

Chapter 11

Military Assistance Program (MAP)

Section 1100 -- Use of Map Funds to Finance Foreign Military Sales

110001 -- Grant Aid (MAP) Funding.

This chapter provides implementing procedures for the utilization of MAP funds to finance FMS.

A. **Legislation.** Prior to FY 1982, defense articles and defense services were provided as grant aid through a separate program, the Military Assistance Program, which was administered under procedures entirely different from those used for FMS. However, effective with the FY 1982 MAP appropriation, FAA Sec 503(a)(3) authorized the transfer of MAP funds to the FMS Trust Fund (Account 8242) for merger with country trust fund deposits. The law also stipulates that these MAP funds are to be used solely for payment on obligations of the recipient country for purchases from the USG made under the AECA. FY 1982 and subsequent MAP appropriations, except to the extent utilized for prior year supply operations, administrative expenses and FAA Sec 506(a) reimbursements will be implemented under Sec 503(a)(3) procedures. These MAP funds may not legally be used for either (1) funding direct commercial purchases, or (2) financing interest or repayments of principal or guaranty fees with respect to FFB loans. Funds must be obligated within the period of availability prescribed in the annual appropriation act or the Continuing Resolution Authority.

1. **Allocation.** The State Department determines which country shall receive a MAP fund allocation and the amount, through inter-agency coordination on a country-by-country basis. When the allocation is determined, State prepares a program justification for each country that is to receive MAP funds, and submits these to OMB, requesting apportionment. OMB reviews requests and submits the approved apportionment to the DSCA, Comptroller.

2. **Transfer of Funds.** Upon receipt of an approved apportionment of MAP funds from OMB:

a. The DSCA Budget Division will allocate funds from the MAP Parent account to the OSD transfer account, where they become available for transfer to the country FMS Trust Fund. The allocation document will serve as the obligation source document.

b. The DSCA AFD will prepare, as necessary, a disbursement authorization document (Authorization to Disburse MAP Funds to FMS Trust Fund) directing that DFAS-DE/I prepare and process an SF 1081 (Voucher and Schedule of Withdrawals and Credits) charging the MAP appropriation and crediting the FMS Trust Fund Receipt account. The validated SF 1081, which will contain a country breakout, will serve to expend (disburse) MAP funds and to liquidate MAP obligations simultaneously. No check will be issued.

3. ***Application of Formerly MAP Funds.*** DFAS-DE/I, in processing the SF 1081, will deposit the funds into unique country trust fund MAP clearing accounts identified on the SF 1081 and will transfer merged MAP funds from clearing accounts into country trust fund accounts to:

- a. Finance LOAs which specify MAP type of assistance funding.
- b. Satisfy required initial deposits on specific LOAs (MAP portion of financing will be identified in the Terms of Sale of the LOA.)
- c. Liquidate arrearages of 90 days or more on customer DD Form 645 FMS Billing Statements issued quarterly (at specific direction of DSCA Comptroller only).
- d. Offset current amounts due and payable on DD Form 645 FMS Billing Statements (at specific direction of DSCA Comptroller only).

DFAS-DE/I must ensure that adequate procedures and controls are available to preclude refunds of merged MAP funds to the foreign purchaser.

4. ***MAP Fund Accounting and Reporting.*** The DSCA AFD will maintain records of obligations and transfers of funds made on the basis of SF 1081s and report to the Treasury (at the appropriate level) in compliance with Treasury Fiscal Requirements Manual.

5. ***MAP Restrictions.*** Procurements financed by merged MAP funds will not be governed by the delivery procedures and reversionary rights requirements applicable to the FY 1981 and prior year MAP and to all items transferred under FAA Secs 516, 517, 518, and 519 (see Section 803).

- a. Delivery deadlines will not established for purchases financed with FY 1982 and subsequent year merger funds. Procurement and delivery will be carried out in accordance with FMS procedures.
- b. OSP under FMS cases funded with merged MAP funds is restricted by AECA Sec 42(c) (see Paragraph 90210).
- c. Title transfer for items transferred under the FAA will be the same as for items transferred under the AECA.
- d. Reversionary title rights will not accrue to the US on any defense article sold under FMS procedures even when merger funds may have been used to finance the purchase in whole or in part. Accordingly, the recipient countries will not be required, as they are under FY 1981 and prior year MAP as well as FAA Sec 516, 517, 518, and 519 transfers, to return the article to the US when the article is no longer needed.
- e. Restrictions on transfers to a third party, however, will continue to apply, as they do to all defense articles and services sold under FMS.

