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UNITED STATES
GENERAL ACCOUNTING OFFICE

REPORT TO THE CONGRESS

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Assessment Of Overseas Advisory Efforts Of The U.S. Security Assistance Program

Departments of Defense and State

The U.S. reportedly spent \$70 million in 1974 for military advisory assistance to 49 countries under the Security Assistance Program. GAO believes the advisory groups activities were principally to facilitate the \$8 billion Foreign Military Sales Program and to meet political objectives.

Consideration should be given to eliminating advisory groups that have outlived their usefulness in administering grant military assistance. Cost of groups, whose prime activities are facilitating sales, should be recovered through the sales program. Improved reporting of cost and staffing of all advisory effort is needed if the Congress is to have effective oversight over the Security Assistance Program.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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To the President of the Senate and the
Speaker of the House of Representatives

This report assesses the U.S. military advisory assistance provided to friendly nations and allies under the Security Assistance Program. It questions the need for retaining military assistance advisory groups in many countries and recommends that some groups be eliminated, some restructured, and some funded through alternative methods. The Program's annual congressional presentation format should be revised to give the Congress more complete information to carry out its program overview responsibilities.

Congress has focused increased attention on U.S. military activities and presence abroad. During foreign assistance hearings in 1973 and 1974, congressional committees questioned the need for and role of U.S. military assistance advisory groups, military missions, and military groups. Because of the congressional interest in these organizations, we initiated a review to obtain answers as to their functions, size, and costs. Shortly thereafter, the House Committee on International Relations asked us to make a similar review.

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We have discussed this report with officials in the Department of Defense, but, as requested by the House Committee on International Relations, we have not requested written comments. However, Defense did provide us with preliminary comments that were considered in the final preparation of this report. HSE 01300

Our review was made pursuant to the Budget and Accounting Act of 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of the report are being sent to the Director, Office of Management and Budget, and to the Secretaries of Defense and State. 1 + 2 5 + 32

Comptroller General
of the United States

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ABBREVIATIONS

DOD	Department of Defense
FMS	Foreign Military Sales
GAO	General Accounting Office
JUSMAGTHAI	Joint U.S. Military Advisory Group, Thailand
MAAGs	Military assistance advisory groups, military missions, military groups, joint U.S. military advisory groups, mutual defense assistance group, and defense attache augmentation for security assistance
MAP	Military Assistance Program
USMACTHAI	U.S. Military Assistance Command, Thailand

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

ASSESSMENT OF OVERSEAS ADVISORY
EFFORTS OF THE U.S. SECURITY
ASSISTANCE PROGRAM
Department of Defense
Department of State

D I G E S T

In fiscal year 1974, 43 military assistance advisory groups and 6 small groups assigned to Defense Attache Offices administered the Security Assistance Program overseas. Overseas administrative costs for the program and the groups was reported to be about \$88 million, of which the U.S. share was about \$70 million and the host countries share was \$18 million.

The advisory groups were established 20 to 30 years ago to provide technical assistance and to administer a grant military aid program. (See p. 2.)

In 1974, advisory efforts concentrated mostly on providing assistance to upper military echelons of the host country in force-structure planning and logistics, principally as a means of facilitating military sales. (See p. 9.)

GAO believes these activities were not compatible with the purposes for which the groups were established nor with foreign assistance legislation directed toward removing the U.S. Government from the arms sales business. (See p. 19.)

Since most of the advisory groups have outlived their usefulness in administering grant assistance, GAO recommends that the Secretaries of Defense and State take steps to:

- Separate military assistance functions from other functions of the group. This action would permit reducing or eliminating the groups in countries receiving no grant military assistance or receiving only grant military assistance training.
- Redesignate those groups essential for military sales functions as sales missions, with recovery of their costs through the Foreign Military Sales program. (See p. 21.)

GAO believes the advisory groups were in five grant military assistance countries primarily to further U.S. political interests, i.e., minerals and base rights; to keep other countries from establishing military missions; and as channels for dialogue with the military that administers the political structure. (See p. 20.)

GAO recommends that the Secretary of Defense revise the annual congressional justification for the Security Assistance Program to:

- Identify all personnel and costs associated with the Program.
- Specify all advisory-type costs by sources of funds.
- Justify costs absorbed by military service appropriations. (See p. 45.)

The advisory groups were authorized 2,106 U.S. military personnel and 804 civilian personnel, mostly local nationals. An additional 185 U.S. military and civilian personnel were authorized to overseas military commands for Security Assistance Program functions. (See p. 29.)

The security assistance staffing in 16 countries and 3 unified commands totaled 3,711. This goes beyond the 1,208 permanent positions in the same countries and commands for fiscal year 1974 as shown in the annual budget request for the Security Assistance Program. (See p. 27.)

In accordance with the request of the House Committee on International Relations, GAO did not follow its usual practice of submitting a draft of this report to the interested agencies for written comments. However, discussions were held with responsible agency officials and Defense provided preliminary comments which were all considered in final preparation of this report.

CHAPTER 1

INTRODUCTION

Permanent military assistance advisory groups (MAAGs)^{1/} implement the U.S. Security Assistance Program overseas. In addition to the highly visible MAAGs, the overseas program is also implemented through less visible groups on short-term assignments from U.S. Armed Forces activities.

DLG 01080

In fiscal year 1974, the United States had MAAGs in 49 countries, including small Defense Attache Office groups in 6 countries, performing security assistance functions. The Department of Defense (DOD) reported that in 1974 MAAGs had about 2,100 permanent U.S. military personnel to administer a \$9 billion Security Assistance Program, of which foreign military sales represented about 90 percent. Appendixes I and II show U.S. military personnel authorized for security assistance during fiscal years 1971-75 and the amount of military-related assistance provided by the United States since 1950.

EVOLUTION OF U.S. ADVISORY EFFORT

The U.S. Government has provided military advisory services overseas for more than 100 years. As early as 1869, the United States had advisors in Egypt. In 1885, the United States after considering a request for military assistance from Korea, recommended several officers to the Koreans. These officers were employed directly by the Koreans; however, numerous problems arose under this arrangement and they were replaced by officers from another country.

Following the Spanish-American War, the U.S. Army undertook for the first time to train foreign soldiers. American interest in the Caribbean area increased with the opening of the Panama Canal in 1914 and the outbreak of World War I. Against that background, Congress enacted legislation in May 1926 (10 U.S.C. 712) that gave the President authority to detail, either upon request or at his own discretion, officers and enlisted men to assist the governments of South America, Central America, and the Caribbean in military and naval matters.

^{1/} MAAGs as used in this report, include military assistance advisory groups, military missions, military groups, or defense attache augmentation for security assistance.

The U.S. military advisory role, before World War II, consisted mainly of the conventional functions of advising, instructing, and training foreign countries to defend themselves from external aggression. The role changed with passage of the Lend-Lease Act in March 1941, when military assistance and the advisory roles were expanded. In implementing the act, the three prime advisory functions were to (1) determine the need for lend-lease material, (2) assist in arranging for forwarding agreed-upon aid, and (3) monitor the use of material upon arrival. The U.S. military advisor's role in World War II varied from giving advice and assistance to assuming command of foreign forces.

After World War II, the U.S. military advisory and assistance program was kept active by wartime pledges and commitments resulting from rising communism. The program effort was directed toward forming local forces to meet external aggression. Authority to continue this role was contained in the Mutual Defense Assistance Act of 1949, which provided for detailing U.S. Armed Forces personnel for non-combat duty in any nation receiving assistance authorized under the act.

By the end of the Korean War, the United States was providing large amounts of military and economic grant assistance to a number of countries, especially in Europe and the Far East. The Mutual Security Act of 1954 provided the continuing authority for that assistance. The advisory group role varied, depending on the stability of the country to which the group was assigned, i.e., war or peace, domestic tranquility or internal insurgency; and on the sophistication of the country's armed forces.

With the passage of the Foreign Assistance Act in 1961, the emphasis of U.S. military-related assistance shifted from providing aid to meet external aggression to providing aid to maintain internal security. To meet this objective, technical advice provided by the MAAGs has been directed more toward resource management and development of total national forces than was the case when such assistance was geared to meet external aggression.

Each MAAG is governed by a mutual defense assistance agreement or some similar agreement between the host country and the U.S. Government. These agreements do not have fixed expiration dates and do not specify the size of the advisory organization. However, they do contain termination clauses that can be initiated by either party to the agreement. The authority for MAAG-type organizations in the Latin America area (except Peru and the Dominican Republic),

Liberia, and Iran are treaties (negotiated under 10 U.S.C. 712) enacted in 1926. MAAGs in other countries were established under prior foreign assistance legislation and continue to operate under authority of the Foreign Assistance Act of 1961, as amended.

Although MAAGs were established at various intervals throughout history, under different legislation, and for different purposes, their functions have often changed to meet the changes in world conditions. All MAAGs currently operate under the same DOD guidance criteria, and since 1972 they have operated under the umbrella of the Security Assistance Program. It was in 1972 that the Administration began submitting its budget request to Congress for military assistance under the caption of Security Assistance Program. The Program encompasses both the traditional Military Assistance Program (MAP) and the Foreign Military Sales (FMS) Program.

Security assistance abroad has gradually shifted from predominantly MAP grant aid to predominantly sales under the FMS Program. In 1967, for example, grant military aid programs (includes MAP and excess defense articles) totaled about \$1.2 billion while sales amounted to slightly less than \$1 billion. In 1974, however, military sales totaled about \$8.3 billion, while grant aid totaled about \$885 million. This shift is illustrated in table 1.

Table 1

<u>Fiscal</u> <u>year</u>	FMS <u>orders</u> (note a)	MAP <u>MAP</u>	<u>Grant aid programs</u>	
			Excess defense <u>articles</u> (note b)	<u>Total</u>
	(millions)			
1967	\$ 999	\$ 876	\$ 346	\$1,222
1968	805	597	496	1,093
1969	1,558	454	647	1,101
1970	922	382	535	917
1971	1,644	762	477	1,239
1972	3,272	549	584	1,133
1973	3,866	593	420	1,013
1974	<u>8,263</u>	<u>789</u>	<u>96</u>	<u>885</u>
Total	<u>\$21,329</u>	<u>\$5,002</u>	<u>\$3,601</u>	<u>\$8,603</u>

a/ Includes both cash and credit sales.

b/ Acquisition value. Fiscal year 1974 is for overseas stocks only, domestic excess defense articles are MAP-funded.

