



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

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Office Of The Under Secretary

28 May 1999

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/IAX
1080 Air Force Pentagon
Washington, DC 20330-1080

SUBJECT: Contingency LOA's In Support of Coalition Forces and Humanitarian Operations
(IAX 99-008) (SECDEF WASHINGTON DC/USDP:DSCA//Message, R231604Z
Apr 99, SAB)

DSCA established a contingency LOA process for all NATO countries in order to help coalition partners expedite requirements for Operation Allied Force and associated Kosovo Humanitarian Operations. Requests from non-NATO countries will be handled on a case-by-case basis.

Coalition partners should recognize that in-theater stock issues are limited and subject to CINC prioritization. The contingency LOA will provide a vehicle to cover stocks issued for urgent requirements and enable planning or initiation of actions from procurement. Country Directors should discuss the following procedures with their host governments and recommend establishing a contingency LOA to help define anticipated operational and humanitarian support requirements when existing cases are not available.

1. Establish contingency LOA's for non-major defense equipment (MDE) assets valued less than \$50M or SME/MDE assets valued less than \$14M. This will enable processing the request without a congressional notification. The contingency LOA will be clearly identified as support for on-going Kosovo operations on the title page, and if the joint staff assigns a project code at a later date, include the JCS project code. As operations subside, case closure procedures should commence immediately. Normal FMS processes will apply. At that point, a new contingency LOA may be opened for future coalition operations where the country joins the U.S. as a participant. No initial deposit will be necessary. For items supplied from DoD Stocks, payment upon delivery can be authorized according to section 21 (d) AECA. For procurement items, payment requirements as a dependable undertaking will be provided separately along with an LOA modification. The contingency LOA does not guarantee that a particular item will be available at a particular time, or in particular quantities, from either stock or procurement.

2. The foreign government request should specify the particular types of non-MDE or SME/MDE assets that may be required as normally identified on a defined order FMS case. The specific requirements for SME/MDE items will be listed on separate line items in the contingency LOA. The implementing agency will list the unit cost and total line cost as 'TBD' - to be determined, and the source of supply as 'X'.

3. The foreign government should request waiver of applicable non-recurring charges for all SME/MDE items.

4. As operational requirements dictate, the foreign government should request support for a specific line item in the amount required. The implementing agency will provide price and availability data from U.S. stock if available and will ensure pricing according to current financial management policy. If assets are not available from U.S. stock, contract procurement and lead time availability data will be provided. The implementing agency must determine whether or not contract procurement can provide the necessary support in a timely manner and advise accordingly.

5. Upon review and acceptance of the price and availability information, the foreign government will request processing of requirements for the quantity and price specified by the implementing agency. For items available from procurement, the foreign government will provide the necessary funding to DFAS. The implementing agency will issue a modification to reflect the defined requirement, agreed price and payment as necessary.

6. The contingency LOA can also be used as a vehicle to account for items issued directly to coalition partners from in-theater DoD stocks in advance of a specific contingency LOA line item request. The military department will monitor material supplied based on input from service managers or the unified command. Accounting for SME/MDE items will be provided by issuance of a modification to the contingency LOA.

POC in IAX is Mr. John Lucacos, (703) 588-8365 and DSN 425-8365.


ERIC A. VRANEK, Colonel, USAF
Chief, Policy Division
Deputy Under Secretary, Int'l Affairs

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CONTINGENCY LOA'S IN SUPPORT OF COALITION FORCES AND HUMANITARIAN OPERATIONS

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 SUBJECT: CONTINGENCY LOA'S IN SUPPORT OF COALITION FORCES AND HUMANITARIAN OPERATIONS

1. IN ORDER TO HELP COALITION PARTNERS EXPEDITE REQUIREMENTS FOR OPERATION ALLIED FORCE AND ASSOCIATED KOSOVO HUMANITARIAN OPERATIONS, DSCA HAS ESTABLISHED A CONTINGENCY LOA PROCESS FOR ALL NATO COUNTRIES. REQUESTS FROM NON-NATO COUNTRIES WILL BE HANDLED ON A CASE-BY-CASE BASIS.
2. ALTHOUGH MODIFYING EXISTING LOA'S IN LIEU OF A NEW CASE OR AN AMENDMENT IS AN APPROPRIATE METHOD FOR EXPEDITING IMMEDIATE SUPPORT

