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DSCA

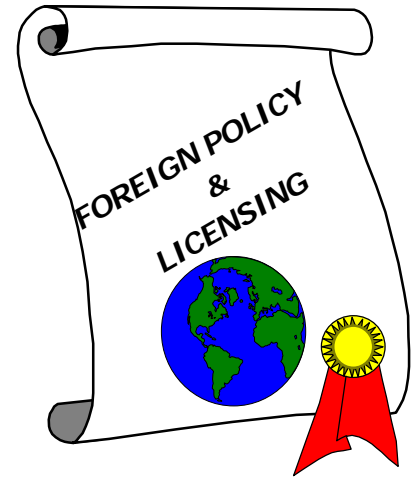
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SECURITY COOPERATION

THE PLAYERS

- CONGRESS
 - ARMS EXPORT CONTROL ACT, AS AMENDED
 - FOREIGN ASSISTANCE ACT, AS AMENDED
 - YEARLY AUTHORIZATION AND APPROPRIATION BILLS
 - STATE DEPARTMENT
 - DETERMINES WHICH COUNTRIES HAVE PROGRAMS
 - DETERMINES WHICH MAJOR SALES WILL BE MADE
 - ISSUES MUNITIONS EXPORT LICENSES (COMMERCIAL)
 - DETERMINES FOREIGN ASSISTANCE FUNDING LEVELS
 - DEFENSE DEPARTMENT
 - HAS EXTENSIVE INPUT ON POLICY
 - DETERMINES WHAT EQUIPMENT IS AVAILABLE FOR SALE
 - PROVIDES RECOMMENDATIONS ON FOREIGN ASSISTANCE FUNDING LEVEL
 - IMPLEMENTS FMS PROGRAM
 - IMPLEMENTS GRANT & CREDIT (FMF) PROGRAMS
- ✓ *USDP OVERSEES ALL FOREIGN POLICY MATTERS FOR DOD*
- ✓ *DSCA IS THE DOD FOCAL POINT FOR SECURITY COOPERATION*
- ✓ *MILDEPs EXECUTE THE PROGRAMS*



SECURITY COOPERATION

20 “POWER” TOOLS

Ways to Provide Financial Assistance

Foreign Military Financing (FMF)
International Military Education and Training (IMET)
Warsaw Initiative for Partnership for Peace (PfP)
Cooperative Threat Reduction (CTR)
International Narcotics Control and Law Enforcement (INL)
DoD Counterdrug Program
Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR)
Economic Support Fund (ESF)
Peacekeeping Operations (PKO)

Ways to Provide Material/Services/Training/ Mil-to-Mil Contacts

Foreign Military Sales (FMS)
Excess Defense Articles (EDA)
Drawdowns
Humanitarian Assistance (HA)
Humanitarian Civic Assistance/Mine Action (HCA/MA)
Acquisition Cross-Servicing Agreements (ACSA)
Joint Combined Exchange Training (JCETs)

Waiver Authorities

Lease Rental Charges
Waiver of Nonrecurring Costs (NC)
Allow Payment On or After Delivery
Offshore Procurement Waivers

SECURITY COOPERATION PROGRAM

Breadth of the Program

FMS BUSINESS 2002

- Sales - \$12.5B
- Deliveries - \$11.4B
- 13K Open Cases - \$222.2B
- Pipeline - \$57.6B
- \$5.2B in FMS Customer Trust Fund

DOD PROGRAMS 2003

- Humanitarian Assistance in 120+ Countries - \$28.4M
- Humanitarian Mine Action in 24 Countries - \$15M
- Disaster/Emergency Response - \$15M
- Warsaw Initiative – \$46.603M
- Canadian Environmental Program – \$11.3M

GRANT ASSISTANCE

- FMF - \$4.1072B (03)
- \$4.414B (04)
- IMET - \$80M (03)
- \$91.7M (04)
~ 130 Countries

RESOURCES 2003

- FMS & FMF Oper. Budgets - \$393M
- FMS & FMF Work Years (WY) – 9,135
- FY03 DoD O&M \$4.0M HQ Budget
- DoD Work Years (WY) - 38

SECURITY COOPERATION

Partnering for Success

- **SECURITY ASSISTANCE ACTIVITIES IN A POST 9/11 ENVIRONMENT**
- **SECURITY ASSISTANCE IMPROVEMENTS ON A CONTINUING BASIS**

CAVEAT: The various and limited security assistance funding authorities are crafted by Congress for specific foreign policy purposes. Proper understanding, justification and effective utilization is fundamental to success. Breaking the law is not an option.

