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September 2002

# FOREIGN ASSISTANCE

## Reporting of Defense Articles and Services Provided through Drawdowns Needs to Be Improved



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## **Abbreviations**

DOD	Department of Defense
DSCA	Defense Security Cooperation Agency



United States General Accounting Office  
Washington, D.C. 20548

September 20, 2002

The Honorable Carl Levin, Chairman  
The Honorable John W. Warner, Ranking Minority Member  
Committee on Armed Services  
United States Senate

The Honorable Bob Stump, Chairman  
The Honorable Ike Skelton, Ranking Minority Member  
Committee on Armed Services  
House of Representatives

Since 1961, the President has had special statutory authority to order the “drawdown” of defense articles—such as aircraft, vehicles, various weapons, and spare parts—and services or military education and training from Department of Defense (DOD) and military service inventories and transfer them to foreign countries or international organizations.<sup>1</sup> Drawdowns give the President the ability to respond to U.S. foreign policy and national security objectives, such as counternarcotics efforts, peacekeeping needs, and unforeseen military and nonmilitary emergencies, by providing military assistance without first seeking additional legislative authority or appropriations from the Congress. From fiscal year 1963 through June 2002, the President signed 90 presidential determinations authorizing the drawdown of over \$3.3 billion worth of defense articles and services.<sup>2</sup>

At the President’s discretion, drawdown proposals are typically developed in an interagency process that generally includes DOD, the National Security Council, and the Department of State. When a drawdown is agreed on, State prepares a justification package, including the presidential determination for the President’s signature. Once the presidential determination is approved, the Defense Security Cooperation Agency, a component of DOD, executes the drawdown by working with the military

<sup>1</sup>Section 506 of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. 2318) grants the President this special authority. Section 552(c) of the act provides the President special authority to use drawdowns for peacekeeping purposes. In addition, the Congress occasionally authorizes the President to initiate drawdowns for specific purposes in foreign operations appropriations acts.

<sup>2</sup>The first drawdown was authorized in 1963. This dollar figure and, unless otherwise noted, all other dollar amounts are in current-year dollars. Adjusted for inflation to fiscal year 2002 constant dollars, the total assistance provided through drawdowns is valued at \$6 billion.

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services to determine what specific defense articles and services will be provided and is charged with tracking and reporting on its status.

Drawdowns have been used with greater frequency in recent years. Since fiscal year 1990, 70 of the 90 total presidential determinations were approved, authorizing the transfer of over \$2.3 billion of defense articles and services.<sup>3</sup> In light of the increased use of drawdowns during the 1990s, the National Defense Authorization Act for Fiscal Year 2002 directed that we examine the use of certain drawdown authorities.<sup>4</sup> In response, we determined (1) whether the costs to DOD and the status of drawdowns are reported to the Congress, as required; (2) how drawdowns benefit the United States and foreign recipients; and (3) what concerns, if any, are associated with these drawdowns.

To address these objectives, we analyzed relevant documents and discussed these matters with cognizant Defense Security Cooperation Agency, military service, and State officials in Washington, D.C. We also selected four countries—Bosnia-Herzegovina, Colombia, Jordan, and Mexico—as case studies to analyze specific costs, benefits, and concerns associated with drawdowns. Bosnia and Jordan represent examples of the use of drawdowns in an emergency situation to help stabilize their respective regions, and Colombia and Mexico are examples of U.S. assistance in the national interest for international counternarcotics efforts. We visited Bosnia and Jordan and met with U.S. embassy and host country officials, including officials in the host country ministries of defense and military services.

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## Results in Brief

The Defense Security Cooperation Agency's reports to the Congress on the costs and delivery status of drawdowns are inaccurate and incomplete. For example, in 1996, the agency notified the Congress that 50 tanks were planned for delivery under a drawdown to Jordan. Although 88 tanks were eventually provided, further information on costs or deliveries was not reported to the Congress as required. Additionally, we found that the Defense Security Cooperation Agency's system had no record of four presidential determinations authorizing drawdowns totaling \$17 million. Without this information, neither the Congress nor the executive branch

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<sup>3</sup>In fiscal year 2002 dollars, the total value of these drawdowns is \$2.7 billion.

<sup>4</sup>P.L. 107-107, sec. 1223.

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have accurate and up-to-date information readily available to oversee and manage the assistance provided through drawdowns. Two principal problems contribute to the agency's inability to meet the reporting requirements. First, its information system for recording drawdown data is outmoded and difficult to use—service drawdown reports are in different formats, and any conversion errors have to be manually corrected. Second, the services do not regularly provide updates to the agency on drawdown costs and deliveries, and available information sometimes does not get into the system. Regarding the 88 tanks delivered to Jordan, the Defense Security Cooperation Agency desk officer for Jordan and the Army had the correct information, but the agency's system indicated that only 5 tanks were delivered.

