

**Defense Security Cooperation
Agency**

**Programming Guidance for the
Security Cooperation Community**



**Program Objectives Memorandum
POM - 06**

February 2004

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SECURITY COOPERATION PROGRAMMING GUIDANCE POM-06

Introduction Policy, Process, and Resources

This document provides guidance for submission of the Program Objectives Memorandum (POM) for the allocation of FMS and FMF Admin funding for the security cooperation community over the period of fiscal years (FY) 2006 to 2008. Section I addresses the actions and milestones of the security cooperation programming process. Section II will provide fiscal targets and program element objectives. Now into our second year applying programming to security cooperation resources, we can advance beyond the building of a structure, complemented by Performance Based Costing, to the use of that structure to affect improvements. The theme for this year's programming guidance is restructuring and affordability.

This is part of a coherent plan to address policy, process, and resources. We seek to construct a useful means to define our goals, have insight to our resources, and make a careful alignment between the two. The use of planning, programming, budgeting and execution (PPBE) is essential to the good management of scarce resources. PPBE relies on the proper and well-considered submission of requirements, since all subsequent decisions are based on those submissions. This document provides direction on how that is to be done, and how we have transitioned from a zero-based submission of requirements to a change-based, or delta-based, process.

Policy. Our community understands that policy and goals are determined via a number of key documents:

Security Cooperation Guidance. In support of the President's National Security Strategy and U.S. defense strategy, the Secretary of Defense's Security Cooperation Guidance (SCG) provides strategic direction for all DoD interactions with foreign defense establishments, and replaces broad-based theater engagement. As we discussed at the DSCA Worldwide Conference in October 2003, we need to move beyond simply understanding the SCG, but take proactive steps to have our work support it. This should affect our long and short-range priorities, especially in reorienting our thinking to focus on regional and country priorities.

Theater Security Cooperation Strategies. Regional Combatant Commanders prepare their own Theater Security Cooperation (TSC) strategy and implementation plan in response to the Security Cooperation Guidance. These strategies also deserve our careful attention as we gain a more detailed and tailored understanding of how we offer the tools of security cooperation to support the Combatant Commanders and the Security Assistance Offices in the region.

DSCA Planning Guidance. The DSCA Planning Guidance, issued in December, 2002, led the POM-05 and 06 planning, programming and budgeting cycle for our community. It set an overarching vision and objectives for DSCA and the broader security cooperation community. Its objectives remain valid for the POM-06 submission process.

Military Department and Defense Agency Objectives and Strategic Plans. DSCA produced a Strategic Plan which established five strategic objectives to support the SCG and comply with the DSCA Planning Guidance. Certainly all elements of the security cooperation community need to cast their efforts in the light of service and agency unique goals and objectives as set out in their own strategic plans.

Defense Transformation. Much of the activity within DoD in recent years has been about transformation. As we focus our strategy and streamline business processes within DSCA, the military departments, and partner agencies, we seek to keep FMS and related programs responsive to our nation's needs. Ideas and initiatives that result from our transformation and analysis groups will be turned into action, where appropriate, via the POM.

Process. The Programming Guidance consists of two sections. The first section, Programming Process Guidance, lays out the overall process for the POM submission. It gives a review of how programming works: background, submission, database, deltas, program elements, reprogramming, justification, use of a web based submission application, target allocations, and reporting. The second section, Programming Targets and Objectives, will set priorities and programming targets, both overall and by program element. Appendices provide additional information to assist in the process, such as milestones, actions, goals, the program element structure, and definitions.

Additional information will be made available to help Implementing Agencies with their POM submissions. This guidance will be posted and available on the web based PPBE Application by the end of February. We will offer an initial round of classroom training, call-in or net training, as well as a users' guide to understand the process and assist with the submission.

Resources. The POM relies on analysis and the submission of changes to an existing database of resources. These changes reflect corrections to or realignment of out year funding in support of goals as they evolve. The priorities and objectives of the DSCA Planning Guidance, December 2002, are still valid as a foundation for Implementing Agency (IA) submissions. The narrative portions of the POM-05 Program Decision Memorandum (PDM), signed out on November 12, 2003, provides additional guidance and objectives that must be considered and addressed in the submissions.

I. PROGRAMMING PROCESS GUIDANCE

Using Planning, Programming, Budgeting, and Execution (PPBE) to establish a POM Process for the Security Cooperation Community

A. PPBE and the Security Cooperation Community.

DSCA, the military departments, and related defense agencies have established and formalized a Planning, Programming, Budgeting, and Execution process for the allocation of community resources. This will give us the means to achieve the objectives and priorities in the DoD Security Cooperation Guidance, the Theater Security Cooperation Strategies, and in the DSCA Strategic Plan, respective military department, and agency strategic plans. This initiative began with the publication of the DSCA Planning Guidance, which sets out objectives for the overall security cooperation community.

Like the rest of the Department of Defense (DoD), the security cooperation community will use PPBE to identify and execute efficiencies and improvements for the allocation and execution of FMS and FMF Admin dollars. Emphasis is on the use of Performance Based Costing (PBC), programming, and the use of metrics to align goals and resources. Our PPBE process focuses primarily on FMS and FMF Admin funding. It encompasses the current execution year, the budget year, and three programming years beyond the budget years. For POM 06, the execution year will be FY04, the budget year FY05, and the POM years FY 06/07/08. Other funding streams or resources should be considered as they relate to the use of FMS or FMS Admin.

