reorder point.

**SPS.3.1.2. AECA, Section 30 Sales from Procurement.** When procurement or manufacture in Government-owned facilities is required, the Implementing Agency determines if a sale shall be concluded. In determining production priorities, the Implementing Agency considers existing requirements and schedules manufacture, allocation, and delivery on a first-in first-out basis guided by [DoD 4140.1](#) and related assignments of Force Activity Designators (FADs) by the Chairman of the Joint Chiefs of Staff. For questions of priority among competing U.S. or foreign requirements, refer to [Section C6.4.6](#).

**SPS.3.2.** If the proposed sale is consistent with these requirements, the Implementing Agency provides the following information listed in Table **SPS.3.T2**. to DSCA (SPP/EPA).

**SPS.3.T2. AECA Section 30 Sale Approval Request Details**

Required Information
Purchasing Company

<b>Required Information</b>
Items/Quantity or Service
End Item Application (if applicable)
End Item Purchaser (partner or international organization)
Number and Date of the Munitions Export License or other Export Approval

Note: DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) will staff the request with the Director, DSCA, and inform the Implementing Agency of the decision. Once informed in writing that the Director, DSCA, has approved a proposed sale, the Implementing Agency’s contracting activity will execute the sale agreement.

**SPS.3.3. AECA, Section 30 Sales Format.** A unique sales agreement is used by the USG for the sale of defense articles and/or services to U.S. companies under the authority of [AECA, section 30 \(22 U.S.C. 2770\)](#). The sales agreement includes the information outlined in Table **SPS.3.T3**.

**SPS.3.T3. AECA, Section 30 Sales Agreement Requirements**

#	General Provisions and/or Notes Required
1	The USG retains the right to cancel in whole or in part or to suspend performance at any time under unusual or compelling circumstances if the national interest so requires.
2	The USG provides no warranty or guarantee, either expressed or implied, regarding the item being sold.
3	The USG shall provide best efforts to comply with the delivery lead time cited, but incurs no liability for failure to meet an indicated delivery schedule.
4	The USG shall use its best efforts to deliver at the estimated price, but that the purchaser is obligated to reimburse the USG for the total cost if it is greater than that price.
5	The item sold may be used only for incorporation into end items (or as concurrent or follow-on support in conjunction with a sale of the end item) for export under an approved export license and may not be used for other purposes.
6	The purchaser renounces all claims against the USG, its officers, agents, and employees arising out of or incident to this agreement, whether concerning injury to or death of personnel, damage to or destruction of property, or other matters, and shall indemnify and hold harmless the USG, its officers, agents, and employees against any such claims of third parties and any loss or damage to USG property.
7	The U.S. company agrees to provide protection of classified information and requires that the agreement with the foreign Government provides protection of U.S. classified information.
8	The purchaser is responsible for any insurance desired and, when applicable, export customs clearance.
9	The purchaser is required to reimburse the USG for all costs incurred by the USG if the purchaser cancels the purchase agreement before item delivery.

#	General Provisions and/or Notes Required
10	Delivery is Free On Board (FOB) point of origin. The purchaser must arrange for continental U.S. (CONUS) transportation (except for sensitive or hazardous cargo that is normally shipped via the Defense Transportation System (DTS)).
11	<p>Payment terms.</p> <ul style="list-style-type: none"> <li>a. Sales of Articles from Stock. Total payment is required in advance for the full cost of any USG shipment.</li> <li>b. Sales of Articles or Services from Procurement, or Sales of Services from Resources on Hand. Payment is normally cash payable in full at the time the agreement is signed. Based on purchaser request, a payment schedule may be considered when full funding is not immediately required. When requested by the purchaser, the Implementing Agency, in coordination with the contracting officer, may negotiate a payment schedule that complies with the Security Assistance Management Manual (SAMM). Funds must be available prior to USG entering into a contract, submitting a MIPR, or making other obligations. Payment is equal to the full cost of the obligations plus reasonable uncertainties, such as costs which could be incurred should it become necessary to prematurely terminate the Sales Agreement.</li> </ul>