6. Section 90006 is also applicable to third party transfers of MAP merger defense articles.

B. MAP Financed LOAs for Defense Services. P.L. 99-83 amends FAA Sec 503(a) and provides for elimination of the cost of military pay and entitlements if the sales case for defense services, including training design and construction services, is totally financed by MAP. Effective 1 October 1985, services provided under Sections 21, 22, or 29 of the AECA shall be priced to exclude military pay and entitlements (including retired pay accrual) only for those cases citing MAP funds as the exclusive method of funding in Terms of Sale of the LOA. This pricing applies when services are performed regardless of the date of the LOA. Any subsequent Amendment or Modification serving to reduce the MAP method of funding below 100 percent shall require repricing to add military pay and entitlements to the entire case.

C. Exceptions. The guidance provided in B. above 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 FAA Sec 506(a). For those program years and funds, management and close out are discussed by separate guidance, which will be forwarded to applicable addressees. FAA Sec 506 special authority implementing procedures are provided in Section 1102 of this chapter.

D. Impact of Section 620(q), FAA, and “Brooke Amendment” on Utilization of MAP Funds.

1. Section 620(q) reads:

No assistance shall be furnished under this Act to any country which is in default, during a period in excess of six calendar months, in payment to the US of principal or interest on any loan made to such country under this Act, unless such country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest and notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of such determination.

2. The “Brooke Amendment” which is an integral part of each recent foreign assistance and related programs appropriations act and continuing resolution states:

No part of any appropriation contained in this Act shall be used to furnish assistance to any country which is in default during a period in excess of one calendar year in payment to the United States of principal or interest on any loan made to such country by the US pursuant to a program for which funds are appropriated under this Act.

3. Sanctions under Section 620(q) would be triggered by arrearages of more than six calendar months on AID-financed loans (Economic Support Fund, etc.) at such time as the Department of State advises DSCA that no waiver of sanctions is being considered. Sanctions under the “Brooke Amendment” would be triggered by arrearages of more than one calendar year on FMS-financed loans (direct or guaranteed) or AID-financed loans.

4. The impact on utilization of MAP funds under both FAA Sec 620(q) and the “Brooke Amendment” is identical; therefore, refer to Paragraphs 90211.D.1-4 for the specific sanctions.

[Note: Utilization of FMS Credit funds is not impacted by FAA Sec 620(q).]

Section 1101 -- Use and Disposal of MAP Materiel

110101 -- General.

This section provides guidance concerning materiel furnished under the FAA of 1961, as amended. This presently includes materiel furnished under MAP Orders prior to FY82; FAA Sec 506(a) emergency drawdown authority and similar grant DoD drawdown authorities not authorized in the FAA; and FAA Secs 516, 517, 518, or 519 (see SAMM section 803). It does not apply to materiel purchased as a result of transfer of MAP funds to the FMS trust fund (see Section 1100). "Disposal" as discussed in this section means 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 which verifies the item is unserviceable and non-repairable. It can also include transfer, with military capabilities retained, to other authorized recipients.

110102 -- Legal Limitations and Related Policy Provisions.

A. **End Use.** DSCA, the UCOM, or the SAO do not have the authority to consent on behalf of the President either

(1) to the use of MAP materiel by anyone not an officer, employee, or agent of the recipient government, or to the transfer of such materiel to anyone not an officer, employee, or agent of the recipient government, or to the use of such materiel for purposes other than those for which furnished as identified in FAA Sec 502, or

(2) to other disposition (such as retention solely for public display) of such materiel other than the return to the USG without charge when no longer needed for the purposes for which furnished. Controlled use of components (cannibalization) is an authorized use for these items. These two Presidential functions under Sec 505(a)(1) and Sec 505(a)(4) have been delegated to the Secretary of State by Sec 1-201(a)(5) of Executive Order No. 12163.