CONGRESSIONAL CONCERN

Certain elements of the Congress, including the Senate Committee on Foreign Relations and the House Committee on International Relations, have expressed concern about MAAG roles and have raised such questions as:

- Are MAAGs an extension of our defense industry in pushing arms sales?
- Why are MAAGs in countries for which the United States provides no military assistance, neither hardware or training?
- What is the total cost of maintaining MAAGs and the advisory effort?
- Why are so many flag and general officers assigned to MAAGs?
- Are MAAGs too numerous and overstaffed?

Hearings on foreign assistance in 1973 and 1974 resulted in legislative proposals that ranged from eliminating MAAGs or other advisory efforts to requiring specific congressional approval for a limited number of clearly justifiable MAAGs. In addition, the Foreign Assistance Act of 1974 stipulates that all costs associated with MAAGs be charged to foreign assistance appropriations effective July 1, 1976.

Two important sections of the Foreign Assistance Act of 1974, dated December 30, 1974, pertain to military assistance and to MAAGs. Section 16 of the 1974 Act added section 515 to the Foreign Assistance Act of 1961, as amended, which provided that:

"Effective July 1, 1976, an amount equal to each sum expended under any provision of law, other than section 504 [Authorization] of this Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under such section 504 * * *."

Section 17 of the Foreign Assistance Act of 1974 provided that:

"(a) It is the sense of the Congress that policies and purposes of the military assistance program conducted under chapter 2 of part II of the Foreign Assistance Act of 1961 should be reexamined in light of changes in world conditions and the economic position of the United States in relation to countries receiving such assistance; and that the program, except for military education and training activities, should be reduced and terminated as rapidly as feasible consistent with the security and foreign policy requirements of the United States.

"(b) In order to give effect to the sense of Congress expressed in subsection (a), the President is directed to submit to the first session of the 94th Congress a detailed plan for the reduction and eventual elimination of the present military assistance program."

Section 17 was added as a compromise to a Senate proposed amendment that, unless specifically authorized by Congress, would have terminated MAP effective September 30, 1977, and transferred MAAG residual functions to the military attaches under the chiefs of the diplomatic missions. Under the proposed amendment no advisory group could have been established thereafter unless specifically authorized by the Congress.

The Foreign Military Sales Act, as amended, also contains provisions which are pertinent to MAAG functions and responsibilities as discussed in this report. Section 1 of chapter 1 of the act states that U.S. policy is to encourage regional arms control and disarmament agreements and to discourage arms races. A December 17, 1973, amendment to that section of the act states that:

"In order to reduce the role of the United States Government in the furnishing of defense articles and defense services to foreign countries and international organizations, and return such transactions to commercial channels, the United States Government shall reduce its sales, credit sales, and guaranties of such articles, and defense services as soon as, and to the maximum extent, practicable."

SCOPE OF REVIEW

As a result of the congressional interest in MAAGs, we initiated a review to identify the magnitude of the overseas advisory effort. Subsequently, the House Committee on International Relations asked us to make a study of MAAGs, which basically encompassed the work already underway.

The review was directed toward determining the cost of the U.S. advisory effort; source of funding; number of personnel involved; and MAAG duties, functions, and rationale for continuance. We made our review at the European, Pacific, and Southern Unified Commands; at MAAGs in Chile, Colombia, Denmark, Ethiopia, Germany, Indonesia, Italy, Japan, the Philippines, Saudi Arabia, Spain, Thailand, Venezuela, and Zaire; and at the Departments of Defense and State.

CHAPTER 2

USE OF THE MILITARY ASSISTANCE ADVISORY GROUPS

After World War II and the Korean conflict, the military forces of many countries were in shambles or were ill equipped or the countries had small financial resources for adequately rebuilding their forces. MAAGs were established to help build or rebuild those forces and to provide lower level technical advice on MAP grant aid.

In 1974, primary MAAG activities were to maintain channels for dialog with host country military organizations, facilitate U.S. military sales, and provide sources of information so that host countries could obtain technical assistance for materiel received from U.S. sources. These activities represent a major shift from those of the 1950s and 1960s.

About half of the 49 existing MAAGs were in developed and/or wealthy countries which no longer receive grant materiel under MAP; e.g., Germany, Denmark, Iran, and Saudi Arabia. We believe that the United States continues to provide MAP materiel grant aid to some countries (the Philippines and Thailand) more for political reasons than to significantly improve the quality of their armed forces. In our opinion:

- Most of the MAAGs existing in 1974 have outlived their usefulness with respect to administering MAP.
- MAAGs in countries not receiving grant military assistance or receiving only grant military training can be eliminated and their residual MAP functions handled by the Defense Attache Office or by establishing a position of military assistance advisor to the Ambassador.
- The military sales activities of some MAAGs can be reduced and the costs of essential sales activities which must remain in country recovered through the FMS program.

JUSTIFICATION FOR MAAGS

MAAGs are justified by the Administration as being a key element in the implementation of U.S. foreign policy. They play a major role in identifying host country requirements for military assistance and sales and in developing an efficient program for meeting U.S. security objectives within a country.

Defense officials emphasized in commenting on the report that the U.S. overseas advisory organization is not exclusively tied to the provision of grant materiel assistance or, for that matter, to the procurement of U.S. arms by the host country. They further stated that, in a broader sense, the advisory organization is an element of the worldwide U.S. force posture, which serves in many ways the national security and foreign policy interests of the U.S. Government.

The normal functions and missions assigned to MAAGs include:

- (1) planning, administering, and managing MAP and the FMS Program;
- (2) advising and assisting the host country to develop military self-reliance and a realistic force level which meets its security needs within its capability to maintain and which is consistent with U.S. collective security interests;
- (3) establishing and maintaining rapport with the military of the host country to provide channels of communication, dialog, and influence which are valuable to the U.S. Government for military, diplomatic, and commercial reasons;
- (4) providing security assistance advice and assistance to the Chief of the U.S. Diplomatic Mission; and
- (5) representing the Secretary of Defense with the host country's military establishment.

In each country we visited, therefore, we asked:

- What are the MAAG prime activities, as seen by the MAAG and the Embassy?

--How important is the MAAG in the implementation of the current programs?

--What effect would eliminating the MAAG have on U.S. relations with the host government?

--Could the MAAG duties and activities be handled by other members of the U.S. country team, particularly the Defense Attache?

MAAG ACTIVITIES

Of the 14 MAAGs we reviewed, 4 were in countries which have received no MAP grant aid for at least 7 years, 5 were in countries which continue to receive MAP grant aid consisting only of token amounts of military training, and 5 were in countries which continue to receive both MAP grant training and materiel aid.

The principal activities of U.S. personnel at the 14 MAAGs varied, depending on whether the predominant security assistance activity in the country was grant aid or sales. To determine the amount of MAAG effort devoted to various activities, we asked U.S. military personnel assigned to the 14 MAAGs to give us their estimates of time devoted to each activity. The results of those questionnaires, which were generally followed up with personal interviews, are shown in table 2.

Table 2

	<u>Foreign military sales</u>	<u>Advisory effort</u>	<u>End-use check</u>	<u>Dialog (note a)</u>	<u>Adminis- tration</u>
	----- (percentage) -----				
No grant military assistance provided:					
Denmark	13	-	6	10	71
Germany	43	-	-	15	42
Italy	27	17	-	48	8
Japan	50	1	2	21	26
Only grant military training provided:					
Saudi Arabia	6	19	-	13	62
Zaire	9	14	4	11	62
Chile	10	17	-	31	42
Colombia	11	45	9	9	26
Venezuela	15	12	-	48	25
Grant materiel and training provided:					
Ethiopia	-	27	6	5	62
Indonesia	-	27	4	18	51
Philippines	4	22	4	17	53
Spain	18	25	7	10	40
Thailand	3	38	9	19	31

a/ Includes influence, Defense representation, and exchange of technical information.

Although the estimates are not precise, they do indicate that, except for time spent on internal administration, MAAG efforts are devoted heavily to foreign military sales and dialog, particularly in countries no longer receiving grant materiel assistance.

Below is a general description of the various MAAG activities, as defined by MAAG personnel.

1. Foreign military sales efforts include assistance in interpreting sales procedures, developing requests, and coordinating letters of offer; coordinating purchased training programs; consulting with U.S. contractors on market potential and sales presentations; providing technical data to the host military; and serving as a troubleshooter during the contract period.

2. The military advisory effort consists basically of managerial advice, generally limited to higher level commands in administrative and logistical functions. This assistance relates essentially to overall policy guidance, theory and methodology of logistics systems design, and development of a sophisticated basis for planning force structure.
3. MAP end-use checks consists essentially of monitoring MAP-provided equipment to determine its condition and use. This is performed either by actual observation or review of reports provided by the host country.
4. Dialog consists of influence, representation, and information exchange. Influence is generally described as a means to develop rapport so that the host military will more readily accept suggested improvements and the American way; representation is generally regarded as a protocol function to establish or enhance working relationships; and information exchange swaps ideas and/or information with host military officials on matters not necessarily related to one's occupational specialty.
5. Administration is divided into MAP support and internal support. MAP support relates to screening host country requisitioning against available MAP equipment and funding, preparing periodic reports on end-item use, administering the grant aid training, and analyzing the host military budget in relation to MAP. Internal support includes maintaining personnel records, internal correspondence, custodianship of unit funds, and preparing periodic internal activity reports.

Countries not receiving grant
military assistance or receiving
only grant military training

As noted in table 2, except for administrative matters, MAAG primary activities in countries not receiving grant military aid or receiving only grant training assistance were to facilitate U.S. military sales. MAAG efforts were minimal or nonexistent in performing end-use checks of previously supplied MAP equipment and other traditional MAP advisory duties.

In 1963, the U.S. Commander in Chief, Europe, authorized MAAGs in several European countries to discontinue end-use and training inspections. MAAGs were instructed to negotiate a mutually agreeable reporting system under which host countries would submit reports to the MAAGs showing quantity, status, and location of U.S.-furnished materiel. MAAGs then had the prerogative of making spot checks to ensure accuracy.

In 1964 we reviewed MAAGs in Belgium/Luxembourg, Denmark, France, Germany, Italy, the Netherlands, Norway, and the United Kingdom^{1/}. We concluded that there MAAGs were considerably overstaffed for the relatively few essential functions remaining as a result of the virtual completion of military assistance grant aid, accomplishment of MAP objectives, and high degree of military and economic self-sufficiency in these countries. We recommended to the Secretary of Defense that he consider eliminating the eight MAAGs to (1) overcome the performance of unnecessary or duplicated functions, (2) stop unnecessary expenditures, and (3) reduce the number of U.S. personnel and their dependents overseas. We further recommended that, for MAAG functions deemed essential, consideration be given to centralizing responsibility for them at the U.S. European Command or, in the interests of economy and efficiency, responsibility for them be assigned to other U.S. organizations in Europe.