This process ensures the highest priority requirements are funded. It brings together the goals and objectives of planning with the fiscal realities of budget and execution by means of programming; the process allocates projected resources among competing program elements. The program elements are a time phased set of resource allocations based on the six core functions and mission-related tasks as described in the DSCA Planning Guidance. A diagram of the new 23-program element structure and their relation to the core functions are shown in Appendix A. Definitions are provided in Appendix B. Emphasis is placed on performance, objectives, metrics and accountability. PPBE allows DSCA Headquarters, (including the DSCA sub elements DISAM, DSADC, and DIILS), the Military Departments, and Defense Agencies -- commonly referred to as implementing agencies (IAs) -- to measure their performance, as required by the President's Management Agenda (PMA), through outputs, and their relationship to the goals and objectives of the guidance. DSCA and the IAs should use the guidance documents to develop their resource allocations against the program elements over the three-year programming period FY06/07/08.

B. Analysis of POM-05.

The POM-05 database, which covers FY 03 to 07, is a wealth of information for analysis. Each IA should review its numbers for accuracy, insight, and resources

priorities as they prepare their programming submissions for FY 06 to 08. DSCA has developed a Programs Viewer to display and compare information such as manpower and dollars by claimant, which will be provided to the military departments. In addition, DSCA developed -- with feedback from the military departments -- an FMS Data Viewer to review FMS historical case data from the DSCA 1200 system. The FMS Data Viewer is sent to the military departments with quarterly updates for their use. DSCA will also make the Programs Viewer available, to allow military departments to examine POM data for their own community. Key performance measures are available via DSAMS. Performance Based Costing is another important source of information on performance and the use of resources.

C. Submission Process:

1. Submission and Review

The DSCA Programming Guidance is the official document governing the programming phase of the DSCA PPBE process. The product resulting from a completed programming cycle becomes a foundation, or "baseline" for the following budget cycle. The product will reside online in the official PPBE Application, a single submission tool, formerly called the PBB website. It is linked to the DSCA web page at www.dsca.mil. All IA's and their claimants will utilize the PPBE Application for their POM and budget resource inputs. It will facilitate the budget development process previously utilized by the community by expanding PBB to include the programming phase of PPBE for both FMS and FMF Administrative funding sources.

A users' manual will be available on the web site. Using the PPBE Application, IA's will have the ability to issue their own guidance to users within their claimant community also on the web cite. Training on the application is schedule to begin the week of 23 February 2004.

The DSCA Planning Guidance established goals for the security cooperation community (see Appendix C). It draws upon the Defense Planning Guidance (DPG), the National Military Strategy (NMS), the Quadrennial Defense Review, the Secretary of Defense's new Security Cooperation Guidance, and other key policy documents. The Planning Guidance provides direction to DoD components for Foreign Military Sales, Foreign Military Financing, and other related national security processes and activities. This includes overarching goals and principles for all activities that DSCA has oversight or provides funding for, including the Humanitarian Assistance and Mine Action programs, International Military Education and Training (IMET), and other special initiatives.

In the initial stages of the POM process, IA's and their claimants should review the principles and the objectives in the DSCA Planning Guidance, issued in December, 2002. Claimants within DSCA will review the DSCA Strategic Plan as well. IA's need to consider their own set of priorities and objectives that support MILDEP, OSD, or other requirements, such as those tied to specific military capabilities or agency strategic plans.

The use of program elements permits the articulation of resource priorities to support our objectives. Using the PPBE Application, IA's will have the ability to issue their own guidance to their claimant community.

A critical component of the Programming Process is the Program Element Monitor (PEM). The PEM is the DSCA (and in many cases the IA) contact for a particular program element, and is expected to review all incoming program allocation submissions for technical, affordability, and consistency issues. At this stage of development of PPBE for our community, the PEM serves primarily as a subject matter expert for his or her program element, and in some cases sub-elements. They do not produce or submit programming requests, except for those cases where the PEM is also the program manager. The DSCA PEM is tasked with establishing objectives and priorities, advising claimants on their submission, reviewing submissions, and assisting in the setting of targets and the allocations of resources.

2. Delta-Based Submissions

All IA's will identify out-year requirements and submit them via the Program Objectives Memorandum (POM), via the DSCA-sponsored PPBE Application, a web-based tool for IA's and their sub-claimants to submit, document, and approve the allocation of FMS and FMF Admin funding over the period FY 06-08. This database of allocations, called POM 06, is delta-based, as are all subsequent POMs. Delta-based transactions are offered via Program Change Proposals (PCP's) or Budget Change Proposals (BCP's) depending on the cycle. Delta-based means:

- A baseline has been established and any changes should be from the existing baseline numbers and the baseline extension. For example, the first baseline was established with POM 05, which as the initial submission was zero-based. POM 05 included FY 05/06/07. POM 06 extends POM 05 by adding FY 08, thus establishing the POM 06 baseline. All deltas are from the baseline for the current POM cycle.
- Changes should be minimal if the existing database is correct. Since the programming of FMS or FMS Admin is still in its early stages, we may expect a large number of PCP's to make the database more accurate and comply with the latest program element structure and definitions.
- For each change to the baseline, a thorough justification must be provided in the PPBE Application. Each change requires a title, justification, and impact statement. The information will be used during DSCA analysis and deliberations. Approved requests will be noted in the PPBE Application.
- Approved PCP's will be appended to the initial POM 06 baseline to establish the final POM 06 baseline.
- Once approved and locked, the POM 06 database becomes the basis for future budget allocations, which are submitted and approved in a similar manner in the budget phase.