B. **Disposal and Net Proceeds.**

1. FAA Sec 505(f) provides: "Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the USG and shall be available to pay all official costs of the USG payable in the currency of that country, including all costs relating to the financing of international educational and cultural exchange activities in which that country participates under the programs authorized by the Mutual Education Cultural Exchange Act of 1961. In the case of items which were delivered prior to 1985, the President may waive the requirement that such net proceeds be paid to the USG if he determines that to do so is in the national interest of the US." Authority to grant these waivers has been delegated to the Secretary of State.

a. FAA Sec 505(f) applies to disposals of MAP origin defense articles by countries which were the recipients of grant aid materiel after 1 July 1974. A 505(f) agreement, which

constitutes a condition of eligibility for recipients of grant defense articles programmed in FY75 and subsequently, was concluded with those countries.

b. A Sec 505(f) agreement is not legally required for countries where no grant defense articles were programmed after 30 June 1974. Nevertheless, US policy is to require (unless contrary to an agreement in force on 30 June 1974) a recipient country commitment to return to USG the net proceeds of sale whenever country disposal of MAP property is requested.

2. FAA Sec 605(d) provides: “Funds realized by the USG from the sale, transfer, or disposal of defense articles returned to the USG by a recipient country or international organization as no longer needed for the purpose for which furnished 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.”

3. Any net proceeds from disposal will be reimbursed in US dollars except where government-to-government arrangements, with DoS representing the USG, specify otherwise. “Net proceeds” means the balance of the gross proceeds of sale after reasonable administrative costs of the sale are deducted.

C. **Supervision**. FAA Sec 623 shows SecDef responsibilities, including [Sec 623(a)(3)] responsibility for “the supervision of end-item use by the recipient countries.”

110103 -- SAO Action.

A. **MAP Item Supervision**. In order to meet the requirement shown in 110102.C above, each SAO must work with the country to ensure that a sound process exists for accountability, including technical inspection and disposal, of US-origin defense articles.

1. The SAO should ensure the country property accountability process specifically identifies aircraft, ships, radars, armored vehicles, general purpose vehicles, artillery, mortars, and missiles, including non-consumable/reparable components of those items, which were acquired under the FAA of 1961, as amended. Utilization reporting for these items (to DSCA, with an information copy to the UCOM) is required if information is obtained which indicates use contrary to 110102.A above.

2. Noting the presence and utilization of US origin equipment should be done during the course of other duties. End-use inspection or FAA materiel-related functions will not justify SAO budget or personnel authorizations. Note that end-use observation and reporting extends to items of US origin acquired other than under the FAA, although only monitorship as discussed in Section 30002.C.11, not supervision as discussed in this section, is required for those items.

B. **Excess Determinations**. SAOs should encourage the country to declare MAP materiel excess when it is no longer needed and before items deteriorate. Items which are redistributed to defense forces within the country are not excess under this section.

1. When MAP materiel is determined to be excess, the SAO will ascertain its condition based, to the extent possible, on total or sample inspection, as appropriate, by qualified US personnel. When this is not feasible, classification by foreign government authorities may be accepted.

2. Disposal condition codes in DoD 4160.21-M will be used for turn-in to DRMO or to obtain DoS disposal approval. Condition Code S (scrap) consumable items not requiring demilitarization or other special controls are no longer defense articles and may be disposed of without further US approval.

C. **Screening.** SAOs will report, to the managing MILDEP's ILCO with an information copy to the UCOM, the items listed in 110103.A.1 above which are excess and meet the following criteria:

1. Have a line item acquisition value of \$50,000 or more.

2. 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).

3. Are not clearly obsolescent. Unless it is believed that markets exist in other countries, "obsolescent" 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-country for at least 20 years.

Excess screening reports should show item origin (e.g., "Transferred to country under MAP Jan 81"), item description, NSN or part number, quantity, condition, acquisition and current value (estimated if not available), and any SAO recommendations for disposition.

D. **Disposal, Including Redistribution.** Transfer of excess MAP materiel previously reported for screening will be accomplished in accordance with redistribution instructions received from the item managing activity. Disposal of items not meeting screening criteria above and those not redistributed as a result of MILDEP/defense agency screening should be completed through DoD (see 110104.B) or DoS (see 110105).