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 FOR KOSOVO OPERATIONS, THE CONTINGENCY LOA WILL ENABLE U.S COALITION PARTNERS TO PLAN FOR LONGER TERM NEEDS BY IDENTIFYING REQUIREMENTS EARLY AND SELECTIVELY IMPLEMENTING PROCUREMENT AS NECESSARY. COALITION PARTNERS SHOULD RECOGNIZE THAT IN-THEATER STOCK ISSUES ARE LIMITED AND SUBJECT TO CINC PRIORITIZATION. AS SUCH, WE MUST ADDRESS ANTICIPATED PROCUREMENT REQUIREMENTS FOR PLANNING PURPOSES AS EARLY AS POSSIBLE.

3. SAO'S SHOULD DISCUSS THE FOLLOWING PROCEDURES WITH THEIR HOST GOVERNMENT MOD/SERVICE REPRESENTATIVES AND RECOMMEND ESTABLISHING A CONTINGENCY LOA TO HELP DEFINE ANTICIPATED OPERATIONAL AND HUMANITARIAN SUPPORT REQUIREMENTS WHEN EXISTING CASES ARE NOT AVAILABLE. THE CONTINGENCY LOA WILL PROVIDE A VEHICLE TO COVER STOCKS ISSUED FOR URGENT REQUIREMENTS AND ENABLE PLANNING OR INITIATION OF ACTIONS FOR REQUIREMENTS FROM PROCUREMENT.
 - A. COALITION PARTNERS SHOULD ESTABLISH CONTINGENCY LOA'S FOR NON-MAJOR DEFENSE EQUIPMENT (MDE) ASSETS VALUED LESS THAN \$50M OR SME/MDE ASSETS VALUED LESS THAN \$14M. THIS WILL ENABLE PROCESSING THE REQUEST WITHOUT A CONGRESSIONAL NOTIFICATION. THE CONTINGENCY LOA WILL BE CLEARLY IDENTIFIED AS SUPPORT FOR ON-GOING KOSOVO OPERATIONS ON THE TITLE PAGE, AND, IF THE JOINT STAFF ASSIGNS A

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PROJECT CODE AT A LATER DATE, INCLUDE THE JCS PROJECT CODE. ONCE OPERATIONS HAVE CEASED, THE CONTINGENCY LOA WILL NO LONGER BE USED AND NORMAL FMS PROCEDURES WILL APPLY. HOWEVER, THE CONTINGENCY LOA CAN REMAIN OPEN FOR FUTURE COALITION OPERATIONS IN WHICH THE COUNTRIES JOIN THE U.S. AS A PARTICIPANT. NO INITIAL DEPOSIT WILL BE NECESSARY. FOR ITEMS SUPPLIED FROM DOD STOCKS, PAYMENT UPON DELIVERY CAN BE AUTHORIZED ACCORDING TO SECTION 21(D) AECA. FOR PROCUREMENT ITEMS, PAYMENT REQUIREMENTS AS A DEPENDABLE UNDERTAKING WILL BE PROVIDED SEPARATELY ALONG WITH AN LOA MODIFICATION. THE CONTINGENCY LOA DOES NOT GUARANTEE THAT A PARTICULAR ITEM WILL BE AVAILABLE AT A PARTICULAR TIME, OR IN PARTICULAR QUANTITIES, FROM EITHER STOCK OR PROCUREMENT.