Defense responded that our proposal minimized or discounted valid considerations which would influence the decisions on retaining or eliminating MAAGs, including (1) number of intangible benefits, such as close personal contacts, which would be lost, (2) potential unfavorable effects on U.S. balance-of-payments position, particularly if country contributions were lost through centralization, and (3) increased roles and missions that MAAGs may assume. Since then, the MAAG in the United Kingdom was eliminated and the other seven MAAGs substantially reduced their personnel--from 461 in fiscal year 1962 to 86 in 1974.

^{1/} Inefficient-Utilization of Personnel to Administer the Military Assistance Program in Advanced European Countries (B-133290, Apr. 2, 1964).

The Inspector General of Foreign Assistance, in a report dated September 1972 to the Secretaries of Defense and State, questioned the need for retaining MAAGs as separate entities in Belgium, Denmark, France, Norway and the Netherlands, which were receiving no MAP assistance at the time. The Inspector General concluded that, although MAAGs continue to receive host country reports on end-item use which are compared to U.S. records, and to dispose of MAP materiel declared excess by the host country, their most important functions, were promoting and facilitating military sales.

The report stated that none of the five MAAGs exercised significant influence on the military policies of the host countries and that, as defined in Defense and U.S. European Command instructions, influence was largely a meaningless function for these five MAAGs. The United States simply does not use MAAGs to influence the military force structure, doctrine, or strategy of the countries. Instead, the United States uses NATO and bilateral high-level meetings.

In fiscal year 1974, 11 of the 49 MAAGs, with a total authorized U.S. staff of 365, were located in countries that received no grant military assistance and 12 MAAGs, with a total authorized U.S. staff of 367, were located in countries which receive only token amounts annually (from \$200,000 to \$900,000) for training purposes. From this data, we believe that part, if not all, of the 23 MAAGs below are prime candidates for complete elimination, substantial staff reductions, or restructuring into sales missions.

	<u>U.S. staff</u>	<u>Amount programed for training</u>
No grant military assistance provided:		
Japan	12	\$ 0
Greece	55	0
Iran	208	0
Belgium	8	0
Denmark	8	0
France	9	0
Germany	33	0
Italy	13	0
The Netherlands	8	0
Norway	7	0
Costa Rica	<u>4</u>	<u>0</u>
	<u>365</u>	<u>0</u>

Only grant military training provided:

India	5	\$ 204,000
Pakistan	10	226,000
Saudi Arabia	135	184,000
Liberia	16	99,000
Morocco	21	628,000
Zaire	20	373,000
Argentina	30	511,000
Brazil	46	771,000
Chile	15	912,000
Colombia	25	558,000
Peru	7	864,000
Venezuela	<u>37</u>	<u>921,000</u>
	<u>367</u>	<u>6,251,000</u>
Total	<u>732</u>	<u>\$6,251,000</u>

Countries receiving grant materiel and grant training

In countries which continue to receive considerable amounts of MAP grant materiel, such as Ethiopia, Indonesia, the Philippines, Spain, and Thailand, MAAG efforts were predominantly to administer MAP. Such assistance is provided to these countries more for political reasons than for any desire to improve their defense capabilities, but some military or MAAG presence may well be needed to administer MAP.

Defense Study Team overview/
findings on MAAG responsibilities

In March 1975, a Defense study team completed a world-wide MAAG study. The study was provided to us during discussions with Defense official on this report. We believe the team's overview and findings quoted below generally support our findings on MAAG activities.

"* * * The implementation by each MAAG varies according to U.S. security assistance objectives and host military requirements, defense budget, and sophistication. Most MAAGs are at some point of transition from MAP to FMS/commercial sales and/or from an advisory role to one of military liaison, DOD representation, and equipment follow-on support.

"While it varies from country to country and region to region, MAAG involvement is concentrated in three main areas. These are FMS and commercial sales, the advisory functions at headquarters and in the field, and MAP accountability requirements including end-item utilization. For the developed nations of Europe and countries like Japan, the emphasis is on sales, while the advisory function is most important in those nations that have not yet attained self-sufficiency in defense capabilities.

"For the most part, the emphasis in each country is appropriate to the situation confronting the MAAG and what the host country requires. As countries become more self-sufficient they are shifting from grant aid to sales, and the advisory effort shifts from the field to the headquarters level. Whether the latter is at the Ministry of Defense or the individual Service depends on how the host country's military is organized.

"The procedures used to meet the statutory requirement of end-item utilization vary widely. In some cases, host country submissions are used as the basis for the MAAG reports while in others, local nationals are hired to 'track' the equipment and submit the report. In some countries, MAAGs are constrained from reporting due to host country sensitivities or lack of cooperation.

"There are some essential functions performed by MAAGs which go well beyond security assistance management. In Latin America these supplementary roles and missions are included, in most cases, in existing U.S.-host country agreements. Also, the MAAGs are responsible for representing the Unified Commander in dealings with host agencies, coordination and administration of other DOD interests, and providing some limited support of both the Embassy and the MAAG. If the MAAG did not perform these duties, some other U.S. Government activity would have to do so. However, there are some areas, such as managing officers' clubs and resolving customs and tax problems for U.S. personnel, where MAAG involvement is not warranted. With the decrease in manning, such duties will have to be eliminated."

U.S. OFFICIALS INCOUNTRY VIEWS
ON IMPORTANCE OF MAAGS

In countries we visited, country team members considered MAAGs an important element of U.S. foreign policy efforts, principally because:

- They are an effective sales force for U.S. military equipment and materials.
- Their personal contacts with host countries are an effective line of communication for political or economic purposes.
- They are a means of influencing host countries toward and of introducing them to American ways.
- They provide effective communication with military controlled governments and thus are an extension of the U.S. Diplomatic Mission.

U.S. Embassy and MAAG officials emphasized quite clearly that influence, whether it be for facilitating U.S. military sales or for political matters related to U.S. interests, is one of the more important activities of the current MAAGs. In commenting on this report,

Defense also cited another aspect of influence in countries having military governments--MAAGs constitute the de facto main channel of diplomatic intercourse, exerting disproportionate influence on other aspects of "normal" diplomatic affairs. Although most MAAGs were established 20 to 30 years ago to provide technical advice and to help and train host country armed forces, these reasons were no longer given to justify retention of current MAAGs.

The following is an excerpt on MAAG importance from a Defense study of MAAGs completed in March 1975.

"* * * it is necessary that the importance of continuing MAAG presence throughout the world be thoroughly explained to Congress. This explanation must be straight-forward and must show that grade and manning levels are dependent on factors other than the usual advisory role. It should also be made clear that the benefits to the nation of continuing MAAG presence far outweigh the costs of MAAG operations. These benefits include not only base and overflight rights, but more importantly the close ties that develop with the host countries and the furtherance of U.S. objectives in general."

U.S. Embassy and MAAG officials in some countries not receiving grant military aid agreed that there is some basis for eliminating MAAGs as they are now constituted, but only in a manner that does not imply any lessening of U.S. interests. They commented further that eliminating any MAAG will no doubt reduce U.S. influence and prestige in that country. In countries that continue to receive MAP grant aid, the general belief was that a continued MAAG presence was necessary but that some staff reduction was possible.

Many of the MAAG and Embassy personnel interviewed by the Defense study team expressed a need to change the "MAAG" title. Their concern was that the title did not accurately reflect the duties of the organization and implied a lesser status of the host country. The team concluded that the comments were justified since most MAAGs no longer provide assistance or advice but concentrate most of their efforts on sales. This especially applies to the mini-MAAGs and to MAAGs in the Middle East. For this reason, the Defense report recommended that the title "MAAG" be changed to "U.S. Defense Liaison Office" to more accurately reflect the duties of U.S. security assistance organizations.

We asked the U.S. officials in country whether other Embassy offices could assume MAAG responsibilities if MAAGs were eliminated. Responses included: (1) MAAG duties could be handled by other members of the country teams, (2) the Defense Attache could handle the duties with small increases in staff, (3) other members of the country teams could not handle the duties because they lack necessary expertise, and (4) the Defense Attache's major function of intelligence collection would preclude taking over MAAG duties.

Defense officials, commenting on this report, provided the following official position on combining MAAG and Defense Attache duties.

"It is not advisable to combine MAAG and Attache offices except in unusual circumstances, because of the dissimilarity in their duties and responsibilities. Most countries of the world utilize Defense Attaches and they are traditionally recognized as overt intelligence collectors, whereas MAAG personnel are responsible for providing appropriate military advisory services and technological assistance to the host country, plus carrying out the Secretary of Defense's responsibilities under the Foreign Assistance Act.

"Although we no longer provide grant assistance to some countries, we do have sales programs with them. To assure that defense articles sold to these countries are properly utilized and supported, we must provide expert advice to the buyer. Additionally, MAAG personnel in all of these countries monitor MAP end-items to ensure their proper use/disposal. This is a residual requirement which continues after termination of grant aid programs. To carry out these necessary functions, our military advisors have to build and maintain a relationship of mutual trust and confidence with the host country's military establishment. A relationship of this nature is much more difficult for a combined MAAG/Attache structure which has a recognized intelligence collection mission, and could well result in undesirable restrictions on our MAAG personnel and interfere with their access and free exchange of information with host government officials."

However, there is a basis for using the Defense Attache Office. As previously noted in the annual congressional presentation for the Security Assistance Program, six Defense Attache Offices are identified as being augmented to carry out program functions. In addition, there are other Defense Attache offices that facilitate military sales. We recognize that the use of the Defense Attache will depend on the maturity of the U.S. relationship with a country and the nature of the security assistance. We believe an effort should be made to use the Defense Attache, especially when the major security assistance activity is facilitating military sales. However, for those countries where the use of the Defense Attache may not be appropriate, the assignment of a military officer as a military assistance advisor to the Ambassador may be a method of achieving the U.S. objectives rather than continuing the use of a MAAG to facilitate sales.

DOD officials further advised us that careful assessment of the political and military consequences are required before any abrupt, major reduction is made in the current overseas advisory structure.

CONCLUSIONS

The emphasis on military sales by MAAGs would appear to be incompatible with U.S. policy encouraging regional arms control and disarmament agreements and discouraging arms races, as expressed by Congress in section 1 of the Foreign Military Sales Act. For example, shipments of U.S. arms abroad have increased from \$2.2 billion in 1967 to \$8 billion in 1974 (mostly sales). At the same time, MAAG functions have reportedly shifted from administering grant assistance to emphasizing influence and maintaining a channel for dialog to facilitate sales.