**SPS.3.3.1. Pricing of AECA, Section 30 Sales.** Prices, accountability, and disposition of collections shall be in accordance with [DoD 7000.14-R Volume 11a, Chapter 1](#). The Implementing Agency executing the Section 30 sale shall ensure it recovers its full cost of executing the sale, to include pricing elements as outlined in [Volume 11a, Chapter 1, Addendum 1, "To Private Parties."](#) FMS Administrative surcharge and accessorial rates are not applicable to Section 30 sales. Sales shall be in cash, with payment upon signature of the sales agreement by the USG and U.S. company representatives. Payment in U.S. dollars shall precede procurement, production action, delivery (in cases of stock sales), and/or performance of service. Funds obligated for a reimbursable procurement, internal production of articles, or provision of services may not exceed the cash received from an authorized purchaser. If there is an increase in the cost, the purchaser is required to make additional cash payments to fund the costs.

**SPS.3.3.2. Planning Data.** To allow planning and marketing, Implementing Agencies are authorized to provide cost and delivery data to authorized potential purchasers in advance of approval of a sales agreement. Such data must be identified as estimates that are not binding on the USG.

**SPS.3.4. Records and Reporting.** The Implementing Agency maintains a central record showing the purchaser, item being sold, source (stock, DoD production, or procurement), cost estimate or (if delivered) billed price, end item (if applicable), ultimate recipient (partner or international organization), and export license number and date or other DoS approval. Information from this record is provided to DSCA upon request.

**SPS.4. Military Assistance Program (MAP)**

**SPS.4.1. Definition and Purpose.** Prior to FY 1982, defense articles and services provided to allied Governments or international organizations by grant aid were administered through MAP. MAP procedures are different from those used for sales of defense articles and services. Since FY 1982, grant funds are part of the Foreign Military Financing (FMF) program and are not provided under MAP. There are still open FMS cases that use “MAP” or “MAP Merger” funds. The policy and/or procedures in this section apply to those cases. Table **SPS.4.T1.** lists the legal references for MAP.

**SPS.4.T1. Military Assistance Program (MAP) Legislation Summary**

Legislation	Subject
<a href="#">AECA, Section 42(c)</a>	Restricts off shore procurement under FMS cases funded with merged MAP funds.
<a href="#">FAA, Section 503(a)(3)</a>	Authorizes the transfer of MAP funds to the FMS Trust Fund for merger with partner trust fund deposits. Requires funds may be used only for payment on obligations of the recipient partner for purchases from the USG under <a href="#">AECA, section 21</a> and <a href="#">section 22</a> .
<a href="#">FAA, Section 505(a)</a>	Places restrictions on recipients use. <a href="#">Executive Order No. 12163</a> delegates some responsibilities.
<a href="#">FAA, Section 505(f)</a>	Requires net proceeds of sales received by a partner in disposing of articles provided under this program to be paid to the USG. Authority to grant waivers of return of net proceeds for articles delivered prior to 1985 has been delegated to the Secretary of State.
<a href="#">FAA Section 620(q)</a>	Sanctions
Brooke Amendment	Limitations on assistance to partners in default

**SPS.4.2. What CAN Be Purchased Using MAP Funds?** MAP funds are to be used solely for purchases from the USG made under the AECA. The funds are used to: finance portions of Letters of Offer and Acceptance (LOAs) that specify MAP funding; liquidate arrearages of 90 days or more on purchaser [DD Form 645 FMS Billing Statements](#) only at the specific direction of Defense Security Cooperation Agency (DSCA) (Business Operations Directorate); or pay for amounts due on [DD Form 645 FMS Billing Statements](#) only at the specific direction of DSCA (Business Operations Directorate).

**SPS.4.3. What CANNOT Be Purchased Using MAP Funds?** MAP funds may not be used for funding direct commercial purchases, or financing interest or repayments of principal or guaranty fees with respect to Federal Financing Bank (FFB) loans.

**SPS.4.4. MAP Financing.** MAP funds must be obligated within the period of availability prescribed in the annual appropriations act or the Continuing Resolution Authority.