3. Elements of the POM Database:

Each PE submission will consist of dollar values and manpower data, as applicable. Dollar values will be provided by funding source -- FMS Admin, FMF Admin -- and by object classification (travel, supplies, contracts, etc.). Other funding data, such as FMS case funding or O&M may be needed to strengthen the justification of FMS and FMF Admin requirements. Manpower data must be provided by work year and Manpower Identification (ManID), which includes Civilian Full-Time (FT), Civilian Part-Time (PT), Military Officer (MIL OFC), Military Enlisted (MIL ENL), or Contractor. Resources, by dollar value and manpower data, will be provided at the lowest level or sub-command within the IA in order to create an accurate picture of resources throughout the community. Further, the functionality of the PPBE Application gives IA's the ability to review, analyze, and approve submissions by its subordinate funded organizations. Again, since this is only the second FMS and FMF Admin POM submission, DSCA anticipates a number of PCPs to allow proper alignment of resources (dollar values and manpower data) within program elements at the Sub-Command and Major Command levels.

DSCA will review the POM on a macro level, by Implementing Agency, core function, and program element. DSCA will approve or disapprove submissions in a rolled-up aggregate by IA. With the PPBE Application, we are able to view the sub-command requests and allocations by program element and object classification, but will not make decisions at that level, leaving to the military department or defense agency the authority and responsibility to translate allocations service or agency-wide allocations into an executable POM for their own claimants. The respective IA headquarters will have responsibility to turn the aggregate decisions into detailed allocations by object classification and sub-command or claimant.

When complete, the POM and budget database results in a detailed and informative picture of community resources. Information will be available by IA, sub-command (such as major system commands or logistics centers), by core function, program element, and object classification. This will give management clearer insight into the allocation and use of resources. When used in conjunction with Performance Based Costing and performance measures, we will have a powerful tool to realign resources and improve the performance of all those who contribute to security cooperation.

The PPBE process results in a Program Decision Memorandum (PDM), by which DSCA approves the final baseline for subsequent POM submissions. During the budget cycle, DSCA's Office of the Director for Business Operations/Comptroller uses the baseline as program element targets for the Implementing Agencies in the Budget Guidance. In some cases, targets may be adjusted to reflect more realistic funding potential in light of Congressional ceiling adjustments, OMB Passback, health of the Trust Fund, expected versus actual sales, expenditure and revenue profiles. In all cases, DSCA Office of the Director of Business Operations/Comptroller will consult with appropriate offices to ensure an alignment between priorities and funding exists.

D. Adjustments During Budget Formulation and Budget Execution:

Resources are allocated by program element to the IA's to execute the Security Cooperation mission and goals. Execution of resources allocated to program elements should be adhered to as closely as possible.

- You should address the movement of resources from one program element to another during the programming or budget submission process. Otherwise, necessary reallocations should be addressed during budget execution.
- FMS and FMF Admin funding may be reprogrammed -- during execution -- from one program element to another at the IA's discretion when done within the same FMS core function, except for areas of special interest.
- Savings in the Business Sustaining core function, such as General Administration, should be considered for reprogramming if those resources can better support the mission.
- Any such movement of resources will need to be explained at the mid-year review, and may affect future POM decisions.
- Certain well-defined special interest program elements or programs within a program element cannot be reprogrammed without DSCA prior approval. These areas of special interest will be specified in the fiscal and resource guidance section of the Programming Guidance, and again in the Budget Call.
- Keep in mind while considering any reallocation of funding, that all adjustments should be consistent with the most recent Programming Guidance and Planning Guidance.
- Work with the respective Program Element Monitor (PEM) or DSCA Programs Division if you have questions. There should be no adjustments affecting a designated special interest program without prior DSCA approval.
- DSCA will make every effort to expeditiously approve reprogramming requests, provided the IA submits sufficient justification.

E. Areas of Special Emphasis During Submission of POM-06.

1. Case Execution Program Elements

The program elements of Acquisition, Case Training, Logistics, and Financial (PE-13 to 16) fund a major sector of FMS. These categories help us examine and assess the unique business performed under each heading and, thereby, allocate the FMS Admin funding necessary to support it. The fund source for program elements 13-16 is mainly case funds. The revised program element definitions, attached as Appendix B, will help to refine and standardize the use of these program elements. Substantial resources are required, via FMS or FMF Admin, to maintain the staff and infrastructure to support basic operations. As you construct your POM-06 submission, especially the initial ZBT's, we welcome those ZBT's coming up through the claimants and sub-commands, that will result in better fidelity and accuracy. This ensures that the details of manpower, dollars, object classification, etc., conform accurately to the actual and intended future resources required to support these four areas. As stated in the POM-05 PDM, DSCA

and the military departments are permitted to realign funding among PE-13, 14, 15, and 16, to fit the new program element definitions and claimant submissions, but must observe the ceiling for the totals given for all four.

2. POM Targets

IA's will be given overall and individual program element targets covering the programming and budget year, depending on the cycle. These changes to previous targets or allocations result from changes to the fiscal environment, Congressional trust fund allocation changes, or revised resource priorities. DSCA may provide an overall target, and then a ceiling for above-target requests as a result of initiatives and disconnects. IA's will be expected to identify offsets, or reductions in their requirements, to pay for these additions. Above target requirements must be prioritized.

3. Special Guidance for Certain Programs

The program element structure was refined and consolidated, resulting in a reduction from 34 to 23 program elements that will be used in POM 06 and beyond. As explained previously, we need visibility for specific programs or sub categories of program elements, such as Workforce Development (PE-20), and Customer Support or Business Process Reengineering under Headquarters Functions (PE-23). For DSCA, this visibility is needed both for fiscal and management reasons. Some areas are provided special funding which should not be used elsewhere. Some areas, like Customer Support, are given special significance not for the amount of dollars dedicated to it, but for the importance such activity has for the success of security cooperation. IA's may choose to issue their own guidance regarding areas of special interest.