Defense officials in commenting on the report, repeatedly emphasize that the United States is an honest broker in advising to other countries on their military purchases and is not engaged in a game of hawking military equipment. They further noted that it is not the MAAGs responsibility to encourage or promote sales, however, MAAGs do have a responsibility to facilitate sales by providing assistance to U.S. industry in making sales directly to foreign governments to meet valid requirements. Defense officials further emphasized that the relationship with industry must be forthright, factual, and avoid all connotation of favoritism. Also, they noted that MAAGs, in the performance of their advisory duties, will undoubtedly be requested to express opinions on the relative merits of equipment or services being considered for purchase by host countries.

Regardless of how you look at MAAGs involvement with sales, the fact remains that they are heavily involved.

We found in five countries that MAP grant aid was justified more on political grounds than on the countries real defense needs. Although MAAG personnel no doubt provide some advice at the upper levels of host-country military organizations, their efforts to monitor MAP equipment was limited. Also, since most of these MAAGs have been in the host countries for 20 or more years, the countries should have developed some capability by this time to train their own forces. Some reasons offered for continuing these MAAGs include:

- Assuring countries of U.S. interest to prevent opening the door for another country to fill the vacuum.
- Keeping the path open to the host country's mineral wealth.
- Maintaining a channel of communication to the military, which in a number of countries is the dominant force in their political structures.

We do not disagree with these reasons and agree that MAAGs may provide a valuable political service to the U.S. Government. We concluded, nevertheless, that the primary activities of most MAAGs today no longer concern MAP implementation. Therefore, residual MAP functions in countries no longer receiving grant materiel aid may not be sufficient justification for retaining MAAGs there.

It is also our opinion that MAAG military sales activities, particularly in developed countries, are more of a convenience than a necessity to both the United States and to foreign governments. There are no MAAGs in some countries which are major FMS customers. For example, the United Kingdom has made numerous large FMS purchases without benefit of a MAAG. DOD advised us that a major reason for this is that some of these countries, such as the United Kingdom, maintain purchasing missions in the United States.

In Germany, a major FMS customer, the MAAG has devoted the bulk of its effort to military sales. However, its influence on Germany FMS purchases is indirect at best. Germany makes its decisions on equipment requirements independently, as it knows what it wants and can afford and what the United States has to sell.

Some less developed, but wealthy countries, such as Iran, Saudi Arabia, etc., no doubt rely more on the MAAGs for advice on what to purchase. DOD officials commented that this conclusion applies even more to those emerging countries that have financial constraints, e.g. Ethiopia, and Kenya. They further commented that the justification for effectiveness of a MAAG might be expressed as a function of (1) military sophistication and (2) political stability/instability relative to U.S. geo-strategic interests in the host country.

RECOMMENDATIONS

We recommend that the Secretaries of Defense and State jointly take appropriate steps to:

1. Separate MAP functions from such other MAAG functions as military sales and DOD representation. This would permit eliminating MAAGs as separate entities in countries no longer receiving MAP grant assistance and eliminating or substantially reducing MAAGs in countries receiving only grant training assistance under MAP.

In countries where only token amounts of grant training assistance are believed essential, the MAAG's limited training function could be assumed by the Defense Attache.

The importance and necessity of residual MAP functions in countries receiving no grant military assistance or receiving only grant training should be evaluated with a view of reducing those functions to levels that can be easily assumed by the Defense Attache, where appropriate. One possibility would be to have the host country submit equipment end-use reports, as some countries now do, to the Defense Attache, which would forward them to the Defense Security Assistance Agency for necessary analysis or action.

2. Redesignate the MAAG function related to military sales, where such a function may be essential in some countries, as a sales mission. In such instances, we believe a mechanism should be established to recover the sale mission costs through the FMS Program.

With respect to the elimination and reduction of MAAGs, particularly in the Latin America area, Defense stated that it would be and is considered a treaty violation by host governments for the United States to take unilateral action with respect to these groups, their staffing, the rank and service of the commanding officers, and other administrative details without consultation and agreement between the two governments.

Since the agreements contain a termination clause that can be exercised by either party to the agreement, we do not fully endorse DOD position. However, we can visualize that prior negotiations with the host government would be in the best diplomatic interests of the U.S. Government.

CONFIDENTIAL

CHAPTER 3

STAFFING OF SECURITY ASSISTANCE PROGRAM OVERSEAS

In fiscal year 1974, U.S. military and civilian personnel performing security assistance functions in 16 countries and 3 unified commands overseas totaled 3,711, while the annual congressional presentation document for security assistance reflected only the 1,208 authorized personnel. We know of no requirement or procedure for systematically apprising Congress of total actual staffing used in a given year to carry out security assistance overseas. We believe, however, that such information is essential to enable Congress to more effectively exercise its oversight responsibilities for such assistance.

AUTHORIZED STAFFING

From 1961 to 1971, Defense reduced the number of personnel permanently assigned to MAAGs by 75 percent. In 1972, Congress directed further personnel cuts by adding section 512 to the Foreign Assistance Act of 1961, which provided in part that:

"(b) * * * the total number of United States military personnel assigned and detailed, as of September 20, 1971, to United States military assistance advisory groups, military missions, and other organizations of the United States performing activities similar to such groups and missions, shall be reduced by at least 15 per centum by September 30, 1972, but every effort should be made to effect an aggregate reduction of 25 per centum by September 30, 1972."

At September 20, 1971, MAAG-assigned military personnel strength was 2,683, so the new personnel ceiling would be 2,280, with a suggested ceiling of 2,012 by September 30, 1972.

However, section 512 was repealed by Public Law 93-189, approved December 17, 1973. DOD advised us that it is presently under no legal restraint to prevent it from increasing the ceiling established by former section 512. However, it pointed out that MAAG scope and size

remains under continuous review to insure the minimum U.S. presence required to perform essential functions. According to DOD, adjustments have been made to meet new and changing national security and foreign policy requirements.

During fiscal year 1974, security assistance personnel were located in 49 countries, including 6 countries which had Defense Attache offices with security assistance designated augmentation personnel. The security assistance personnel strength for the MAAGs and headquarters for fiscal year 1974, as reported in the 1975 congressional presentation document, were:

	Reported strengths		
	<u>Military</u>	<u>Civilian</u>	<u>Local</u>
MAAG	2,106	231	573
Unified command	126	59	-
Field, U.S.	12	16	-
Departmental	<u>87</u>	<u>366</u>	<u> </u>
Total	<u>2,331</u>	<u>672</u>	<u>573</u>

see appendix I for the number of U.S. military personnel authorized for the Security Assistance Program for fiscal years 1971-75.

STAFFING AT LOCATIONS
VISITED BY GAO

Permanent U.S. personnel actually used for security assistance purposes should equal or nearly equal the number shown in the presentation document. We found, however, that the congressional presentation did not reflect total U.S. personnel committed to security assistance activities.

Table 3 shows the number of U.S. personnel performing security assistance activities in the 14 countries and 3 unified commands we visited in 1974 and the number of such personnel reported in the congressional presentation for these locations. Similar personnel statistics, obtained at additional overseas locations in connection with other GAO work, are also reflected in table 3.

Table 3

<u>Location</u>	<u>U.S. personnel in presentation</u>		<u>U.S. personnel identified by GAO</u>	
	<u>Military</u>	<u>Civilian</u>	<u>Military</u>	<u>Civilian</u>
Pacific Command:				
Commander in Chief, Pacific	64	27	68	26
U.S. Army, Pacific	-	4	^a 5	6
U.S. Air Force, Pacific	-	-	8	1
U.S. Navy, Pacific Fleet	-	-	5	-
Countries:				
Thailand	258	3	846	12
Japan	7	5	7	5
Philippines	50	9	65	9
Indonesia	45	4	52	4
	<u>424</u>	<u>52</u>	<u>1,056</u>	<u>63</u>
European Command:				
Commander in Chief, Europe	39	20	41	19
U.S. Air Force, Europe	-	1	-	-
U.S. Army, Europe	-	1	-	-
Countries:				
Saudi Arabia	133	2	204	77
Zaire	20	-	20	-
Germany	26	7	38	10
Denmark	7	1	7	1
Italy	11	2	11	2
Spain	38	15	68	18
Ethiopia	80	5	91	10
Iran	192	16	997	162
	<u>546</u>	<u>70</u>	<u>1,477</u>	<u>299</u>
Southern Command:				
Commander in Chief, South	23	6	22	6
U.S. Army 193d Infantry Brigade	-	-	11	-
Security Assistance Force	-	-	372	-
U.S. Army School of the Americas	-	-	181	-
U.S. Navy, South	-	-	6	-
Small Craft Inspection and Training Team	-	-	6	-
U.S. Air Force, South	-	-	-	-
Special Operations Group	-	-	5	-
Inter-American Air Forces Academy	-	-	122	-
Countries:				
Panama	9	1	9	1
Chile	15	-	15	-
Colombia	24	1	24	1
Venezuela	56	1	34	1
	<u>107</u>	<u>9</u>	<u>807</u>	<u>9</u>
Total	<u>1,077</u>	<u>131</u>	<u>3,340</u>	<u>371</u>

a/ U.S. Army, Pacific had a U.S. Security Assistance Force/Asia of 1,025 stationed in Okinawa. The Force was disestablished on July 1, 1974. During fiscal year 1974, the Force conducted both professional development and humanitarian assistance program. We did not identify the total assistance provided but did note that some security assistance-related programs were conducted in the Philippines and Thailand.

In addition to U.S. military and civilian personnel, local nationals are used to supplement the MAAG's administrative requirements; i.e., clerks, typists, drivers, etc. They may be employed directly by the United States or they may be provided by the host government as assistance-in-kind. We found that the annual presentation on security assistance did not fully reflect the number of local nationals used in fiscal year 1974, as shown in table 4.

Table 4

	<u>Local nationals</u>	
	<u>Reported in</u> <u>presentation</u>	<u>Identified</u> <u>by GAO</u>
Pacific Command:		
Thailand	4	264
Japan	5	5
Philippines	6	174
Indonesia	<u>20</u>	<u>59</u>
	<u>35</u>	<u>502</u>
European Command:		
Saudi Arabia	6	122
Zaire	6	5
Germany	9	9
Denmark	6	6
Italy	3	3
Spain	19	19
Ethiopia	33	33
Iran	<u>39</u>	<u>38</u>
	<u>121</u>	<u>235</u>
Southern Command:		
Panama	1	1
Chile	6	6
Colombia	6	6
Venezuela	<u>4</u>	<u>4</u>
	<u>17</u>	<u>17</u>
Total	<u><u>173</u></u>	<u><u>754</u></u>

ADDITIONAL METHODS USED OVERSEAS TO
IMPLEMENT SECURITY ASSISTANCE PROGRAM

Our review at selected locations showed that large groups of permanent or temporary U.S. military and civilian personnel were giving security assistance advice to foreign governments in addition to MAAGs. Neither the permanent nor temporary groups are shown totally in the annual program presentation to Congress.