E. **Redistributable MAP Property Receipt.** SAOs in countries receiving redistributable MAP property will advise the appropriate MILDEP or agency when transfer of the last article has been completed, ensure that due-ins for items received are canceled, and submit appropriate program change data to DSCA.

110104 -- MILDEP/Defense Agency Disposal.

MILDEPs or defense agencies will provide any additional guidance required for reporting or redistributing excess MAP, including non-standard, items under their cognizance.

A. **Screening and Redistribution.** Unless an approved requirement exists at the time excess MAP items are reported, the items will be added to those available for transfer approval under EDA procedures and for sale under the AECA (See Section 80303, but note that EDA procedures are to be used only for screening purposes. Any AECA LOA sale should show Source of Supply Code E and "**Redistributable Map,**" underlined, as the last words in the item

description field. EDA Congressional reporting is not required for these items.) Items not taken to fill SA requirements may be used by DoD. The SAO will be advised to redistribute items based on screening results or to dispose of the items. DLA will support disposal as discussed below.

B. **Disposal**. The items may be retransferred, through a DRMO, under the AECA (via an FMS LOA) or the Federal Property and Administrative Services Act of 1949. As stated above, they are not eligible for redistribution as excess defense articles under SAMM section 80303.

1. Speed (disposal through DoD avoids the requirement for DoS clearance under Section 110105) and assurance that proper disposal procedures will be followed are principal reasons to emphasize disposal through a DRMO. This includes instances where the holding country 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 Trade Security Controls (DoDI 2030.6). Disposal, via sale, of undemilitarization Category I USML items may be made subject to proper demilitarization or through an LOA.

2. DoD 4160.21-M and 4160.21-M-1 provide details, including crediting of net proceeds (see DoD 4160.21-M, Chap 14, Para K.6). LOAs selling MAP items through DRMS (i.e., not returned to US inventory) must include the following note:

Upon acceptance, the Purchaser should return one signed copy of this LOA to Defense Financing and Accounting Service-Denver Center, Attn: DFAS-DE/IQM, 6760 Irvington Place, Denver, CO 90279-2000, with payment to attention of DFAS-DE/IQM and 11 (last digit of current fiscal year) 1082 account.

110105 -- DoS Disposal Approval.

@@ Disposals through DRMS include Trade Security Controls, which involve DoS where appropriate. Section 60004 guidance should be used where disposal will not be accomplished through DRMS (that is, where disposal involves transfer directly to a third party) or where retention of net proceeds is being requested. Unless retention of net proceeds is approved, these proceeds must be credited as discussed elsewhere in this section. Section 60004 requests are normally utilized for disposal of SME or other significant individual items, or for “lots” of non-SME, low technology, and unclassified minor items. (@@ Rewritten 30 Dec 1998)

A. The foreign designation or description of the item, including the name, class, identification number, or other pertinent descriptive information if a vessel.

B. Former US designation of equipment, including the name, class, identification number, or other pertinent descriptive information if a vessel.

C. Date of acquisition by the US and original acquisition cost. Date of acquisition of equipment by the host nation 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.

D. 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.”

E. Current estimated value, normally based on expected disposal method; e.g., scrap value or third party sale with capability retained.

F. Proposed means of disposal; e.g., sale as scrap; sale or donation, following demilitarization if applicable, to third party; sale to third country. For sales to a third country without prior demilitarization, also see Section 60004.

G. Whether retention of funds by the host nation is requested and whether the request is supported by the SAO.

110106 -- Packing, Crating, Handling, and Transportation.

PCH&T will be accomplished by the currently owning country unless otherwise stated below. Rehabilitation costs will be borne by the recipient. Transportation of redistributable MAP property will be as follows:

A. For redistributable MAP property sold under FMS, the Purchaser will pay PCH&T costs.

B. Items other than those sold via FMS, including items being returned to DoD, will be delivered free alongside vessel, with onward transportation funded by the recipient. When these items are shipped by rail or highway, the releasing country will ship to its border at its expense and the recipient will pay for onward movement.

C. Ships and aircraft will be delivered in accordance with arrangements made between the USG and the releasing country.

Section 1102 -- Section 506 Special Authority

110201 -- Purpose:

This section provides procedures for emergency drawdowns authorized under FAA Sec 506.

110202 -- Section 506(A).