In this regard, Information Technology (IT) takes on a special significance. All IT resources, with the exception of system training, now appear under the Business Sustaining core function. This was done to simplify the definition and review of IT requirements. However, during program analysis we will examine the cost of IT systems against the benefit given to the appropriate core function. For example, the cost of DSAMS needs to be examined against the objectives of LOA Development.

Program element 25, IT Systems, encompasses the full range of IT categorized as: CISIL (25.01), MISIL (25.02), SAMIS (25.03), CMCS (25.04), STARR-PC2 (25.05), STARS (25.06), DSAMS (25.07), CEMIS (25.08), the Security Cooperation Information Portal (SCIP) (25.09), LAN/PC Support (25.10), and General IT (25.11). Some of these systems represent current IT tools and legacy systems. Some represent systems in development, or planned for development. It is essential in the IT arena to be able to comply with the requirements of the Klinger-Cohen Act and other mandates, and to have a clear picture of the requirement, real cost, return on investment, and potential consolidation for each system. IA's will be asked to submit, with their PE-25 delta-based requirements, a minimal amount of information on each system with the Justification narrative:

- Cost of system, by fiscal year
- An assessment, measure or evaluation of return on investment or process efficiency provided by this system.
- Future plans for the system, such as upgrade, replacement, standardization, or consolidation with other systems

The Fiscal Guidance portion of the Programming Guidance will give specific direction and suggest a format for this information.

F. Transactions During the POM Submission:

These terms describe the specific types of funding transactions and delta-based changes to the database that are submitted during the POM and budget submission process.

1. ZBT: A transfer of funding from one program element to another or among multiple program elements, within a given fiscal year, that results in no change to the total allocation for that fiscal year. A ZBT may also be used to align resources across object classes, sub-command(s), or manpower within a program element. ZBT's are the normal method to realign resources to make the allocations more realistic or accurate. IA's will need to propose ZBT's to refine their numbers, account more accurately for manpower or contracts, and comply more carefully with the program element definitions.

2. Initiative: A new investment of funding in a given program element or set of program elements, in a given fiscal year or over the programming years, designed to achieve improvements in efficiency, effectiveness or responsiveness. Initiatives may include, but are not limited to, new strategic goals and/or objectives, new Congressional mandates, or the implementation of new policy. Reductions, savings, or efficiencies -- also referred to as offsets -- should be indicated as an Initiative via a negative delta, which can be used to fund other requirements.

3. Disconnect: A request for additional funding in a given program element or set of program elements, for a given fiscal year or over the programming years, necessary to fully fund and execute existing requirements. Requirements may be Service or Agency unique, the result of changes to existing strategic priorities in response to an existing Congressional mandate, or the full implementation of existing policy.

In the PPBE Application, the IA will be asked to prioritize each Initiative and Disconnect in order of priority.

Alignment of Resources:

Crafting a complete program submission, especially for this first time in a delta-based manner, is a challenge requiring careful thought and analysis. The task involves determining how much effort -- work year and non-work year -- is currently applied, according to program elements and by object class, and claimant. Then the IA/Claimant

leadership determines where the resources should be, over the three out-years of the POM, to accomplish the goals of the organization.

This will involve some measure of change, priority, and foresight. Goals and objectives are stated in the DSCA Planning Guidance and within each agency's own mission and unique environment. Other documents pertain, such as the DoD Security Cooperation Guidance and Combatant Commander Theater Security Cooperation Strategies, when available. From that guidance, organizations can identify areas of emphasis where more resources will be needed, or fewer resources in some cases. Further guidance on priorities, objectives and targets will be issued subsequently with the Fiscal Guidance portion of the Programming Guidance.

Within DSCA, the Policy, Plans and Programs Directorate (Programs Division) and the Business Operations Directorate (Security Assistance Resource Management Division) are researching official accounting/financial system options to monitor PE execution. DSCA led a PBC restructuring effort to allow tracking programs-to-budgets-to-execution. Until a better solution is identified, PBC seems to be the best approach for following the POM through to execution. We will be evaluating other means as this process matures and more analysis is done.

- Program Element - Programs
- Primarily FMS Funding
- Major Funding - FMS/SAO
- Primarily FMF Funding