**SPS.4.5. MAP Pricing.** [Chapter 9](#) provides detailed guidance on pricing LOAs. [FAA, section](#)

[503\(a\)](#) was amended to eliminate the cost of military pay and entitlements if the case is totally financed by MAP. Effective October 1, 1985, services provided under [AECA, section 21, section 22, or section 29](#) are priced to exclude military pay and entitlements (including retired pay accrual) for those cases citing MAP funds as the exclusive method of funding on the LOA. This pricing applies when services are performed regardless of the date of the LOA. Any subsequent Amendment or Modification to reduce the MAP method of funding below 100 percent of the case value must be re-priced to add military pay and entitlements to the entire case. This guidance does not apply to FY 1981 and prior MAP programs, to those general costs funds programmed in FY 1982 and subsequent years which are intended for the close-out of those programs, or to emergency drawdowns authorized by [FAA, section 506\(a\)](#).

**SPS.4.6. Title Transfer of MAP Items.** Title transfer for items transferred under the FAA is the same as for items transferred under the AECA. See LOA Standard Terms and Conditions, [Figure C5.F4](#). Reversionary title rights do not accrue to the United States on any defense article sold under FMS procedures even when merger funds have been used to finance the purchase in whole or in part. Accordingly, recipient partners are not required (as they may be under FY 1981 and prior year MAP as well as [FAA, section 516](#) (or its predecessor sections)) to return the article to the United States when the article is no longer needed.

**SPS.4.7. Third Party Transfers of MAP Items.** The same restrictions on transfers to a third party apply as apply for defense articles and services sold under FMS. [See Chapter 8 for more information.](#)

**SPS.4.8. Sanctions on MAP Recipients.** [See Chapter 6](#) for information on the impact of suspensions and sanctions on MAP recipients.

**SPS.4.9. Use and Disposal of MAP Materiel.** This section applies to materiel furnished under: the FAA of 1961, as amended, (including materiel furnished under MAP orders prior to FY 1982); [FAA, section 506\(a\)](#) emergency drawdown authority and similar grant DoD drawdown authorities; [FAA, section 516](#); and sections 517, 518, or 519, which were repealed in 1996. It does not apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund.

**SPS.4.9.1. End Use of MAP-Provided Articles and/or Services.** MAP recipients must use articles and/or services provided under this program only for the purposes for which they were furnished as identified in [FAA, section 502](#); agree to return the materiel to the USG without charge when no longer needed for the purposes for which furnished; and agree not to transfer such materiel to anyone not an officer, employee, or agent of the recipient's Government. DSCA, the Combatant Command, or the Security Cooperation Organization (SCO) do NOT have the authority to consent on behalf of the President to waive these requirements. The authority to approve retransfer, change the end-use, or otherwise dispose of MAP items has been delegated to the DoS. Controlled use of components (cannibalization) is an authorized use for these items.

**SPS.4.9.2. Definition of Disposal.** Disposal constitutes a change in end-use altering disposition so the foreign holder is no longer responsible for the item. This can occur through demilitarization or, for items not requiring demilitarization, through fair wear and tear or other destruction and qualified technical inspection that verifies the item is unserviceable and non-repairable. It can also include transfer, with military capabilities retained, to other authorized



recipients.

**SPS.4.9.3. Proceeds from Disposal of MAP Items.** [FAA, section 505\(f\)](#) requires net proceeds from MAP disposal to be paid to the USG. In the case of items that were delivered prior to 1985, the President may waive the requirement that such net proceeds be paid to the USG if he or she determines that to do so is in the national interest of the United States. This waiver authority has been delegated to the Secretary of State. [FAA, section 505\(f\)](#) applies to disposals of MAP origin defense articles by partners that were the recipients of grant aid materiel after July 1, 1974. An agreement under [FAA, section 505\(f\)](#) that constitutes a condition of eligibility for recipients of grant defense articles programmed in FY 1975 and subsequently, was concluded with those partners. A [FAA, section 505\(f\)](#) agreement is not legally required for partners where no grant defense articles were programmed after June 30, 1974. U.S. policy requires (unless contrary to an agreement in force on June 30, 1974) a recipient partner commitment to return to USG the net proceeds of sale whenever partner disposal of MAP property is requested. In accordance with [FAA, section 605\(d\) \(22 U.S.C. 2355\(d\)\)](#) these funds shall be credited to the respective appropriation, fund or account used to procure such defense articles or to the appropriation, fund, or account currently available for the same general purposes. Any net proceeds from disposal shall be reimbursed in U.S. dollars except where Government-to-Government arrangements, with the DoS representing the USG, specify otherwise. [See Table C8.T6.](#), for an explanation of the calculation of net proceeds.