Advisory assistance has been provided through the use of mobile training teams, technical assistance field teams, support units attached to unified commands, special security assistance forces, overseas security assistance training schools for foreign nationals, and U.S. military personnel attached to MAAGs. DOD advised us that these various teams and assistance forces are not an augmentation to MAAG staffs nor do they perform functions normally the responsibility of those staffs. These teams are substantially funded by security assistance appropriations or by reimbursements from host countries under FMS. In addition, some of the cost is absorbed by the U.S. military departments appropriations.

Technical assistance field teams, the latest form of advisory assistance, function on a project basis in conjunction with FMS contracts. Their duties are to provide incountry technical instruction on specific equipment, technology, weapons and/or supporting systems. Team projects usually last from 1 to 6 years. They also provide interim assistance, pending development of self-sufficiency of foreign forces, in managing, maintaining, and using the equipment, weapon, or support system concerned.

The first technical assistance field team was formed in 1968 when 54 personnel were sent to Iran to support the procurement of F-4 aircraft. In fiscal year 1974, the team in Iran had grown to 539 personnel.

Mobile training teams, composed of U.S. military or civilian personnel on temporary duty, are used to train instructors incountry, to determine countries' training needs, and to provide training associated with the countries' receipt of equipment. Grant aid mobile teams are authorized on a temporary duty basis for a period not to exceed 6 months. Costs for travel, station and per diem allowance and DOD civilian salaries are charged to the Security Assistance Program. Military pay and allowances are funded by individual service appropriations. The host countries assume responsibility for certain incountry operating expenses.

These groups and other advisory groups are discussed in the following section pertaining to selected security assistance advisory efforts under the unified commands.

European Command

The European Command administers the security assistance program in Europe, the Middle East, and parts of Africa. Subsequent to the addition of section 512 of the Foreign Assistance Act of 1961, as amended, the European Command reported to the Joint Chiefs of Staff that it reduced authorized MAAG military spaces by 164 as of September 1972. We found, however, a reduction of only 57, or 6 percent, of the total spaces; 80 personnel had been merely transferred from a MAAG authorization document to the Command's authorization document while remaining in the same location and performing the same functions. The remaining 27 personnel were either placed on the Command's authorization or used as MAAG general officer aides which are not charged against security assistance program staffing levels. The Command's authorization document also includes support units to provide administrative support to the MAAGs.

European Command MAAGs were also being supplemented by temporary duty personnel stationed with U.S. Forces in Europe. We found, for instance, that on March 4, 1974, 100 personnel were assigned to 16 MAAGs on a temporary basis.

A large number of U.S. personnel, not clearly indicated in the annual congressional presentation, were providing foreign governments with related security assistance advice. The following examples in Saudi Arabia illustrate this matter. We reported a similar situation in our report, "Issues Related to U.S. Military Sales and Assistance to Iran," (B-133258, Oct. 21, 1974.)

Saudi Arabia

In fiscal year 1974, MAAG functions in Saudi Arabia (U.S. Training Mission) began increasing rapidly. At the same time, other U.S. military units in Saudi Arabia began performing additional security assistance activities. These units were not considered part of the MAAG.

The Security Assistance Program justification for fiscal year 1974 does not reflect the total number of U.S. personnel involved in the program nor in related programs.

The justification showed that the MAAG was authorized 135 U.S. personnel in fiscal year 1974. We found that 281 U.S. personnel were performing security assistance-related activities, as shown below.

	<u>Number assigned</u>
U.S. Military Training Mission	140
Support groups	<u>18</u>
Total Mission	<u>158</u>
Corps of Engineers	81
National Guard advisors	16
Detachment 22 (Air Force)	<u>26</u>
Total other	<u>123</u>
Total security assistance	<u>281</u>

Four enlisted HAWK missile advisors were attached in fiscal year 1974 that were not authorized under the MAAG's Joint Table of Distribution. They were assigned because of the difficulty in obtaining revisions to the Joint Table and because the MAAG wanted continuity in the advisory program. The support groups provide administrative support to the MAAG but are carried on the European Command's Joint Table of Distribution.

Other U.S. military units are in Saudi Arabia on a reimbursable basis to train personnel in the use of, or to provide technical advice on, equipment purchased from the United States under FMS.

In addition to the above permanent U.S. personnel performing security assistance functions, in fiscal year 1974 a number of personnel were on temporary assignments that amounted to 64 man-months or the equivalent of 5 man-years. Officials stated that some temporary duty personnel were necessary because the MAAG did not have the personnel available to provide its normal services.

Southern Command

The primary responsibility of the Southern Command is the defense of the Panama Canal. It also has jurisdiction over U.S. military activities in the Caribbean and Latin American areas. The Command, in fulfilling these latter

responsibilities, participates in the planning and conduct of Security Assistance Program in these areas. Within the Command, the Plans and Programs Directorate is responsible for such activities.

Recent congressional presentations have shown that the Southern Command was authorized 29 U.S. military and civilian personnel for security assistance functions, and that the 17 MAAGs under the Command were authorized 302 personnel. We found that the Command used an additional 699 full-time U.S. personnel for security assistance functions. This was done, in large part, by using personnel assigned to U.S. units in the Canal Zone--U.S. Army 193d Infantry Brigade; U.S. Navy, Southern Command; and U.S. Air Force, Southern Command. In addition, personnel were assigned to temporary duty teams for security assistance activities in various countries.

U.S. Army units in the Canal Zone that we believe performed security assistance functions include the:

--Security Assistance Force which had 372 personnel in the 3d Battalion, 7th Special Forces Group. The Force trains, assists, and advises Latin American military forces in military and paramilitary operations. It was often assisted by mobile training teams from other U.S. Army units stationed in the Canal Zone.

--U.S. Army School of the Americas, which had 181 personnel directly associated with security assistance training programs.

--Office of Security Assistance, which had 11 personnel providing general staff supervision and coordinating security assistance responsibilities.

The U.S. Navy had 12 men assigned for security assistance to Latin American naval forces, 6 in the Small Crafts Inspection and Technical Training School. Occasionally, the U.S. Navy used mobile training teams from regular Navy units to implement security assistance functions.

The U.S. Air Force had five personnel in its 24th Special Operations Group to plan and coordinate security assistance. In addition, the Inter-American Air Force Academy, which provides technical training for Latin American air forces, had a 122-member staff.

Pacific Command

The Pacific Command administers security assistance to nations in East Asia and the Pacific. Under the Commander in Chief, the Pacific Air Force, U.S. Army, Pacific; and U.S. Navy, Pacific Fleet, are responsible for implementing security assistance applicable to their services. In addition, the Commander in Chief has a Directorate of Security Assistance to implement his overall responsibilities for the Security Assistance Program.

The congressional presentation for fiscal year 1975 identified only the Pacific Command and the U.S. Army with staffs of 91 and 4 personnel, respectively, to implement security assistance in fiscal year 1974. We found, however, that 119 U.S. personnel were assigned, as shown below.

	U.S. personnel		
	<u>Military</u>	<u>Civilian</u>	<u>Total</u>
Commander in Chief, Pacific	68	26	94
U.S. Army, Pacific	5	6	11
U.S. Air Force, Pacific	8	1	9
U.S. Navy, Pacific Fleet	<u>5</u>	<u>0</u>	<u>5</u>
Total	<u>86</u>	<u>33</u>	<u>119</u>

We also found that MAAGs under the Pacific Command were significantly augmented by U.S. military and civilian personnel, which was not reflected in the congressional presentation.

Thailand

In Thailand, the Security Assistance Program is carried out through the Joint U.S. Military Advisory Group (JUSMAGTHAI) and the U.S. Military Assistance Command (USMACTHAI). The congressional presentation reported the MAAG to be authorized 261 U.S. military and civilian personnel for fiscal year 1974. We found that an additional 597 U.S. personnel were used to augment the security assistance effort. The Thai Ministry of Defense also furnished 264 local nationals to augment the administrative requirements.

Table 5 indicates the overall manpower used in providing security assistance in Thailand during fiscal year 1974. Although this is not typical in all countries, it does point out the various possibilities available for augmenting the Security Assistance Program, especially in areas having a large presence of U.S. forces.

Table 5

<u>Organization</u>	<u>Fiscal year 1974</u>			<u>Total</u>
	<u>U.S. military</u>	<u>U.S. civilians</u>	<u>Local nationals</u>	
<u>JUSMAGTHAI:</u>				
Navy Advisory Group	29	-	1	30
Air Force Advisory Group	104	1	3	108
Army Advisory Group	<u>125</u>	<u>2</u>	<u>-</u>	<u>127</u>
	<u>258</u>	<u>3</u>	<u>4</u>	<u>265</u>
<u>AUGMENTATION</u>				
<u>USMACTHAI:</u>				
MAP Directorate (note a)	18	-	-	18
Military Research and Development Advisory Section (note b)	5	-	-	5
Training Exercise Branch (note c)	1	-	-	1
General (all remaining sections) (note d)	<u>87</u>	<u>4</u>	<u>32</u>	<u>123</u>
	<u>111</u>	<u>4</u>	<u>32</u>	<u>147</u>
Deputy for Training and Logistics (note e)	18	1	-	19
Detachment for Training and Logistics (note e)	<u>371</u>	<u>-</u>	<u>12</u>	<u>383</u>
	<u>389</u>	<u>1</u>	<u>12</u>	<u>402</u>
<u>OTHER U.S. UNITS:</u>				
Defense Language Institute	-	4	-	4
U.S. Army Special Forces, Thailand (note f)	78	-	-	78
93d PSYOPS Detachment, Bangkok (note g)	<u>10</u>	<u>-</u>	<u>8</u>	<u>18</u>
	<u>88</u>	<u>4</u>	<u>8</u>	<u>100</u>
Thai Ministry of Defense (assistance-in-kind)	-	-	208	208
TOTAL	<u>846</u>	<u>12</u>	<u>264</u>	<u>1,122</u>

a/ 17 of 18 spaces labeled as MAP.

b/ 4 of 5 spaces labeled as MAP.

c/ Position labeled as MAP.

d/ Allocation of Joint Table of Distribution spaces by USMACTHAI based on estimates of time spent in supporting advisory groups or performing advisory functions.

e/ New unit established under USMACTHAI to train third country (non-Thai) nationals.

f/ Average strength involved in training Thai military; does not include a support strength or training for nonsecurity assistance program countries.

g/ Attached to U.S. Army Support Command, Thailand, to develop psychological operations proficiency among Thais. Deactivated early in 1974.