Security Cooperation Programming

Linking Programs to Security Cooperation Goals

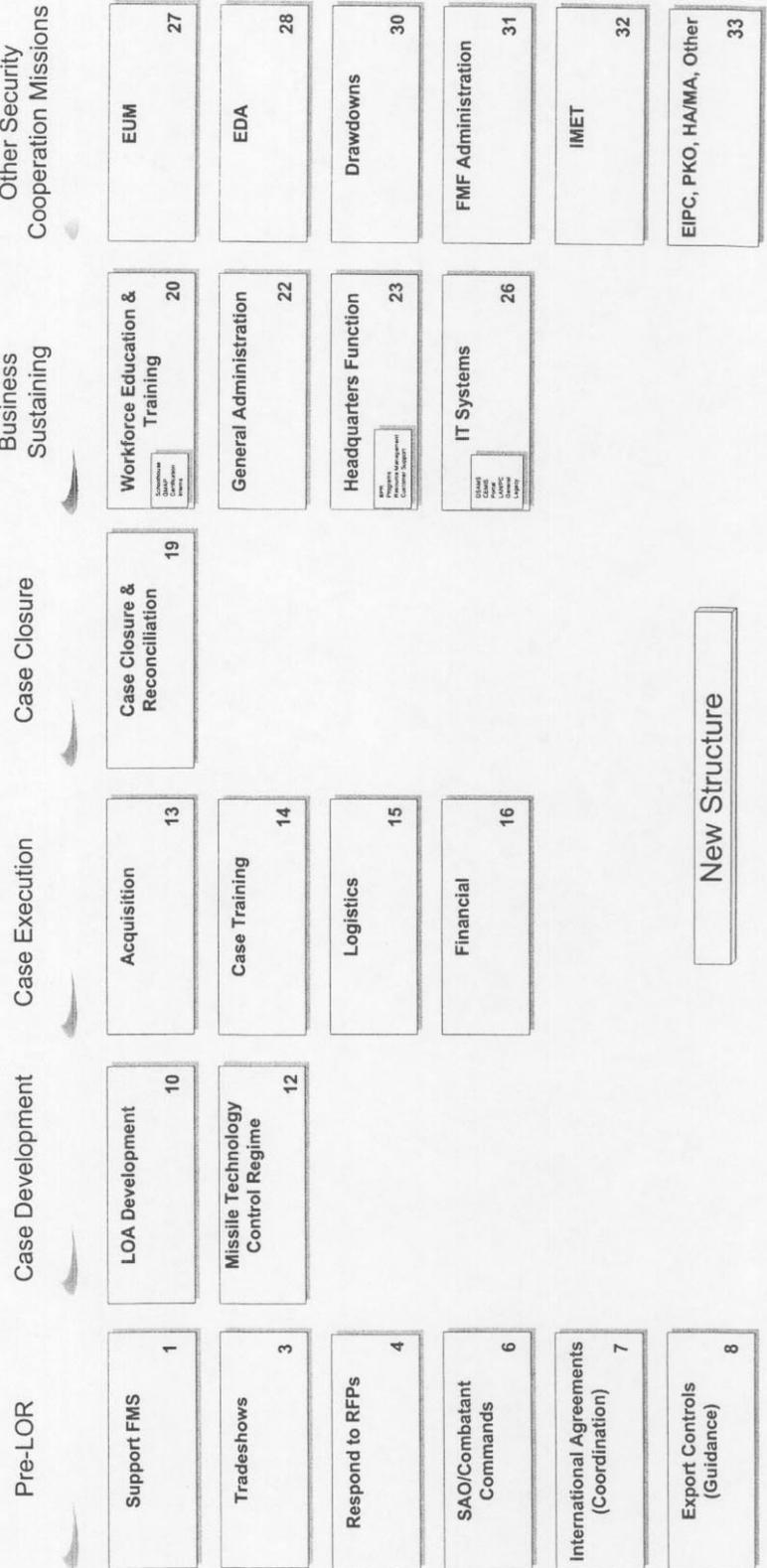
- Security Cooperation Tools
1. Security Assistance, including PAC & Half
 2. Support for Direct Commercial Sales
 3. Military-to-Military Exchange Programs
 4. METI, in the context of DCA
 5. Support for Cooperative Agreements
 6. Security Assistance & Arms Action
 7. Defense Security Cooperation Agreements
 8. Security Assistance & Arms Action
 9. Support to Export Control
 10. Military-to-Military Exchange Programs
 11. Military-to-Military Exchange Programs
 12. Training Element

DoD Security Cooperation Guidance Goals and Objectives

DSCA Planning Guidance Goals and Objectives

Security Cooperation Community DSCA, Military Departments, and Defense Agencies

Implementing Agency Strategic Plans Goals and Objectives



New Structure

Appendix B

Program Element Definitions for POM-06

Program Element #1: Support FMS

Description: This program covers the primary work in the Pre-Letter of Request (LOR) core function. It accounts for resources to identify and generate FMS solutions. This accounts for resources to support FMS solutions to countries designated in the SECDEF Security Cooperation Guidance and to establish better linkage to the Planning Guidance. It encourages FMS hybrid solutions, tailoring and/or combining FMS, Direct Commercial Sales (DCS), international cooperative agreements, training, etc., to the bone fide needs of U.S. friends and allies. This includes work to identify their defense requirements, purchases and participation in US programs involving acquisition, logistics, development, life cycle support, training and so forth. This includes efforts by Weapons Group/Division personnel to provide system and platform information. This program element includes efforts to partner with industry, and to support Direct Commercial Sales since they are complementary to FMS solutions. It includes responding to industry requests regarding international competitions. It encourages efforts to work with international customers in a "Team International" or International IPT format to foster good communication and understanding prior to the LOR.

With the POM-06 cycle, the new PE 1 subsumes PE 1 (Assist FMS/FMS Hybrid Sales), PE 2 (Assist Direct Commercial Sales (DCS) & Partner with Industry), and PE 5 (Team International)

Program Element #3: **Tradeshows**

Description: Tradeshows consist of static displays, equipment demonstrations, support personnel, and speakers -- among other things -- with the purpose to promote stability, democratization, military professionalism, and closer relations with the US. This primarily addresses air shows but pertains to participation in DoD approved defense expositions for maritime and ground forces areas as well. This program element provides for the manpower to organize trade show participation, travel to/from the shows, exhibit preparation, and the costs of shipping and staging a booth, where appropriate. The appropriate funding source must be identified. Advance planning, coordination and approval are key. FMS Admin funding in support of tradeshows will be limited to support only FMS-related activity that takes place at international tradeshows. Level of funding will be based upon a limited number of shows, personnel attending, and staff preparation efforts, when funded by FMS Admin. This program element is intended to help Implementing Activities prioritize the use of limited resources to cover a growing number of shows and conferences.