B. THE FOREIGN GOVERNMENT REQUEST SHOULD SPECIFY THE PARTICULAR TYPES OF NON-MDE OR SME/MDE ASSETS THAT MAY BE REQUIRED AS NORMALLY IDENTIFIED ON A DEFINED ORDER FMS CASE. THE SPECIFIC REQUIREMENTS FOR SME/MDE ITEMS WILL BE LISTED ON SEPARATE LINE ITEMS IN THE CONTINGENCY LOA. THE IMPLEMENTING AGENCY WILL LIST THE UNIT COST AND TOTAL COST LINE AS 'TBD' - TO BE DETERMINED, AND THE SOURCE OF SUPPLY AS 'X'.

C. THE FOREIGN GOVERNMENT SHOULD REQUEST WAIVER OF APPLICABLE

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NON-RECURRING CHARGES FOR ALL SME/MDE ITEMS.

D. AS OPERATIONAL REQUIREMENTS DICTATE, THE FOREIGN GOVERNMENT WILL REQUEST SUPPORT FOR A SPECIFIC LINE ITEM IN THE AMOUNT REQUIRED. THE IMPLEMENTING AGENCY WILL PROVIDE PRICE AND AVAILABILITY DATA FROM U.S. STOCK IF AVAILABLE AND WILL ENSURE PRICING ACCORDING TO CURRENT FINANCIAL MANAGEMENT POLICY. IF ASSETS ARE NOT AVAILABLE FROM U.S. STOCK, CONTRACT PROCUREMENT AND LEAD TIME AVAILABILITY DATA WILL BE PROVIDED. THE IMPLEMENTING AGENCY MUST DETERMINE WHETHER OR NOT CONTRACT PROCUREMENT CAN PROVIDE THE NECESSARY SUPPORT IN A TIMELY MANNER AND ADVISE ACCORDINGLY.

E. UPON REVIEW AND ACCEPTANCE OF THE PRICE AND AVAILABILITY INFORMATION, THE FOREIGN GOVERNMENT WILL REQUEST PROCESSING OF REQUIREMENTS FOR THE QUANTITY AND PRICE SPECIFIED BY THE IMPLEMENTING AGENCY. FOR ITEMS AVAILABLE FROM PROCUREMENT, THE FOREIGN GOVERNMENT WILL PROVIDE THE NECESSARY FUNDING TO DFAS. THE IMPLEMENTING AGENCY WILL ISSUE A MODIFICATION TO REFLECT THE DEFINED REQUIREMENT, AGREED PRICE AND PAYMENT AS NECESSARY.

F. THE CONTINGENCY LOA CAN ALSO BE USED AS A VEHICLE TO ACCOUNT FOR ITEMS ISSUED DIRECTLY TO COALITION PARTNERS FROM IN-THEATER DOD STOCKS IN ADVANCE OF A SPECIFIC CONTINGENCY LOA LINE ITEM REQUEST.

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THE MILITARY DEPARTMENT WILL MONITOR MATERIAL SUPPLIED BASED ON INPUT FROM SERVICE MANAGERS OR THE UNIFIED COMMAND. ACCOUNTING FOR SME/MDE ITEMS WILL BE PROVIDED BY ISSUANCE OF A MODIFICATION TO THE CONTINGENCY LOA.

4. THE ABOVE APPLIES TO CONTINGENCY OPERATIONAL REQUIREMENTS FOR COALITION PARTNERS ACTIVELY ENGAGED IN CONTINGENCY OR HUMANITARIAN OPERATIONS IN WHICH THE U.S. IS A PARTICIPANT. IF A COUNTRY IDENTIFIES OTHER FIRM REQUIREMENTS, WE ARE PREPARED TO EXPEDITE PREPARATION OF A LETTER OF OFFER FOR THOSE REQUIREMENTS. TO THE EXTENT THAT A CONGRESSIONAL NOTIFICATION IS REQUIRED, WE ARE PREPARED TO EXPEDITE THE CONGRESSIONAL NOTIFICATION PROCESS FOR ANY NOTIFICATIONS CLEARLY IN SUPPORT OF KOSOVO ACTIVITIES.

5. SAO'S SHOULD CONTACT THEIR RESPECTIVE DSCA COUNTRY PROGRAM DIRECTOR FOR QUESTIONS REGARDING THE CONTINGENCY LOA.

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