Drawdowns benefit the United States and foreign recipients primarily by providing the President the flexibility to address foreign policy and national security objectives quickly. For example, after the signing of the Dayton Peace Accords in 1995, the United States was able to supply Bosnia with defense articles and services to help ensure the military stability in Bosnia within 6 months of the presidential determination. According to cognizant U.S. and foreign officials, drawdowns also allow the President to provide defense articles and services to improve foreign recipients' capability to conduct military and police missions in support of U.S. foreign policy. Other benefits cited include improved military-to-military relations between the U.S. military services and the foreign recipients and expanded markets for U.S. defense firms.

According to U.S. and foreign military officials, the use of drawdowns presents some concerns. Because drawdowns are used to quickly address U.S. national interests and emergencies, the costs associated with a drawdown, such as refurbishment and transportation, are not budgeted for by the services and are not reimbursed. Since 1993, the services report they have provided \$724.2 million in defense articles and services in response to drawdowns. We noted that the President can request reimbursement for the military services from the Congress, but has not done so since 1979. In addition, although the services stated that providing defense articles and services through drawdowns without reimbursement reduces their readiness, none could provide specific examples. For the foreign recipients, cognizant officials stated that they often did not have sufficient funding in their budgets or receive enough financial assistance from the United States to maintain or operate the defense articles provided, especially items not in ready supply or no longer in the U.S. military

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services' inventory. Thus, the foreign recipient may not be able to use the articles as intended.

To help ensure that the Congress has accurate and complete information on the use of drawdowns, we recommend that the Secretary of Defense, in consultation with the Defense Security Cooperation Agency and military services, develop a system that will enable the agency to report to the Congress on the status of drawdowns, as required. In commenting on a draft of this report, DOD concurred with our recommendation.

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## Background

The Congress has long recognized the need for the President to have flexibility in the foreign policy area. This is reflected in sections 506 and 552 of the Foreign Assistance Act of 1961, as amended. In addition, the Congress has occasionally authorized the President to initiate drawdowns for specific purposes in foreign operations appropriations acts.<sup>5</sup>

Section 506(a)(1) of the Foreign Assistance Act authorizes the President to "drawdown" defense articles, services, and military education and training from DOD and the military services' inventories and provide such articles and services to foreign countries or international organizations. Before exercising this authority, the President must report to the Congress that an unforeseen emergency exists requiring immediate military assistance that cannot be met under any other law.

Section 506(a)(2) of the Foreign Assistance Act authorizes the President to drawdown articles and services from the inventory and resources of any U.S. government agency and provide them to foreign countries or international organizations in a number of nonemergency situations. As above, before exercising this authority, the President must first report to the Congress that any such drawdown is in the national interests of the United States. This special authority is broad in scope, allowing the President to use drawdowns to assist with counternarcotics efforts, provide international disaster assistance and migration and refugee assistance, aid prisoner-of-war and missing-in-action efforts in Southeast Asia, supplement peacekeeping missions, and support mid- to long-term national interests in nonemergency situations.

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<sup>5</sup>In addition, the Iraq Liberation Act of 1998 (P.L. 105-338) authorized the President to provide military assistance to Iraqi democratic opposition organizations through a drawdown.

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Section 552 of the Foreign Assistance Act authorizes the President to provide assistance for peacekeeping operations and other programs carried out in furtherance of U.S. national security interests. Specifically, section 552(c)(2) authorizes the President to direct the drawdown of commodities and services from the inventory and resources from any U.S. agency if the President determines that an unforeseen emergency requires the immediate provision of such assistance.

At the discretion of the President, drawdown proposals are typically developed in an interagency process that generally includes DOD, the National Security Council, and State but may include other executive branch agencies. Based on the estimated price and availability of the defense articles and services, the agencies agree on the parameters of the drawdown and State prepares a justification package, including the presidential determination for the President's signature. Once the presidential determination is approved, the Defense Security Cooperation Agency (DSCA), a component of DOD, executes the drawdown by working with the military services to determine what specific defense articles and services will be provided and who will provide them. DSCA is also charged with tracking and reporting on the drawdown status. A drawdown is typically completed when the emergency or foreign policy goal has been met or the dollar value of the authority has been reached.

The excess defense articles program, which authorizes the President to transfer defense articles excess to DOD's needs to eligible foreign countries or international organizations, is sometimes used in conjunction with drawdowns. Defense articles, including excess defense articles, that are transferred under presidential determinations authorizing drawdowns must be fully operational on delivery. The drawdown authority may be used, if necessary, to refurbish defense articles to operational status.<sup>6</sup>

In the 27 years from 1963 through 1989, the President approved 20 determinations authorizing drawdowns valued at a total of about \$1 billion. In the 13 years since 1989, the President approved 70 determinations authorizing drawdowns valued at about \$2.3 billion (see app. I). Of the 90 total drawdowns, 58 totaling about \$2.1 billion were authorized under

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<sup>6</sup>Excess defense articles provided apart from a drawdown are typically offered either at reduced or no cost to eligible foreign recipients, who are responsible for the costs of refurbishment and subsequent support as well as any packing, handling, and transportation charges.