SECURITY COOPERATION

POST 9/11 ENVIRONMENT

PRIORITY #1 - MEETING WoT REQUIREMENTS –

- EMPHASIS ON COALITION PARTNERS**
- FUNDING PRIORITY CHANGES**
- SPECIAL OEF LOA PROJECT CODE**
- EMERGENCY CONGRESSIONAL NOTIFICATION PROCEDURES**
- CONTINGENCY LETTERS of OFFER & ACCEPTANCES (LOAs)**
- LIFTING OF SANCTIONS**
- SECURITY ASSISTANCE OFFICERS IN-COUNTRY**

POST 9/11

SUPPLEMENTAL FINANCING

FY01 Foreign Military Financing*

- Turkey \$ 20M
- Uzbekistan \$ 25M

* Emergency Response Fund

FY02 Foreign Military Financing

- Afghanistan \$ 50M
- Bahrain \$ 28.5M
- Djibouti \$ 1.5M
- Ecuador \$ 3M
- Ethiopia \$ 2M
- Georgia \$ 20M
- Jordan \$ 25M
- Kazakhstan \$ 2M
- Kenya \$ 15M
- Kyrgyz Republic \$ 9M
- Nepal \$ 12M
- Oman \$ 25M
- Pakistan \$ 75M
- Philippines \$ 25M
- Tajikistan \$ 3M
- Turkey \$ 28M
- Uzbekistan \$ 11M
- Yemen \$ 20M
- SAO Funding \$ 2M

POST 9/11

COMPLETED EFFORTS/ONGOING

US Funded Assistance

- Aircraft
- Aircraft Support
- Airfield Upgrades
- Boats
- Border Security Support
- Communication Equipment
- Facility Upgrade & Improvement
- Individual Equipment
- NBC Equipment
- Night Vision Devices
- Radars
- Train & Equip Programs
- Transportation

Self Funded Allies

- Aircraft Support
- Communication Equipment
- Lantirn Pods
- Missiles
- NBC Equipment
- Night Vision Devices
- Radars
- Rough Terrain Container Handlers
- UAVs

CONTINUING EFFORTS

SECURITY COOPERATION IMPROVEMENTS

- **Team International**
- **Standby Letter of Credit in lieu of Termination Liability Prepayment**
- **Improved Payment Schedule Methodology**
- **Greater Customer Participation in FMS-related Contract Processes**
- **Customer Satisfaction Index**
- **Electronic LOA Coordination**
- **Web-Based Security Assistance Customer Handbook**
- **Electronic “How To” Guide for LOR Preparation**
- **Improved Case Closure and Reconciliation**
- **Civilian Workforce Initiatives**

CONTINUING EFFORTS

SECURITY ASSISTANCE IMPROVEMENTS

- End-to-End Control Mechanism
- FMS Surcharges
- Improve Case Closure and Reconciliation
- LOR by E-Mail
- Refine Cooperative Logistics Supply Support Arrangement (CLSSA)
- FMS Point-to-point Material Tracking
- Military Articles and Services List (MASL) Improvement
- Navy FMS Dual Track
- SDR: Returning material process using US Bank Power Track System
- E-Mail Direct Delivery to FMS Customers and Use of Debit Cards
- Increase International Logistics Control Office (ILCO) flexibility for determining support methods for delivering goods & services identified on LOA, and/or amendment/modification documents
- Increase SDR Write-Off Threshold
- Life Cycle Sustainment Support; and Manage FMS Reserve & Resale Out-of-Inventory Equipment.
- Qualitative Analysis of FMS Business Activity.
- Tri-Service ILCO Symposium
- Worldwide Warehouse Redistribution Services (WWWRS)