Program Element #4: **Responding to Request for Proposals (RFPs)**

Description: FMS Admin funding may be needed, in rare instances, where support is required by US program offices to perform the work necessary to prepare and respond to foreign competitions through a Request For Proposal, or RFP, process (e.g., Jet Fighter, Helicopter, Tanks, Ships, Munitions, or AEW&C). This program facilitates FMS or hybrid solutions to foreign competitions that have a high probability of success. It provides funding to cover instances where significant detail is needed to respond to a foreign RFP. It is related to case development, in that an RFP may be considered a letter of request, but must remain distinct from routine efforts to write LOA's. Funds will be prioritized and managed by the respective Implementing Agency. Funding may apply to multiple object classifications; however, the focus of this program is on specialized or technical work required for the RFP. This activity will be targeted to specific programs and countries.

Program Element #6: Security Assistance Offices (SAO) & Unified Commands

Description: This program accounts for resources dedicated to supporting US regional priorities and the Theater Security Cooperation Strategies. This covers resources, primarily FMS and FMF Admin funding that DSCA allocates to support SAO's and the staffs of the Combatant Commanders. It may also be used by the Implementing Agencies for their support of the Combatant Commanders in the area of security cooperation.

Program Element #7: International Agreements (Coordination)

Description: This program refers to armaments cooperation activities such as cooperative research, development, and acquisition (RD&A) projects and programs. This accounts for efforts by the security cooperation community to encourage the use of cooperation vehicles, such as Memoranda of Agreement/Understanding (MOA/U's) to establish cooperative research, development, test, evaluation, technical data exchange, cooperative or reciprocal logistics support, and to promote information exchange between the FMS and Armaments Cooperation communities or offices. Where FMS Admin funds are used under this program element, they are limited to coordination, that is, to efforts that have a direct relation to an FMS case or a strong potential to contribute to FMS hybrid solutions. This does not address reciprocal agreements for Contract Administrative Services (CAS), which is included with PE-13 (Acquisition).

Program Element #8: Export Controls (Guidance)

Description: This program covers activities that are required to comply with US export law and with Executive Orders related to protection of information. For the large part, this is non-FMS Admin funded activity since these actions are taken in the interest of US security. Implementing Agencies should ensure that releasability questions are answered early to minimize any negative impacts on security cooperation programs. In achieving these goals, there may be reason to fund activities limited to seeking guidance about the processes or steps to be taken when an international partner has requested a defense system or service. There will be some work advising offices as to how a technology transfer determination will impact a potential FMS or hybrid case, and how to

handle that impact. To the extent that these efforts concern guidance and not releasability itself, such pre-LOR or case development activity may be an allowable charge to FMS Admin. End Use Monitoring and Missile Technology Control Regime (MTCR) are related export control activities, but are separate programs.

Program Element #10: Letter of Offer & Acceptance (LOA) Development

Description: This covers most work in the "Case Development" core function; to gather information and then prepare and produce documents such as LOA's, Pricing and Availability (P&A), LOI's, as well as the implementation of LOA's. It covers the creation and implementation of Leases. This includes the preparation of Amendment and Modification documents. It covers the development of milestones, logistics plans, manpower estimates (e.g., the Manpower & Travel Data Sheet), and key financial aspects such as loan preparation, special billing, modified payment schedules, etc. It supports coordination and oversight to improve efficiency. The cost of training is included in the cost of DSAMS, with PE-25. This includes Congressional notification of FMS sales as required by AECA, Section 36 (b).

With the POM-06 cycle, PE-10 (LOA Development) subsumes PE 9 (Pricing and Availability Data Development) and PE 29 (Leases). Activities in support of document development should be tracked via Performance Based Costing and DSAMS metrics. PE11 (DSAMS) is included under PE-25 (IT Systems).

Program Element #12: Missile Technology Control Regime (MTCR)

Description: This program accounts for necessary activities in support of enforcing the MTCR requirements. The MTCR is an informal international political arrangement designed to control the proliferation of rocket and unmanned air vehicle systems capable of delivery weapons of mass destruction. U.S. laws restrict the export of MTCR controlled items and DoD assists the Departments of State and Commerce in enforcing the restrictions by identifying MTCR controlled items that foreign customers have requested via FMS. The majority of efforts under MTCR will be funded by appropriated sources. A limited amount of coordination and oversight may be funded by the FMS Admin account.

Program Element #13: Acquisition

Description: This program covers the procurement of defense equipment, related systems and sub-systems, which include the requisite contracting, engineering, propulsion, technical support and technical assistance, logistics, training, business and financial management, etc., required to support such procurements. It covers the work of program offices, Program Executive Offices, and system commands or major commands with responsibility for procurement. This includes the various disciplines or integrated competencies required to support acquisition programs. Although document preparation is covered under PE-10, related efforts such as data gathering for amendments and modifications, integral to normal execution, may be resourced here or PE-14/15.

Included is planning, preparation, solicitation, contract negotiations, contract award and contract administration associated with the acquisition phase to the accomplishment of tasks and services associated or in support of Security Assistance. This covers the management of leases. This also includes routine financial management of FMS procurement cases, and ongoing reconciliations up to six months after material or services complete. It includes efforts by the DoD Central Control Point assigned to the Defense Contract Management Agency (DCMA).

Program Element #14: Case Training

Description: This program covers FMS Training Cases. This does not cover the management or oversight of IMET. This program covers activities such as planning, scheduling, pricing, administration, financial management, and the accomplishment of tasks and services associated or in support of training provided as security assistance. This program provides resources to manage the active FMS training case execution activity in the dedicated FMS training organizations at each military department.

Program Element #15: Logistics

Description: This program covers resources to provide logistics and sustainment support to the FMS program. It primarily covers the work of the Defense Logistics Agency and the military department International Logistics Control Offices (ILCO), but may include other activities where there is a clearly defined majority of work in logistics and sustainment. In this context, logistics means, but is not limited to, lifecycle sustainment as expressed through FMS cases for maintenance, spares, repair, sales from stock, CLSSA, delivery, and post-production technical support, requisitions, etc. This includes routine financial management of FMS logistics cases, reconciliations and closure. FMS Cases providing a total package approach (TPA) containing logistics or training lines should be allocated under PE-13 (Acquisition).