Indonesia

The number of U.S. personnel authorized for the Defense Liaison Group has increased from 13 in fiscal year 1970 to 49 in 1974. In April 1974, 44 U.S. military, 4 U.S. civilian and 19 local national personnel actually were assigned to the Group.

A number of other U.S. personnel also were either attached or temporarily assigned to the Group. The Government of Indonesia provided local employees. During fiscal year 1973 through March 1974, an average of 37 U.S. personnel and 40 local nationals were used as follows.

<u>Type</u>	<u>Actual personnel</u>		<u>Total man-months</u>	<u>Average annual man-years</u>
	<u>1973</u>	<u>1974</u>		
Attached	8	8	168	8
Temporary duty	67	128	608	29
Local nationals	<u>40</u>	<u>40</u>	<u>840</u>	<u>40</u>
Total	<u>115</u>	<u>176</u>	<u>1,616</u>	<u>77</u>

Temporary duty personnel concentrated on providing field unit advisory assistance on a recurring and nonrecurring basis. This assistance is generally technical, project oriented, and of shorter duration than the managerial advisory effort provided by the Group personnel.

The Philippines

Authorized U.S. personnel of the Joint U.S. Military Advisory Group decreased from 75 in 1970 to 59 in fiscal year 1974, and authorized local national personnel decreased from 10 to 6 personnel. There were 49 U.S. military, 9 U.S. civilians, and 6 local nationals permanently assigned to the MAAG in April 1974.

The MAAG has been augmented by attached and temporary duty U.S. personnel, and the Philippine Government has furnished local nationals. During fiscal year 1973 through March 1974, personnel were used as follows.

Type	Actual personnel		Total man-months	Average annual man-years
	1973	1974		
Attached	16	16	336	16
Temporary duty	20	63	129	6
Local nationals	<u>147</u>	<u>168</u>	<u>3,276</u>	<u>156</u>
Total	<u>183</u>	<u>247</u>	<u>3,741</u>	<u>178</u>

The local nationals provided as assistance-in-kind, include 85 civilian contract and 85 military personnel. They were requested by the MAAG; however, no justification was required nor independent studies made to evaluate such a large requirement. The lack of an evaluation of need for local nationals appears to provide opportunities for excess staffing.

For example, in 1969 the MAAG's authorized local national strength was 16, but this was reduced to 6 by 1971. To offset this reduction, MAAG negotiated with the Philippine armed forces, resulting in the Philippines providing the reduced 10 spaces as assistance-in-kind and the MAAG paying for utility costs previously paid by the Philippines. The concession to pick up the utility costs conflicts with the United States-Philippines military assistance agreement requiring the Philippines to pay for such costs.

RATIONALE FOR FLAG AND GENERAL OFFICERS

As of July 1974, 27 flag and general officers were assigned to Security Assistance Program activities in 16 countries, including 4 each in Iran and Turkey and 3 each in Brazil and Korea. These officers have dual roles in some countries, such as in Spain, Thailand, and Brazil.

These officers were appointed to security assistance positions by the Assistant Secretary of Defense for International Security Affairs. We were advised that they were appointed to countries having

--importance to U.S. worldwide security (NATO countries),

--natural resources vital to the United States (Saudi Arabia),

--military strategic geographic locations
(Italy, Ethiopia, and Brazil), and

--monarch or military leaders who request or
desire to communicate with U.S. military
representatives of star rank (Iran, Saudi
Arabia, and Brazil).

The size of the foreign country's military program, number
of personnel supervised, and requests of U.S. Ambassadors
are also considered.

After several years of trying to encourage DOD to
reduce the number of flag and general officers in the
Security Assistance Program, Congress enacted legislation
to bring about a reduction. The Foreign Assistance and
Related Programs Appropriations Act, 1975, provided that
after May 1, 1975, not more than 20 flag and general
officers will be assigned or detailed to MAAGs or similar
organizations or perform duties primarily related to the
Security Assistance Program. Table 6 shows the location
of flag or general officers before passage of the act.

Table 6

<u>Country</u>	<u>Rank of Officer</u>	<u>Assignment</u>
Argentina (note a)	Brigadier General (USA)	Commander, USMILGP
Brazil (note b)	Major General (USA)	Commander, USMILGP
	Rear Admiral (USN)	Chief, Navy Section
	Brigadier General (USAF)	Chief, Air Force Section
Cambodia (note a)	Brigadier General (USA)	Chief, Materiel Delivery Team
China	Major General (USAF)	Chief, MAAG
Ethiopia	Brigadier General (USA)	Chief, MAAG
Germany (note a)	Major General (USA)	Chief, MAAG
Greece	Major General (USA)	Chief, JUSMAG
Italy (note a)	Major General (USAF)	Chief, MAAG
Iran	Major General (USAF)	Chief, Armish MAAG
	Rear Admiral (USN)	Chief, Navy Section
	Brigadier General (USA)	Chief, Army Section
	Brigadier General (USAF)	Chief, Air Force Section
Korea (note c)	Major General (USA)	Chief, JUSMAG
	Rear Admiral (USN)	Chief, Navy Section
	Brigadier General (USAF)	Chief of Staff, JUSMAG
The Philippines	Brigadier General (USA)	Chief, JUSMAG
Portugal (note a)	Rear Admiral (USN)	Chief, MAAG
Saudi Arabia (note d)	Brigadier General (USA)	Chief Military Training Mission
Spain	Rear Admiral (USN)	Chief, JUSMAG
Thailand (note e)	Major General (USA)	Chief, JUSMAG
	Brigadier General (USAF)	Deputy Chief, JUSMAG
Turkey (note e)	Major General (USA)	Chief, JUSMMAT
	Rear Admiral (USN)	Chief, Navy Section
	Brigadier General (USA)	Chief, Army Section
	Brigadier General (USAF)	Chief, Air Force Section

a/ All general/flag officer positions were eliminated May 1, 1975.

b/ All general/flag officer positions eliminated from the Military Group on May 1, 1975; however, the 3 officers remain in Brazil as part of the Joint Brazilian-United States Military Commission.

c/ Two general/flag officer positions were eliminated May 1, 1975.

d/ Additional general officer position to be allotted. The project manager, Saudi Arabia national guard modernization program, is on the Army brigadier general list published May 5, 1975, and is expected to be promoted on or about July 1, 1975.

e/ One general/flag officer position was eliminated May 1, 1975.

We observed that 7 of the above 27 officers were assigned to Germany, Greece, Italy, and Iran, which no longer received grant military aid; and 5 were assigned to Argentina, Brazil, and Saudi Arabia, which received only nominal amounts (less than \$1 million) of U.S. grant military training. We believe the concentration of high-ranking officers in these countries at that time indicated the importance placed by the U.S. Government on military relations with host countries and the military sales functions of MAAGs in those countries.

CONCLUSION

In our opinion, the lack of a clear and complete presentation on the number and involvement of U.S. personnel in security assistance deprives Congress of effective oversight on Security Assistance Program efforts and presence overseas. We believe that, irrespective of methods for funding these personnel, i.e., Defense appropriation, security assistance appropriations, or reimbursement from the host country either directly or under FMS, the annual congressional presentation document should reflect total manpower required to implement the Security Assistance Program.

RECOMMENDATION

We recommend that the Secretary of Defense, in the annual budget justification to Congress for the Security Assistance Program, identify all U.S. military and civilian personnel, both permanent and temporary, actually involved in implementing the objectives of the Security Assistance Program, regardless of the source of funds used to pay for these personnel. We recommend also that total identification be made separately for each country, overseas command, and U.S. activity and that it reflect the specific programs the personnel support.

CHAPTER 4

REPORTING OF SECURITY ASSISTANCE OVERSEAS ADMINISTRATIVE COSTS

The Defense annual budget justification request to Congress for the Security Assistance Program does not clearly identify the \$88.2 million representing the reported cost administering the program overseas nor the \$56.2 million reportedly financed from U.S. military service appropriations. Some of the costs pertain to augmentation of the advisory effort and other security assistance functions discussed in chapter 3. We observed examples of still other costs not identified in Defense reports that resulted in part from paying certain MAAG operating costs that, based on country-to-country agreements, are responsibilities of host governments. The annual budget request should, in our opinion, identify all program costs if Congress, particularly in the committees responsible for foreign assistance legislation, is to have effective oversight of the program.

COSTS IDENTIFIED BY DEFENSE

Defense reports showed that total administrative costs of MAAGs and the security assistance effort of the unified commands in fiscal year 1974 was about \$88.2 million, funded from (1) the security assistance appropriation, (2) military department appropriations, and (3) host country assistance.

- The security assistance appropriation essentially covers civilian and local national salaries and allowances and MAAG administrative and overhead costs.
- Military department appropriations cover military salaries and allowances and benefits such as clothing, medical, recreation, welfare, and tuition.
- Host countries provide support MAAGs through assistance-in-kind, which essentially covers office space, salaries of some local nationals, housing, utilities, and vehicles.

Table 7 summarizes by region the reported overseas administrative costs and the funding source of that support.

Table 7

OVERSEAS ADMINISTRATIVE COSTS FOR MAAGS
AND UNIFIED COMMANDS

	<u>Security assistance (note a)</u>	<u>Military department assistance</u> (thousands)	<u>Host country assistance</u>	<u>Total</u>
Europe, Middle East, and African countries	b \$ 8,623.2	\$21,937.5	\$10,052.2	\$40,612.9
European Command	<u>588.0</u>	<u>784.1</u>	<u>-</u>	<u>1,372.1</u>
	<u>9,211.2</u>	<u>22,721.6</u>	<u>10,052.2</u>	<u>41,985.0</u>
East and South Asia countries	7,795.0	21,702.6	3,336.6	32,834.2
Pacific Command	<u>322.0</u>	<u>1,189.7</u>	<u>-</u>	<u>1,511.7</u>
	<u>8,117.0</u>	<u>22,892.3</u>	<u>3,336.6</u>	<u>34,345.9</u>
Latin American countries	276.9	c 10,063.3	934.6	11,274.8
Southern Command	<u>104.0</u>	<u>484.0</u>	<u>-</u>	<u>588.0</u>
	<u>380.9</u>	<u>10,547.3</u>	<u>934.6</u>	<u>11,862.8</u>
Total	<u>\$17,709.1</u>	<u>\$56,161.2</u>	<u>\$14,323.4</u>	<u>\$88,193.7</u>

a/ Includes regional costs.

b/ Includes \$49,300 to establish MAAG in Kuwait.

c/ Includes \$10,200 residual MAP functions in Ecuador.