**SPS.4.10. MAP Accountability and Disposal Process.** [Chapter 5](#) and [Chapter 6](#) provide information on LOAs and deliveries of articles and/or services to purchasers. Those procedures also apply to MAP articles and/or services. Table **SPS.4.T2.** summarizes the unique MAP accountability and disposal processes that occur after MAP items have been delivered.

**SPS.4.T2. MAP Accountability and Disposal Processes**

#	Step	Action(s)
1	Establish Accountability Processes In-Partner Territory	<ul style="list-style-type: none"> <li>Each SCO works with the partner to ensure that a process exists for accountability, including technical inspection and disposal, of U.S.-origin defense articles. The SCO ensures these processes specifically identify aircraft, ships, radars, armored vehicles, general purpose vehicles, artillery, mortars, and missiles, including non-consumable and/or reparable components of those items, that were acquired under the <a href="#">FAA of 1961, as amended</a>.</li> </ul>
2	End-Use Monitoring	<ul style="list-style-type: none"> <li>SCOs monitor the presence and use of U.S.-origin equipment as a matter of routine while performing other duties. Any suspected unauthorized end-use must be reported to DSCA (Operations and Programs Directorates) and the DoS with an information copy to the Combatant Command.</li> </ul>
3	Excess Determinations	<ul style="list-style-type: none"> <li>SCOs should encourage the partner to declare MAP materiel excess when it is no longer needed and before items deteriorate. Items that are redistributed to defense forces within the partner are not excess under this section.</li> </ul>
4	Determine Condition of Excess Items	<ul style="list-style-type: none"> <li>When MAP materiel is excess, the SCO determines its condition based on total or sample inspection, as appropriate, by qualified</li> </ul>

#	Step	Action(s)
		<p>U.S. personnel. When this is not feasible, classification by foreign government authorities may be accepted. Disposal condition codes in <a href="#">DoD 4160.21-M</a> shall be used.</p>
5	Preparation of Screening Reports	<p>SCOs report excess MAP items to the managing Implementing Agency (with an information copy to the Combatant Command and DSCA (Programs Directorate). Items must meet the following criteria to be included on the report:</p> <ul style="list-style-type: none"> <li>• Have a line item acquisition value of \$50,000 or more.</li> <li>• In disposal Condition Codes 1 and 2 (unused-good and fair), 4 and 5 (used-good and fair), and 7 and 8 (repairs required-good and fair).</li> <li>• Are not obsolete. Unless it is believed that markets exist in other partners, “obsolete” may be assumed if items are no longer in DoD inventories and are at least 30 years old or, if this cannot be determined, have been in-partner territory for at least 20 years.</li> </ul> <p>These screening reports should show:</p> <ul style="list-style-type: none"> <li>• Item origin (e.g., “Transferred to partner under MAP, January 1981”)</li> <li>• Item description</li> <li>• NSN or part number</li> <li>• Quantity</li> <li>• Condition</li> <li>• Acquisition and current value (estimated if not available)</li> <li>• SCO recommendations for disposition</li> </ul> <p>Items not meeting the screening criteria above and those not redistributed as a result of MILDEP/defense agency screening should be disposed of through Department of Defense or DoS.</p>
6	Implementing Agency Review of Screening	<ul style="list-style-type: none"> <li>• Implementing Agencies review SCO-prepared screening results and advise whether the items should be re-distributed or disposed of. Implementing Agencies provide any additional guidance required for reporting or redistributing excess MAP, including non-standard, items under their cognizance.</li> </ul>
7	Disposal Determination	<ul style="list-style-type: none"> <li>• MAP-provided items may be disposed of or retransferred through a DRMO, under the AECA (via an FMS LOA) or the <a href="#">Federal Property and Administrative Services Act of 1949</a>. MAP-provided equipment is not eligible for redistribution as EDA. Disposal, via sale, of undemilitarized Category I USML items may be made subject to proper demilitarization or through an LOA.</li> <li>• If item disposal is through non-DoD channels or transfer to third parties, go to Step #8.</li> </ul>