KEY

- = High Priority
- = Medium Priority
- = Low Priority

CONTINUING EFFORTS

MANAGEMENT IMPROVEMENTS

- **PERFORMANCE BASED COSTING (PBC) AND PERFORMANCE BASED BUDGETING (PBB)**
- **PLANNING, PROGRAMMING AND BUDGETING SYSTEM (PPBS)**
- **REPLACING 13 LEGACY MANAGEMENT INFORMATION SYSTEMS**
- **WEB-BASED PORTAL OPERATIONS**

SECURITY COOPERATION

LEGISLATIVE PROPOSALS

- **EXPAND 15-DAY CONGRESSIONAL NOTIFICATION OF 36B SALES TO ALL ALLIED NATIONS, NOT JUST NATO, AUSTRALIA, JAPAN AND NEW ZEALAND**
(POSSIBLE – Initiative Under Consideration)
- **EXPAND 36B THRESHOLD TO COVER ADDITIONAL COUNTRIES**
 - **FY03 Foreign Assistance Authorization Bill raised thresholds for NATO, Australia, Japan and New Zealand**
(LIKELY- Discussions Continue)

SECURITY COOPERATION

LEGISLATIVE PROPOSALS

- **AMEND TITLE 10 USC TO AUTHORIZE DOD TO ESTABLISH DISCRETIONARY FMF AND IMET ACCOUNTS FOR COMBATANT COMMANDERS FOR DEVELOPING COUNTRIES SUPPORTING THE WAR ON TERRORISM.**
- **IMPROVE FLEXIBILITY OF DOD O&M FUNDS FOR DEFENSE ARTICLES, SERVICES AND TRAINING FOR DEVELOPING COUNTRIES SUPPORTING WAR ON TERRORISM.**

(UNLIKELY – Doubt Congress will relinquish control. However, Train and Equip initiative may meet this need.)



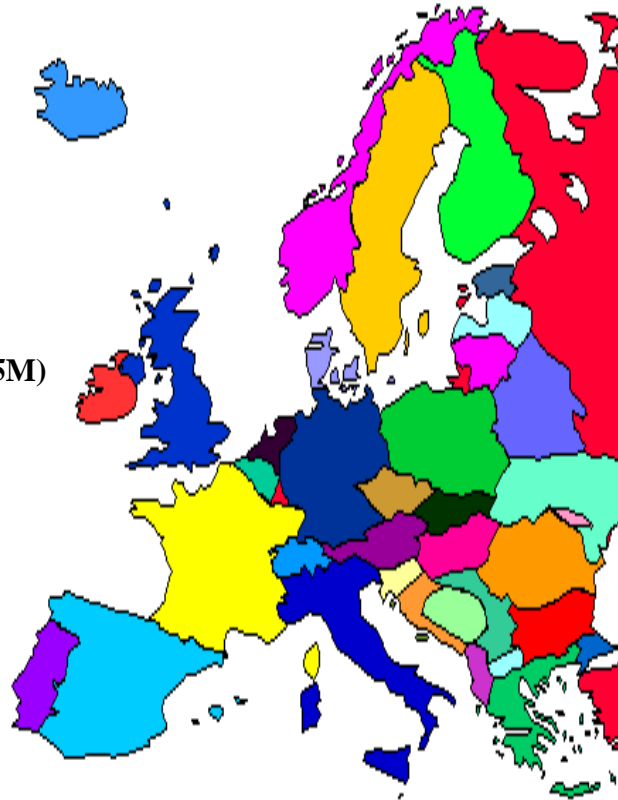
BACKUP SLIDES

Security Assistance in Europe/NATO

53 COUNTRIES

FY02 FMF PROGRAMS:

- ENHANCED INT'L PK CAPABILITIES (\$.5M)
- PARTNERSHIP FOR PEACE \$90.093M



ESTIMATED

FY02 SALES:

\$3.38B

(TOTAL: \$12.52B)

FY03 SALES:

\$5.70B

(TOTAL: \$14.23B)

FY02 FMF: 1

\$199.343M *

(TOTAL: \$4.057B)

FY03 FMF:

\$152.250M **

(TOTAL: \$4.1072B)

FY02 IMET:

\$23.798M

(TOTAL: \$70.00M)

FY03 IMET:

\$27.950M

(TOTAL: \$80.00M)

FY02 DOD WI:

\$39.71M

FY03 DOD WI:

\$46.603M

NOTES:

- 1 Includes \$20M in Emergency Relief funding for Turkey. Also, includes \$28M for Turkey and \$20M for Georgia in FY02 Supplemental funding.
- * Includes Enhanced International Peacekeeping Capabilities & Warsaw Initiative Partnership for Peace
- ** Includes Warsaw Initiative Partnership for Peace

SA FUNDED POSITIONS:

FY02

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TOTAL 633

FY03

193

TOTAL 627

Security Assistance in Sub-Saharan Africa

49 COUNTRIES:

39 EUCOM
7 CENTCOM
3 PACOM

FY03 FMF PROGRAMS:

- Nigeria (\$2M)
- South Africa (\$6M)
- Military Health Affairs (\$2M)



FY02 SALES

\$23.7M
(TOTAL: \$12.52B)

FY03 SALES

\$14.3M
(TOTAL: \$14.23B)

FY02 FMF

\$33.5M
(TOTAL: \$4.057B)

FY03 FMF

\$18.5M
(TOTAL: \$4.1072B)

FY02 IMET

\$10.332M
(TOTAL: \$70.0M)

FY03 IMET

\$11.095M
(TOTAL: \$80.0M)

FY02 NADR*

\$12.096M
(TOTAL: \$313.5M)

FY03 NADR*

\$17.416M
(TOTAL: \$372.4M)

FY02 PKO

\$56M **\$17.5M
(TOTAL: \$135M)

FY03 PKO

\$40M
(TOTAL: \$108.25M)

*NADR: Non-proliferation, Anti-terrorism, Demining, and Related Programs

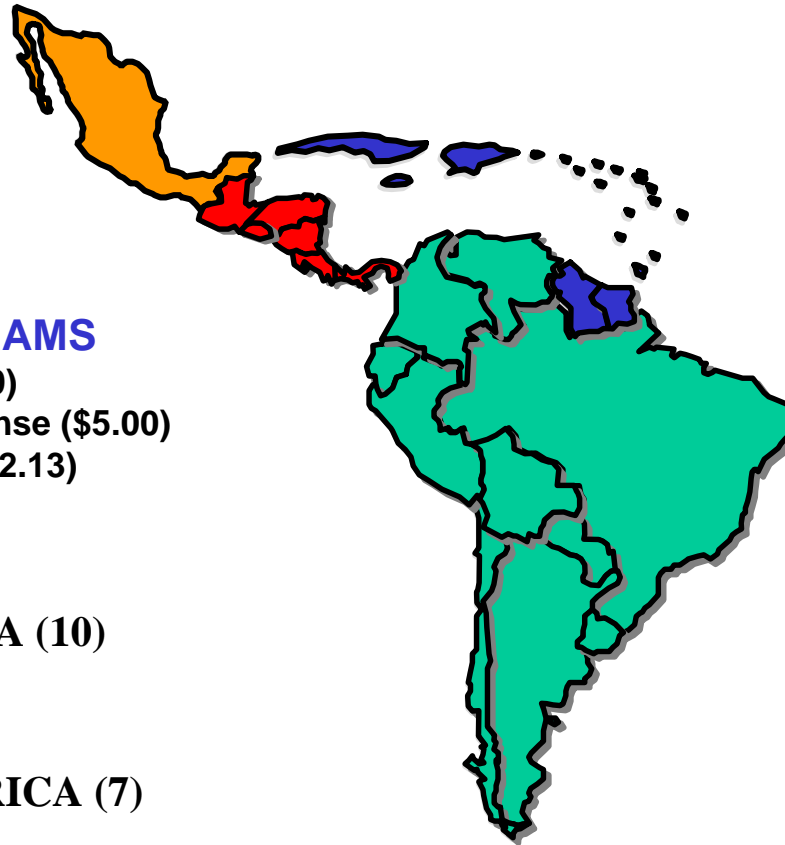
** transferred to DOD for implementation

FY 02 SA FUNDED POSITIONS

28 (Worldwide: 627)

Security Assistance in Latin America

(Unless annotated, \$ in Millions)



FY03 FMF PROGRAMS

Colombia (\$98.00)

Conflict Prevention/Response (\$5.00)

Eastern Caribbean (\$2.13)



SOUTH AMERICA (10)



CARIBBEAN (15)



CENTRAL AMERICA (7)