Program Element #16: Financial

Description: This covers resources dedicated to headquarters management of the financial aspects of case execution. This program focuses resources on the effective financial oversight of FMS cases during execution. This financial oversight includes routine case reconciliation and closure. This program element covers resources for DFAS, Denver, the DSCA Liaison Office at DFAS, and DSCA's Financial Management Division, including Country Financial Directors. It covers military department oversight of FMS financial activity, and may include financial management offices, but does not include financial management internal to the program, logistics or case administering offices, integral to execution, which should be allocated under Acquisition (PE 13) or Logistics (PE 15).

With POM-06, PE-17 (CEMIS/Portal) and PE-18 (BPR) are resourced under PE-25 and PE-23 respectively.

Program Element #19: **Case Closure Reconciliation & Transactions**

Description: This program accounts for resources required to successfully execute closure transactions after supply completion; that is, the elimination of FMS cases that are supply complete and no longer active. Resources for routine case management in support of closure, such as annual reconciliations, is covered under PE-13, 14, 15 and 16, depending on the organization performing the activity. Case closure may include but not limited to the following activities: performance reporting and billing adjustments and corrections, balancing FMS accounts and systems, resolving financial discrepancies, and closing the case. This PE includes activities associated with Accelerated Case Closure (ACC) Procedures, Enhanced Accelerated Case Closure (EACC) Procedures, non-accelerated closure procedures (standard closure), and DSCA-directed force closures.

Program Element #20: **Workforce Development**

Description: This is intended to capture costs to develop a cadre of professional security cooperation personnel, both current and new. It supports job-related training and university and war college programs for broad career development. It pays for the courses and conferences related to Individual Development Plans. It covers initiatives such as career development and certification, the Global Master of Arts Program (GMAP), and internship programs. This program element covers resources to "give" training and to "take" training; i.e., the cost of the schoolhouse, training facilities, as well as the cost of courses and conferences. The cost of an employee's pay and benefits during a training duration is not included in this PE. It is included under their primary assignment, by PE.

Formerly called Workforce Education & Training. With POM-06, PE-21 (Customer Support) is covered under PE-23 (Headquarters Functions).

Program Element #22: **General Administration**

Description: This program encompasses general and administrative routine and special projects to sustain normal office operations, under the core function of Business Sustaining. It includes human resource management, security, secretarial, physical security, general administration, office supplies, research, subscriptions, and so forth. This also represents general support costs for the offices and equipment. It includes supplies, manpower, contracts and procurement support etc. for routine lease or rent, cleaning, repair, and improvement of office spaces, vehicles, and copy and fax machines, etc. It accounts for one-time projects such as office renovations and capital investments.

Program Element #23: **Headquarters Functions**

Description: This program provides resources to support headquarters. It includes policy, customer liaison, manpower, strategic planning, legal, legislative affairs, and management. It supports leadership, legal analysis and support, and centrally managed manpower. It covers headquarters region and country officers, such as Country Program

Directors, who cover a wide range of activities for selected international partners. This program element covers resources necessary to develop and issue community policy. It includes support for planning, programming, budgeting and execution. Areas of special interest include Business Process Reengineering, and Customer Support. BPR is the facilitation and evaluation of change that will make business processes better, faster, cheaper and/or more responsive to the customer. Customer support includes Ombudsmen positions and other initiatives to address concerns by the international customer, industry and other stakeholders.

With POM-06, PE-23 includes PE-18 (BPR), PE-21 (Customer Support), and PE-24 (Programs and Resources).

PE #25: Information Technology (IT) Systems

Description: This program covers all IT systems. It includes major systems like DSAMS, CISIL, SAMIS, CMCS, MISIL, CEMIS and Portal. It also covers applications like Navy's Information Warehouse, AFSAC Online, and Army CEPS. This program accounts for resources to maintain, operate, and periodically refresh dedicated security assistance organization's office automation such as desktop computers, classified and unclassified local area network systems, software, and peripheral equipment such as printers, scanners, monitors, and video teleconference (VTC) equipment. This program includes the costs associated with user training, network certification and security. This PE uses special interest subcategories of: DSAMS, Portal (SCIP), Case Management Information (legacy) Systems, CEMIS, LAN/PC Support, and General IT Systems.

With POM-06, PE-25 (LAN/Computer Support), PE-26 (IT Systems), PE-11 (DSAMS), and PE-17 (CEMIS/Portal) are consolidated into PE-25 (now called IT Systems). Formerly, various systems were aligned with the core function they were intended to support, but are consolidated here for uniformity and accountability. Program and data analysis will permit us to ascribe their costs to the respective core function or mission.

PE #27: End Use Monitoring

Description: This program accounts for the resources needed to implement DoD's Golden Sentry program in the security cooperation community. It funds activity in country by the SAO's, the use of tiger teams, and a limited amount of training, oversight and coordination at the headquarters level. EUM covers government-to government transfers of defense articles, defense services, and related technologies, throughout the life of the system (e.g., shipping, use, storage, and disposal). DoD's Golden Sentry program ensures that US-origin defense exports are sent only to the country of ultimate destination for the authorized official, for use by that government recipient, and that they continue to be used for the approved purpose.