A. **Law:** If the President determines and reports to Congress in accordance with Section 652 of the FAA that:

1. An unforeseen emergency exists which requires immediate military assistance to a foreign country or international organization; and
2. The emergency requirement cannot be met under the authority of the AECA or any other law except this section; he may direct, for the purposes of this part, the drawdown of defense articles from the stocks of DoD, defense services of the DoD, and military education and training, of an aggregate value not to exceed \$75 million in any fiscal year.

B. **Interpretation:** FAA Sec 506(a) provides neither funds nor contract authority. It does not authorize new procurement for contracting in order to provide or replace the material, services, or training directed. It only authorizes the drawdown of material from DoD stocks and the provisions of non-contractual services and training from DoD resources for grant as military assistance under Part II, FAA. Commercial transportation and related services to support the drawdown may be acquired by contract if costs are less than the cost of providing these services from DoD assets. The non-contractual services and training costs include TDY costs incidental to provisions of such services or training. Reimbursement will be dependent upon subsequent appropriation action. Assistance furnished under FAA Sec 506 is furnished subject to all other laws and regulations applicable to assistance furnished pursuant to FAA Sec 503(a)(1).

C. **Implementation:**

1. After an emergency is identified, the Department of State will write a presidential determination which, after being signed by the President, authorizes DoD to furnish up to a specified dollar value, military assistance to the country specified in the determination.
2. DSCA (Operations Directorate), with country, ambassador, SAO, CINC, OJCS, State Department and OASD (ISA) input, will provide implementing instructions to the appropriate military department identifying requirements and providing dollar ceiling levels. Pricing will be in accordance with IMET/MAP (not FMS rates).
3. MILDEPs will:
 - a. Drawdown articles or services from DoD assets in accordance with DSCA instructions.
 - b. Submit programming data to the DSCA 1000 system in accordance with guidance provided in Paragraph 150204 for defense articles and services (excluding training), and Section 1001 for training.
 - c. Report deliveries to DSCA in accordance with guidance provided in Section 1502.
 - d. Provide guidance to implementing activities as to organizational responsibilities in future drawdowns and regarding which DoD appropriations, funds, or accounts are to hold accounts receivable for drawdowns already complete or in progress.
4. DSCA will issue an unfunded MAP order to the MILDEP citing 004 limitation. The MAP order provides a detailed accounting of articles, services, and training and is the basis for reimbursement to the MILDEPs if funded by Congress.
5. DSCA will monitor the dollar ceiling levels to insure that funding authorizations are not exceeded. There is no legal authority either to exceed the dollar value specified in the presidential determination or to reimburse IAs for any such excess.

110203 -- Section 506(B).

A. **Law.**

1. The authority contained in this section shall be effective for any such emergency only upon prior notification to the Committee on Foreign Affairs of the House of Representatives, the Committee on Foreign Relations of the Senate, and the Committee on Appropriations of each House of Congress.
2. The President shall keep the Congress fully and currently informed of all defense articles, defense services, and military education and training provided under this section.

110204 -- Section 506(C).

A. **Law.** There are authorized to be appropriated to the President sums as may be necessary to reimburse the applicable appropriation, fund, or account for defense services and military education and training provided under this section.

B. **Implementation.**

1. DSCA will request funds for reimbursement of FAA Sec 506 drawdowns via the MAP appropriation budget submission.
2. If MAP funds are appropriated by Congress and apportioned by OMB to reimburse 506(a) authorizations:
 - a. DSCA will determine share to be provided each IA.
 - b. DSCA will provide transfer authorization of funds via SF 1151.
 - c. IAs are responsible to reimburse the appropriate fund, account, or appropriation.
 - d. Reimbursable orders are not authorized in anticipation of Congressional approval. IAs will only maintain memo entries on accounting reports until the appropriation expires for obligation. FAA Sec 632(d) provides that the amount of reimbursement “shall” be credited to the “current” available appropriations, funds, or accounts of the agency that furnished the military assistance.
 - e. Industrial fund, DBOF, or O&M accounts must absorb the costs until appropriation is enacted.
 - f. If any commercial transportation costs are involved, US dollars cannot be used. Use of DTS, MAC, or special airlift mission is authorized.

Next Section