The security assistance congressional presentation for fiscal year 1974 included about \$17.6 million of overseas administrative costs funded from the security assistance appropriation. Based on DOD reports, this represents about 19 percent of the \$88.2 million total reported costs. The latter figure includes military pay and allowances^{1/} for the 2,232 U.S. military personnel identified in the presentation as conducting security assistance overseas and \$14.3 million of incountry support provided by host countries, neither of which are shown in the congressional presentation.

^{1/} Defense computation of pay and allowances for military personnel is based on standard rates for each grade, which excludes the cost of such things as retirement, leave, and holidays. To develop a total cost to the United States, it is necessary to apply an accelerated factor, which would be a minimum of 44.5 percent of the standard rate.

Neither the congressional presentation nor DOD reports clearly identify all the administrative costs of security assistance overseas. For example, the costs of augmenting security assistance activities in Indonesia, the Philippines, Saudi Arabia, Thailand, Latin America, and elsewhere, were substantially absorbed by appropriations of the U.S. military services. The full magnitude of costs financed by the military services, however, is not readily identifiable.

The Foreign Assistance Act of 1961, as amended (Dec. 1974), added a new requirement (see p. 5), that all MAAG expenses be deducted from funds appropriated under the act, regardless of any other law. This provision becomes effective July 1, 1976, and its implementation should go a long way toward providing a clearer picture of the cost of the advisory effort.

In implementing the provision, we believe that none of the costs associated with MAAGs, such as those discussed below and throughout this report, should be excluded from the new requirement. We found that the costs of temporary duty personnel used to augment MAAGs and of permanent personnel assigned to unified commands or their subordinate commands for work of a security assistance nature, were not always funded under the Security Assistance Program nor identified in Defense program documents as MAAG costs. For instance, fiscal year 1974 budgeted costs for personnel and operations of the MAAG in Iran were exceeded by \$4.4 million. These costs were attributed to a European Command support activity unit detailed to Iran.

In addition, we found examples of other security assistance activities that were not identified as such for purposes of funding under the Security Assistance Program or for seeking reimbursement from the host government. For fiscal year 1974, European Command operation and maintenance funds of \$159,000 were used for promoting military sales but were reported as internal costs and not reflected in the Command's security assistance costs. The funds were used to cover the per diem and travel costs of U.S. personnel and foreign representatives to and within the United States.

We discussed the funding policy of security assistance with European Command officials, who indicated that the basic philosophy is to get as much as possible from military service appropriations, because pressure on DOD to reduce the visible costs of security assistance.

HOST COUNTRIES' SHARE

From DOD records for fiscal year 1974, we found that host governments were providing only about 21.6 percent of the reported MAAG administrative costs. A further analysis of the administrative costs showed that host governments, in countries receiving no grant military aid, provided 43.7 percent of costs, whereas governments in countries receiving only grant military training assistance or grant materiel and training aid provided about 23.7 percent and 10.5 percent of the cost, respectively. Table 8 is a detailed summary of the source of funds used to administer MAAGs and of the net cost to the United States.

Table 8

MAAG ADMINISTRATIVE COSTS
FISCAL YEAR 1974

Country	Source of funds (note a)			Total MAAG cost (thousands)	Offset by con- tributed currency	Percent of net U.S. cost
	MAP (note b)	Defense (note c)	Assistance- in-kind			
Non-MAP:						
Belgium	\$ 199.1	\$ 197.8	\$ -	\$ 396.9	\$ 259.2	34.7
Denmark	140.5	248.6	41.0	430.1	238.2	35.1
Costa Rica	-	118.2	17.7	135.9	-	87.0
France	219.0	199.8	-	418.8	302.8	27.7
Germany	737.5	789.7	16.8	1,544.0	911.3	39.3
Greece	759.4	1,285.7	150.2	2,195.3	-	93.2
Iran	1,057.6	6,134.9	5,536.7	12,729.2	-	56.5
Italy	275.7	376.0	-	651.7	401.4	38.4
Japan	308.3	187.3	176.5	672.1	212.6	42.1
The Netherlands	138.9	245.8	63.1	447.8	242.0	31.9
Nigeria (note d)	43.5	28.4	-	71.9	-	100.0
Norway	141.5	240.8	-	382.3	209.3	45.4
Singapore (note d)	5.1	2.0	-	7.1	-	100.0
	<u>4,026.1</u>	<u>10,055.0</u>	<u>6,002.0</u>	<u>20,083.1</u>	<u>2,776.5</u>	<u>56.3</u>
MAP training:						
Argentina	-	1,110.2	116.9	1,227.1	-	90.5
Austria (note d)	5.9	39.5	-	45.4	-	100.0
Brazil	-	2,057.9	190.5	2,248.4	-	91.5
Chile	-	585.2	78.1	663.3	-	88.2
China	683.2	2,821.8	906.5	4,411.5	-	79.5
Colombia	-	734.8	39.8	774.6	-	94.9
India	146.3	73.4	-	219.7	-	100.0
Liberia	612.0	393.1	105.4	1,110.5	-	90.5
Mexico (note d, e)	-	-	-	-	-	-
Morocco	203.6	388.6	-	592.2	-	100.0
Pakistan	184.0	112.0	-	276.6	-	100.0
Peru	110.9	136.8	12.4	260.1	-	95.2
Saudi Arabia	369.6	2,712.1	3,121.8	6,203.5	-	49.7
Venezuela	-	1,080.0	223.0	1,303.0	-	82.9
Zaire	579.5	390.4	34.2	1,004.1	-	96.4
	<u>2,875.6</u>	<u>12,635.8</u>	<u>4,028.6</u>	<u>20,340.0</u>	<u>-</u>	<u>76.3</u>
MAP:						
Bolivia	-	912.6	9.5	922.1	-	99.0
Cambodia	1,086.8	1,632.0	110.2	2,829.0	-	96.1
Dominican Republic	162.3	251.3	98.3	511.9	-	80.8
El Salvador	-	332.6	16.8	349.4	-	95.2
Ethiopia	1,169.8	2,480.8	133.8	3,784.4	750.0	76.6
Guatemala	-	589.8	22.3	612.1	-	96.4
Honduras	-	336.1	24.0	360.1	-	93.3
Indonesia	1,005.5	1,027.8	348.0	2,381.3	-	85.4
Jordan (note d)	161.3	133.4	-	294.7	-	100.0
Korea	3,065.6	7,636.1	90.5	10,792.2	-	99.0
Laos (note d)	-	1,981.9	-	1,981.9	-	100.0
Nicaragua	-	499.2	48.0	547.2	-	91.2
Panama	-	280.4	6.9	287.3	-	97.6
Paraguay	-	468.1	12.0	480.1	-	97.5
The Philippines	339.2	1,112.7	274.0	1,725.9	-	85.7
Portugal	186.8	357.5	-	544.3	-	100.0
Spain	286.7	749.7	-	1,036.4	-	100.0
Thailand	780.7	5,115.6	1,430.3	7,326.6	409.7	79.0
Tunisia	259.1	335.8	-	594.9	-	100.0
Turkey	995.4	4,209.1	849.2	6,053.7	-	86.0
Uruguay	-	559.9	18.4	578.3	-	96.8
	<u>9,698.3</u>	<u>31,002.4</u>	<u>3,492.8</u>	<u>44,193.5</u>	<u>1,159.7</u>	<u>89.5</u>
TOTAL	<u>\$16,600.0</u>	<u>\$53,693.2</u>	<u>\$14,323.4</u>	<u>\$84,616.6</u>	<u>\$3,936.2</u>	<u>78.4</u>

a/ DOD recorded costs for personnel permanently assigned to the MAAGs, including pay and allowances and administrative and overhead costs.

b/ Costs funded under Foreign Assistance Appropriations, covering U.S. Civilian and local national salaries and allowances and administrative and overhead costs. Request for authorization and appropriations to cover these costs is included in the MAP General Costs Section of the budget justification for the Security Assistance Program.

c/ Costs obtained from DOD reports, representing costs covered by military service appropriations, including U.S. military pay and allowances. These costs are not included in the justification for Security Assistance Program.

d/ Defense Attache Offices handle Security Assistance Program activities in these countries.

e/ No cost reported.

From table 8 it can be seen that MAAGs in countries receiving no grant military aid are for the most part, in economically developed countries or in countries that should have sufficient resources to pay for any advisory services needed. In addition, a number of countries receiving only grant training assistance have recently acquired sufficient resources to purchase advisory services. In these countries the host governments have complied with the reimbursement clauses of the agreements, at least to the extent that all such support or eligible costs are identified by the MAAGs.

U.S. officials have generally been reluctant to approach host governments for additional support to pay the full costs of MAAGs. They stated that such requests would not be in the best interest of the United States and could result in host countries requesting reductions in sizes of MAAGs.

The governments of some countries currently receiving MAP grant aid have not provided the amounts of MAAG administrative expenses prescribed by agreements. During fiscal year 1974, for example, Indonesia did not provide the 28 houses and \$1.2 million in MAAG administrative costs required by the agreement and Thailand failed to pay return transportation of MAAG personnel to the United States. Instead, Thailand labeled assistance-in-kind for this purpose but designated that the fund be used for other expenses that were also the requirement of its Government.

In grant aid countries it can generally be summarized that U.S. officials are reluctant to seek additional support or full compliance with existing agreements because (1) they are more concerned with maintaining present levels of support from host countries and (2) renegotiation of support agreements could be counterproductive to base-rights agreements under discussion.

In addition to assistance-in-kind, some host countries provide direct reimbursement to the U.S. Government through contributed currencies. This currency is provided under bilateral agreements which state that host governments will provide moneys to offset certain specified expenses directly related to military assistance within the country. Expenses eligible for offset include permanent change-of-station costs of MAAG personnel, salaries and temporary duty costs of local national employees, rental of space, and other administrative costs.

BEST DOCUMENT AVAILABLE

Estimates of expenses eligible for offset by contributed currencies are developed each year and presented to the host governments. The contributed funds are deposited with the U.S. Treasury in accordance with 31 U.S.C. 724 and may be purchased from the U.S. Treasury with appropriated funds. Although the contributed funds do not reimburse either security assistance or military department appropriations, they do offset the total cost of the MAAG program to the United States. The value of contributed currencies from 10 countries in fiscal year 1974 was \$3.9 million.