MEXICO

FY02

FY03*

SALES

\$648.824

(TOTAL: \$12.52B)

SALES

\$25.900

(TOTAL: \$14.23B)

FMF

\$11.700

(TOTAL: \$4.057B)

FMF

\$115.000

(TOTAL: \$4.1072B)

IMET

\$12.810

(TOTAL: \$70.00)

IMET

\$13.670

(TOTAL: \$80.00)

INCLE**

\$673.250

(TOTAL: \$915.703)

INCLE**

\$758.400

(TOTAL: \$928.713)

*Estimated

**INCLE: International Narcotics Control
and Law Enforcement

**FY 03 SA FUNDED
POSITIONS**

102 (Worldwide: 627)

Security Assistance in the Asia-Pacific Region

31 Countries



FY02

FY03

SALES:

\$ 4.098B
(Total \$12.52B)

SALES: **

\$ 4.749B
(Total \$14.23B)

FY02 FMF: *

\$ 63.6M
(Total: 4.057B)

FY03 FMF: **

\$ 78M
(Total: 4.1072B)

FY02 IMET:

\$ 8.709M
(Total: \$70.00M)

FY03 IMET: **

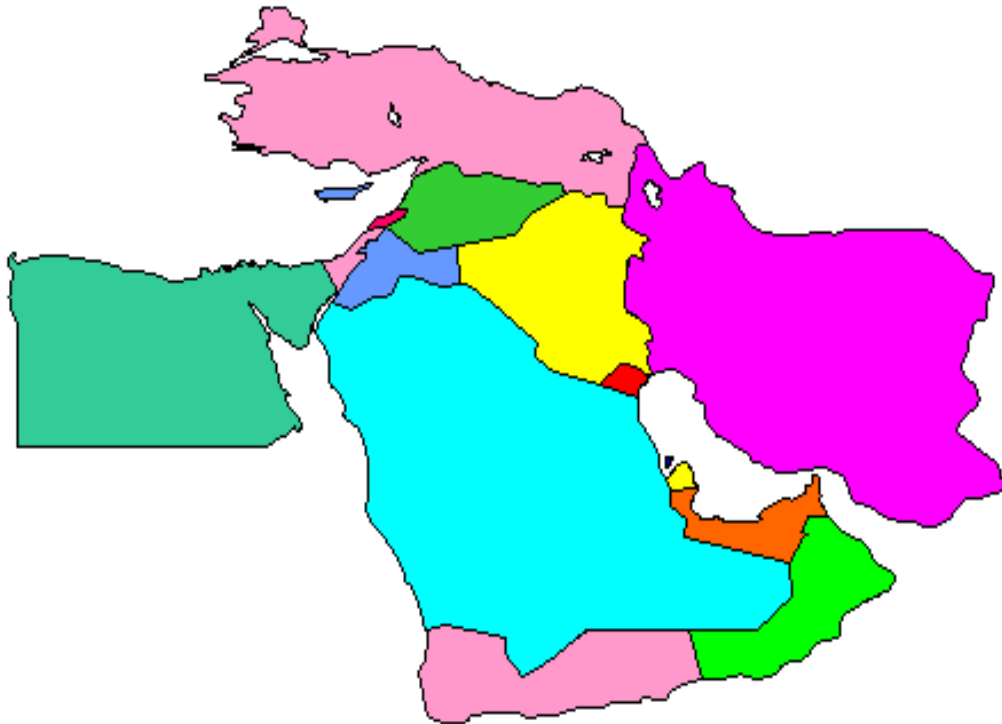
\$ 10.160M
(Total: \$80.00M)

* Includes \$ 37M in FY02 Supplemental

** Projected

Security Assistance in the Middle East and North Africa

21 Countries



FY02

FY03

SALES:

\$ 5.112B

(Total \$12.52B)

SALES: **

\$ 3.611B

(Total \$14.23B)

FY02 FMF: *

\$ 3.702B

(Total: 4.057B)

FY03 FMF: **

\$ 3.647B

(Total: 4.1072B)

FY02 IMET:

\$ 11.22M

(Total: \$70.00M)

FY03 IMET: **

\$ 14.125M

(Total: \$80.00M)

*** Includes \$ 248.5M in FY02 Supplemental and \$ 25M in ERF**

**** Projected**