#	Step	Action(s)
		<ul style="list-style-type: none"> <li>If item disposal is through a DRMO or DoD channels (e.g., AECA FMS procedures), go to Step #10.</li> </ul>
8	Request DoS Approval for Disposal or Third Party Transfer	<p><a href="#">Section C8.7.</a> provides guidance on Third Party Transfer requirements. MAP recipients request Third Party Transfers from the DoS. The request shall include the following information:</p> <ul style="list-style-type: none"> <li>The foreign designation or description of the item, including the name, class, identification number, or other pertinent descriptive information if a vessel.</li> <li>Former U.S. designation of equipment, including the name, class, identification number, or other pertinent descriptive information if a vessel.</li> <li>Date of acquisition by the United States and original acquisition cost.</li> <li>Date and means of acquisition of equipment by the host partner and value of equipment at that time. This should be based on records if possible. If records are unavailable, best estimates should be provided and described as such.</li> <li>Item condition, using disposal condition codes as the guide; e.g., “Code S (scrap)-has no value except basic materiel content (destroyed in crash)” or “Code 5 (used, fair)-usable without repairs but somewhat worn or deteriorated and may soon require repairs.”</li> <li>Current estimated value, normally based on expected disposal method; e.g., scrap value or third party sale with capability retained.</li> <li>Proposed means of disposal (e.g., sale as scrap; sale or donation, following demilitarization if applicable, to third party; sale to third partner).</li> <li>If the items were granted, whether retention of funds by the host partner is requested and whether the request is supported by the SCO.</li> </ul>
9	DoS Review/Approval of Transfer Requests	<ul style="list-style-type: none"> <li>The DoS reviews all Third Party Transfer requests and determines whether they will be approved. The DoS also determines whether a waiver can be granted to allow net proceeds to be retained by the recipient partner.</li> <li>If the DoS approves the Third Party Transfer request and items are being transferred to another partner or other third party, go to Step #11.</li> <li>If the DoS does not approve the Third Party Transfer request, recipient partner must find other means to dispose of the items.</li> </ul>

#	Step	Action(s)
10	Disposal through DRMS or Other DoD Channels	<ul style="list-style-type: none"> <li>• When items are disposed of through DoD channels, DoS clearance is not required. This applies to items turned over to DRMOs for disposal or to in-partner territory DRMO-supervised disposal. DRMO does NOT have authority to authorize partners to dispose of articles themselves. Speed and assurance that proper disposal procedures are followed are principal reasons to emphasize disposal through a DRMO. This includes instances where the holding partner disposes of items based on arrangements with DRMS, DRMS regional offices, DRMOs, or representatives of those entities such as disposal assistance teams, in conformity with DoD disposal standards and under AECA or <a href="#">DoDI 2030.8</a>.</li> <li>• Condition Code S (scrap) consumable items not requiring demilitarization or other special controls are no longer defense articles and may be disposed of through DoD facilities without further U.S. approval.</li> <li>• LOAs selling MAP items through DRMS (i.e., not returned to U.S. inventory) must include the unique notes. <a href="#">See Appendix 6</a> for exact note wording. Any LOA sale of MAP-provided items shows Source of Supply Code “E.” PCH&amp;T and/or rehabilitation costs may be included on the LOA as appropriate.</li> <li>• DoD may use items not taken to fill Security Assistance requirements.</li> <li>• Go to Step #12.</li> </ul>
11	Disposal to a Third Party	<ul style="list-style-type: none"> <li>• Upon approval by the DoS, the MAP recipient may transfer the items to the third party in accordance with instructions provided by the USG.</li> <li>• Go to Step #12</li> </ul>
12	Net Proceeds Returned to USG	<ul style="list-style-type: none"> <li>• Net proceeds resulting from the item disposal must be returned to the USG unless a waiver has been granted by the DoS. <a href="#">See Table C8.T6</a>. for an explanation of the calculation of net proceeds.</li> </ul>
13	Update MAP Records	<ul style="list-style-type: none"> <li>• SCOs of partners receiving or redistributing MAP property advise the appropriate MILDEP or agency when transfer of articles has been completed, ensure that due-ins for items received are cancelled, and submit appropriate program change data to DSCA.</li> </ul>