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section 506 of the Foreign Assistance Act; 15 additional drawdowns valued at about \$141.7 million were authorized under section 552. As shown in figure 1, drawdown authorizations as a percentage of total military assistance provided by the United States have varied considerably over the years (see also app. II). But the increased use of drawdowns in the 1990s represents a larger percentage of total annual military assistance than in any other period except during the Vietnam War.<sup>7</sup>

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<sup>7</sup>Military assistance includes military assistance program, foreign military sales financing, international military education and training, and excess defense articles.

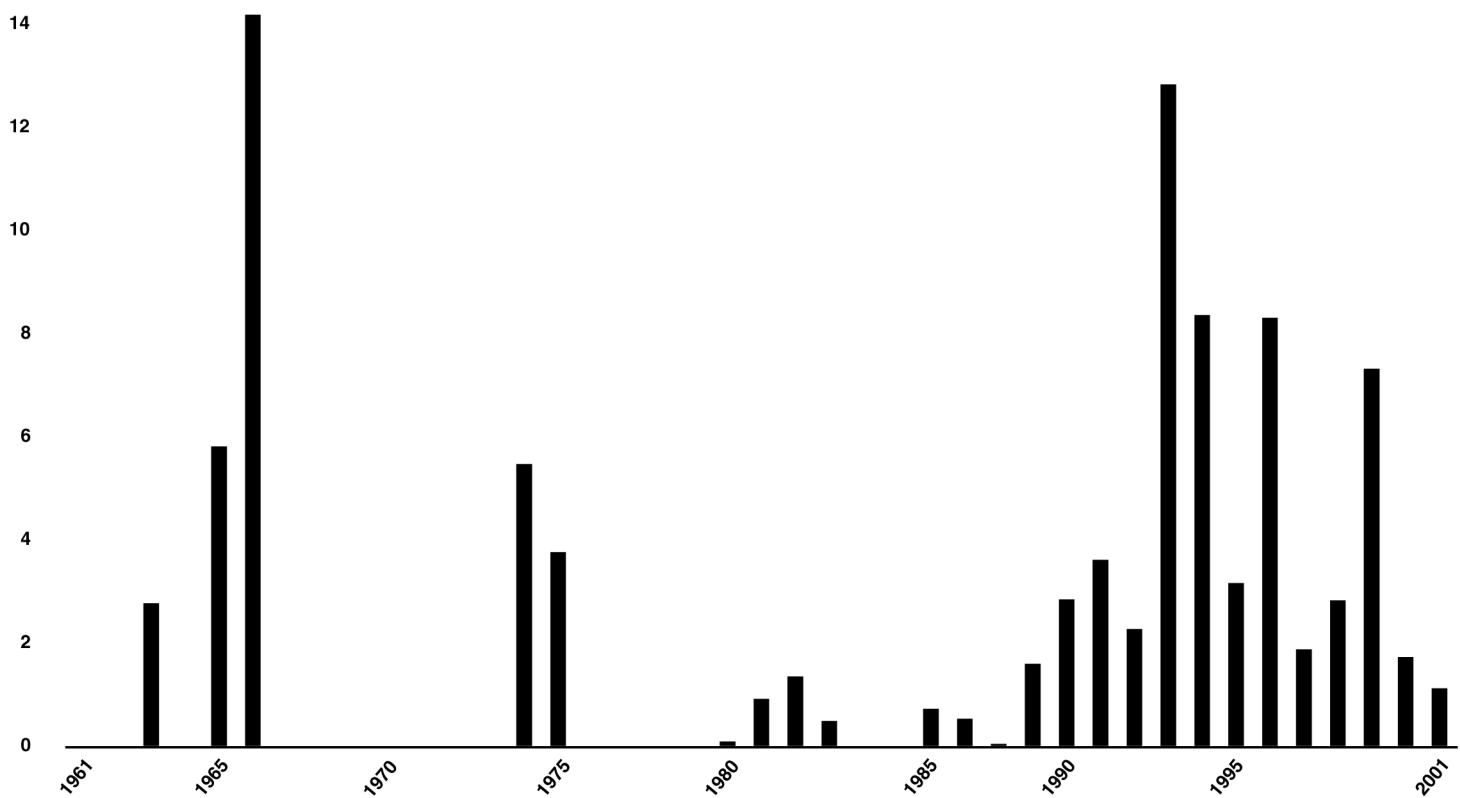
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**Figure 1: Value of Drawdowns Authorized as a Percentage of Total U.S. Military Assistance, Fiscal Years 1961–2001**

16 Percent



Note: Amounts for military assistance in fiscal years 1961–99 are from *U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945 – September 30, 1999*, U.S. Agency for International Development. Amounts for military assistance in fiscal years 2000–01 are from the Department of State's *Congressional Budget Justification for Foreign Operations for FY 2002*.