CONCLUSIONS

In our opinion, the annual budget justification to Congress for the Security Assistance Program does not provide sufficient information on total costs of administering the program. We concluded that many host countries have not provided the amount of operating expenses they are financially capable of providing nor have some provided the amount of support costs required in country-to-country agreements. Since the bulk of MAAG support costs are not funded under the Security Assistance Program, U.S. military services continue to absorb a large amount of the costs. This results in providing hidden military assistance to many countries without going through congressional committees responsible for foreign assistance legislation. On the other hand, the United States has other unilateral or bilateral interests in a country that might offset MAAG costs.

We believe that efforts should be made to obtain additional MAAG support from host countries, particularly developed and/or wealthier countries in which MAAG functions relate principally to foreign military sales, assuming that Congress and the Administration ultimately agree that MAAGs are needed in those countries. It is expected that terms of agreements should be complied with unless they are detrimental to U.S. interests, when new agreements should be negotiated to eliminate informal arrangements. This would reduce the possibility of confusion as to the interests and responsibilities of each party.

DOD officials commented that in some cases MAAGs perform tasks which are for the benefit of the host government. In these cases, the cost should be paid, on a reimbursable basis, by the host country. DOD also noted that it is in the process of obtaining reimbursement for services performed essentially for the benefit of the host government. Accordingly, DOD stated that it is not appropriate to have all MAAG costs paid by the host country since many functions are carried out for the benefit of the U.S. Government. DOD comments are in general agreement with the position we have taken in this report.

We believe the new section 515 in the Foreign Assistance Act of 1961, as amended, which requires that all MAAG expenses be deducted from funds appropriated beginning July 1, 1976, was needed. However, before the provision can be effective, a reporting system must be established within the security assistance budget request that will give Congress considerably more information on the various programs, staffing, funding, host country support and reimbursements, etc., than has been included in past budget requests.

RECOMMENDATIONS

We recommend that the Secretary of Defense review the annual congressional Security Assistance Program presentation to:

- Identify all personnel and costs of program implementation.
- Identify all advisory-type costs by source of funds (Foreign assistance appropriation, military service appropriations, and host government).
- Justify costs absorbed by military service appropriations.

We also recommend that the Secretaries of Defense and State instruct the country teams to seek compliance with country-to-country support agreements. If it is decided that seeking compliance of MAAG support arrangements is detrimental to U.S. interests, the annual justification for security assistance should include the reasons for such decisions. In addition, the Secretaries should instruct the country teams to begin negotiating with countries receiving no grant military aid or receiving only grant training assistance for additional support in view of the fact that MAAGs, for the most part, are there as a convenience to those countries.

DOD did not comment on this recommendation with respect to all MAAGs. For the Latin American area, however, it stated that:

"A joint interagency effort to regularize deficiencies in the administration of Latin America-U.S. MILGP agreements is now well underway. To change the basic provisions

of the MILGP agreements would require opening diplomatic negotiations with each country for renegotiation of fundamental provisions. Most, if not all, Latin American countries in which we have MILGPs and MAAGs regard the existence of these groups as beneficial to both parties rather than as a 'convenience'".

MILITARY PERSONNEL AUTHORIZED FOR SECURITY ASSISTANCE AS SHOWN IN ANNUAL BUDGET JUSTIFICATION

	Fiscal year				
	1971	1972	1973	1974	1975 (estimated)
EAST ASIA AND PACIFIC:					
Commander in Chief, Pacific	56	60	64	64	64
U.S. Army Pacific	-	-	-	-	-
Burma	12	-	-	-	-
Cambodia	26	112	84	77	79
China (Taiwan)	230	190	166	166	91
Indonesia	21	45	45	45	56
Japan	5	7	7	7	7
Korea	659	645	413	397	290
Laos (note a)	-	-	-	15	15
Malaysia (note a)	-	-	-	-	1
The Philippines	56	50	49	50	50
Singapore	-	-	-	1	1
Thailand	(b)	323	257	258	190
	<u>1,065</u>	<u>1,432</u>	<u>1,085</u>	<u>1,080</u>	<u>844</u>
NEAR EAST AND SOUTH ASIA:					
Commander in Chief	34	37	-	-	-
Greece	57	59	54	46	37
India	8	8	8	4	4
Iran	215	250	192	192	192
Jordan (note a)	5	14	5	8	8
Pakistan	9	10	10	5	8
Saudi Arabia	122	137	118	133	163
Turkey	148	156	145	146	145
	<u>598</u>	<u>651</u>	<u>532</u>	<u>536</u>	<u>557</u>
EUROPE:					
Commander in Chief	34	40	39	39	42
U.S. Air Force, Europe	1	1	-	-	-
U.S. Army, Europe	-	-	-	-	-
Austria (note a)	2	2	2	2	2
Belgium/Luxembourg	16	7	7	7	7
Denmark	16	7	7	7	7
France	7	7	7	7	7
Germany	33	27	26	26	26
Italy	14	13	11	11	11
The Netherlands	18	8	8	8	8
Norway	16	6	6	6	6
Portugal	11	11	11	11	11
Spain	30	40	38	38	35
	<u>198</u>	<u>169</u>	<u>162</u>	<u>162</u>	<u>162</u>
AFRICA:					
Ethiopia	94	97	85	80	79
Liberia	17	17	16	16	13
Libya	5	5	-	-	-
Morocco	29	31	22	18	16
Nigeria (note a)	1	2	2	1	1
Zaire	37	38	21	20	19
Tunisia	15	23	14	8	8
	<u>198</u>	<u>213</u>	<u>160</u>	<u>143</u>	<u>136</u>
LATIN AMERICA:					
Commander in Chief, South	28	23	23	23	23
Argentina	32	28	28	29	29
Bolivia	36	28	28	29	29
Brazil	42	40	40	40	36
Chile	28	14	14	15	15
Colombia	49	24	24	24	24
Costa Rica	4	4	4	4	3
Dominican Republic	33	13	13	11	8
El Salvador	16	10	10	10	10
Guatemala	27	24	24	19	19
Honduras	14	10	10	11	11
Mexico (note a)	-	-	-	1	1
Nicaragua	17	13	13	17	19
Panama	6	9	9	9	9
Paraguay	17	16	16	15	13
Peru	7	7	7	7	7
Uruguay	19	13	13	13	13
Venezuela	49	37	37	36	34
	<u>424</u>	<u>313</u>	<u>313</u>	<u>313</u>	<u>303</u>
Total Unified Commands and MAAGs	<u>2,483</u>	<u>2,778</u>	<u>2,252</u>	<u>2,232</u>	<u>2,002</u>
DEPARTMENT AND FIELD (U.S.):					
Departmental	83	89	87	87	87
Field	13	10	12	12	12
	<u>96</u>	<u>99</u>	<u>99</u>	<u>99</u>	<u>99</u>
TOTAL	<u>2,579</u>	<u>2,877</u>	<u>2,351</u>	<u>2,331</u>	<u>2,101</u>

a/ Defense Attache Office Augmentation for Security Assistance.
 b/ Funded under military assistance funds.

SUMMARY OF MAP AND FMS PROVIDED TO
MAAG COUNTRIES THROUGH FISCAL YEAR 1974

Country	MAP		FMS	
	Cumulative	FY 1974	Cumulative	FY 1974
Argentina	\$ 45.8	b\$.5	\$ 149.8	\$ 8.9
Austria (note a)	97.6	(b,c)	66.7	3.1
Belguim	1,237.6	0	147.2	9.9
Bolivia	35.3	2.7	1.2	.2
Brazil	222.6	b .8	219.2	58.7
Chile	96.6	b .9	127.7	68.2
China	2,643.3	d 28.7	572.2	88.3
Colombia	94.6	b .6	21.3	1.1
Costa Rica	1.8	0	.9	0
Denmark	617.6	0	145.2	20.9
Dominican Republic	28.8	.8	2.0	(c)
El Salvador	8.0	.6	1.9	.4
Ethiopia	192.1	11.3	1.2	.5
France	4,153.1	0	368.0	21.1
Germany	900.8	0	5,473.5	218.6
Greece	1,593.6	0	764.8	434.9
Guatemala	21.9	.7	18.2	1.0
Honduras	10.2	.6	7.3	.7
India	94.7	b .2	62.9	.2
Indonesia	143.4	12.1	1.0	.1
Iran	834.5	0	7,588.6	3,794.4
Italy	2,290.2	0	712.0	45.1
Japan	854.9	0	424.6	57.7
Jordan (note a)	190.7	35.9	253.9	50.9
Khmer Republic	953.0	374.0	0	0
Korea	3,672.1	77.5	97.4	81.4
Laos (note a)	330.7	0	0	0
Liberia	8.5	.1	3.2	.6
Mexico (note a)	2.1	(b,c)	13.8	.4
Morocco	39.5	b .6	47.9	8.3
The Netherlands	1,217.0	0	219.6	17.6
Nicaragua	16.1	.9	3.4	.1
Nigeria (note a)	1.5	0	7.9	4.5
Norway	893.8	0	288.3	50.3
Pakistan	672.8	b .2	136.3	7.9
Panama	6.3	.4	3.6	1.9
Paraguay	12.5	.8	.4	(c)
Peru	90.4	b .9	106.1	43.6
The Philippines	489.8	13.8	13.9	5.0
Portugal	323.3	.8	16.1	2.5
Saudi Arabia	36.4	b .2	1,286.1	587.7
Singapore (note a)	0	0	31.1	12.1
Spain	645.3	2.4	568.4	147.8
Thailand	658.0	29.6	65.1	19.9
Tunisia	39.9	1.2	5.8	.7
Turkey	3,205.7	63.3	243.2	17.1
Uruguay	45.1	.8	9.4	1.2
Venezuela	12.6	b .9	179.2	4.4
Zaire	26.8	b .4	20.9	1.3
Total	\$29,808.9	\$665.2	\$20,498.4	\$5,901.2

a/ Defense Attache Office Augmentation for Security Assistance.

b/ MAP is for training only.

c/ \$28.3 million represents payback of special aircraft transferred under project Enhance; the remaining \$400,000 is for MAP training.

d/ Less than \$50,000

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RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

Tenure of office	
From	To

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:

James R. Schlesinger	July 1973	Present
William R. Clements, Jr. (acting)	May 1973	June 1973
Elliott L. Richardson	Jan. 1973	May 1973

ASSISTANT SECRETARY OF DEFENSE
(INTERNATIONAL SECURITY AFFAIRS):

Robert Ellsworth	June 1974	Present
Amos Jordan (acting)	Jan. 1974	June 1974
Robert C. Hill	May 1973	Jan. 1974
Lawrence S. Eagleburger (acting)	Jan. 1973	Apr. 1973

DEPARTMENT OF STATE

SECRETARY OF STATE:

Henry A. Kissinger	Sept. 1973	Present
William P. Rogers	Jan. 1969	Sept. 1973



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