Program Element #28: Excess Defense Articles (EDA)

Description: The Foreign Assistance Act defines EDA as the quantity of defense articles (other than construction equipment), which are in excess of approved force acquisition objectives and approved force retention stock. EDA can be sold via Foreign Military Sales and can be grant transferred to certain eligible countries. EDA is provided on an "as is, where is" basis with the transportation, refurbishment and support costs being the responsibility of the recipient. This program accounts for resources in support of EDA to include processing and responding to requests, asset availability and allocation plans, Congressionally notify proposed EDA transfers, and maintaining records of EDA transfers and delivery data in accordance with current legislation and DoD policy.

With POM-06, PE-29 (Leases) is covered under PE-10 (LOA Development).

Program Element #30: Drawdowns

Description: Drawdowns allow the President to respond to unforeseen military emergencies, humanitarian catastrophes, peacekeeping needs or counter narcotics requirements by providing on hand DoD-stock defense articles and services to foreign countries and international organizations. Except for transportation and related services where new contracts would cost less than providing such services with DoD assets, no new procurement is authorized and no new money may be placed on existing contracts. A drawdown authorization provides instructions for the tracking and reimbursement of funds associated with the equipment and expenses necessary to implement and fulfill the drawdown. This PE is not intended to assure funding, but allows insight into this activity, and gives managers an appreciation for the time and resources required.

Program Element #31: Foreign Military Financing (FMF) Administration

Description: FMF promotes US national security by working toward global and regional stability through strengthening democratically elected governments and containing transnational threats, thereby reducing the likelihood of conflict and war. Funds provided through FMF enable key allies and friends to improve their defense capabilities by financing the acquisition of US military articles, services, and training. This program addresses funds to administer programs that are not supported by FMS and includes the administration of FMF grants; the review of FMF funded direct commercial contracts, the management of the IMET program, and the EDA program as well as other management duties not supported by FMS.

Program Element #32: International Military Education & Training (IMET)

Description: IMET is the portion of the US security assistance program that provides training to over 125 allied and friendly foreign military and defense associated civilian personnel on a grant basis. This program covers the basic IMET program -- funding and country allocations -- as well as funds provided for the administration of IMET. Activities are funded from the State Department/150 International Affairs account.

Program Element #33: HA/MA, EIPC, Warsaw, PKO and Other Funded Initiatives

Description: This program provides the means to address Security Cooperation initiatives that are funded via DoD or State Dept appropriated accounts. This includes, but is not limit to, Humanitarian Assistance and Mine Action (HA/MA), Enhanced International Peacekeeping (EIPC), the Warsaw Initiative, Counter Narcotics, and Peacekeeping Operations.

EIPC is designed to help increase the pool of armed forces capable of participating in multinational peace support operations (PSO). The Warsaw Initiative is a US bilateral program to advance closer relations and military interoperability between NATO and Partnership for Peace countries. PKO funds support US national interest in promoting human right, democracy, and regional security and facilitating humanitarian response. The PKO account promotes increased involvement of regional organizations in conflict resolution, multilateral peace operations, and sanctions enforcement.

The Office of Humanitarian Assistance and Mine Action (HA/MA) provides supervision and oversight of DoD humanitarian mine action and humanitarian assistance (HA) programs for the Director, DSCA. Functions accomplished by HA/MA include management of the Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) appropriation; oversight of the combatant commanders' operational mine action, humanitarian and civic assistance (HCA) programs (funded with service O&M); the DOD Humanitarian Assistance Program (HAP) and Foreign Disaster Relief and Emergency Response activities. HA/MA also coordinates foreign disaster relief missions, and procures, manages, and arranges for delivery of humanitarian daily rations (HDR) where required. The Humanitarian Mine Action (HMA) program assists countries that are experiencing the adverse affects of uncleared landmines. The program is directly managed by the combatant commanders and contributes to unit and individual readiness by providing unique in-country training opportunities that cannot be duplicated in the United States. The Humanitarian and Civic Assistance (HCA) program permits US military forces to carry out humanitarian assistance projects as part of training missions overseas. The Denton (space available) Transportation program arranges 'no cost' transportation for donors or recipients for delivery of humanitarian goods to countries in need. The Funded Transportation program permits transportation of cargo and DOD non-lethal excess property worldwide for non-governmental/international organizations (NGO/IO).

With POM-06, PE-33 (EIPC, Warsaw, PKO, and Other Funded Initiatives) now includes the former PE-34 (HA/MA).

Appendix C
DSCA Planning Guidance and DSCA Strategic Plan Goals and Objectives

DSCA Planning Guidance Goals:

A. Implement the Security Cooperation Guidance

- Promote Combined Approaches, Access, and Cooperation
 - Support the War on Terrorism
- Build Capable and Interoperable Allied and Friendly Military Forces
 - Transfer Needed Systems and Services
 - Achieve Common Command, Control and Communications
 - Support Defense Cooperation, Common Logistics and Lifecycle Support
 - Support the U.S. Industrial Base
 - Support Combined Transformation with Specified Allies
- Build Defense Relationships That Promote U.S. Security Interests

B. Transform Business Practices

- Develop People and Manage Resources
 - Promote Professional Development and Give Our People the Tools to Succeed
 - Use Performance-Based Management to Align Goals And Resources
- Support for U.S. Systems
- Provide Quality Service Through Improved Business Processes
 - FMS Process: Relevant, Agile and Responsive
 - Business Process Reengineering

DSCA Strategic Plan Principal Objectives

1. Identify, develop and advocate programs that strengthen America's alliances and partnerships.
2. Strengthen defense relationships, which promote U.S. access and influence.
3. Promote interoperability with allies and friendly nations while protecting sensitive technologies and information.
4. Develop the Security Cooperation Workforce and give it the tools to succeed.
5. Identify and incorporate best business practices and deploy systems that save time, energy and money.