Source: GAO analysis.

The Foreign Assistance Act of 1961, as amended, also requires that the President report to the Congress on military assistance, including drawdowns, provided to foreign recipients. Specifically,

- Section 506(b)(2) requires the President to keep the Congress fully and currently informed of all military assistance provided under section 506. This includes detailing all military assistance to a foreign country or

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international organization upon delivery of any article or upon completion of any service or education and training.

- Section 655 requires the President to submit an annual report to the Congress on the aggregate value and quantity of defense articles and services and military education and training activities both authorized and actually provided by the United States to each foreign recipient.

The Director of DSCA is primarily responsible for preparing these reports, as delegated by the President through the Secretary of Defense.

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## DSCA Does Not Meet Congressional Reporting Requirements

Overall, DSCA's reports to the Congress on the status of drawdowns are inaccurate and incomplete. Its information system for tracking the status of drawdowns is outmoded, and the military services do not regularly provide DSCA updated information on the transfers they are implementing. As a result, the Congress and the executive branch do not have accurate and up-to-date information readily available to oversee and manage the assistance provided through drawdowns.

DSCA uses its "1000 System" as a central repository for drawdown data. The 1000 System was designed in the late 1960s to track defense articles and services granted under the Military Assistance Program, which was discontinued in 1982. Although the Army, Air Force, and Navy compile data on the cost, type, quantity, and delivery status of defense articles and services supplied as drawdowns; each service uses a different automated system—any updates submitted to DSCA have to be converted to the 1000 System, and any coding or conversion errors have to be manually corrected.

In addition, the services do not regularly report this information to DSCA. DSCA officials stated that it might take a few months to several years for the military services to report drawdown data. A March 2002 Navy memo regarding DSCA's request for an update stated that the 1000 System was an impediment to drawdown processing. A DSCA official told us that the Navy had not provided updated information for several years. Further, although officials at the Army Security Assistance Command said that the Army was sending updates of drawdown data to DSCA on a monthly basis, agency officials told us that they were not aware of the updates.

In response to specific inquiries, DSCA usually relies on its country desk officers to work with the military services to determine the defense articles

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and services provided and the associated costs to DOD and the services. Nevertheless, we found that this information, as well as other information that the DSCA desk officers maintain, is often not entered into the 1000 System.

Our analysis of updates provided by the services<sup>8</sup> and of more detailed information from our four case studies revealed numerous inaccuracies in the 1000 System and DSCA's reports to the Congress.

- Four presidential determinations authorizing drawdowns totaling \$17 million were not on DSCA's list, and three presidential determinations were incorrectly identified in the 1000 System.
- For a 1993 drawdown to Israel, DSCA's 1000 System reports that nothing has been delivered. In information provided to us, the Army reported that Apache and Blackhawk helicopters and services worth \$272 million were provided to Israel, but indicated that its records are not clear whether the helicopters were provided as part of the 1993 drawdown. However, an Army security assistance officer in Israel during 1993 told us that the helicopter deliveries were part of the 1993 drawdown.
- DSCA was required to report every 60 days on the delivery and disposition of defense articles and services to Bosnia.<sup>9</sup> In June 2001, in its last 60-day report to the Congress, DSCA reported that \$98.3 million in defense articles and services had been provided to Bosnia. Records provided to us by the military services indicate that DSCA did not use actual costs in these reports.
- For the 1996 drawdown to Jordan, the President authorized the transfer of 88 M60 tanks. DSCA stated in its 1996 annual report to the Congress that 50 tanks were authorized, but did it not report whether these tanks were delivered or at what cost. In subsequent annual reports to the Congress, DSCA provided no further updates on the Jordan drawdown.

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<sup>8</sup>At our request, in November 2001, DSCA officials requested that the military services provide updated drawdown delivery status and costs for all drawdowns authorized since fiscal year 1993. We received updated information from the Army in March 2002 and the equivalent information from the Air Force and Navy in July 2002.

<sup>9</sup>Section 540(c) of the 1996 Foreign Operations, Export Financing, and Related Programs Appropriations Act, P.L. 104-107. The first report was issued to the Congress on December 9, 1996.

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According to U.S. embassy officials and the DSCA Jordan desk officer, 50 tanks were delivered in December 1996, and the remaining 38 tanks were delivered in December 1998. As recently as July 2002, the 1000 System indicated that only 5 tanks had been delivered to Jordan at a cost of \$10.6 million. The Army reported that \$15.5 million was the value of all 88 tanks, but this figure did not include costs for refurbishment, spare parts, and transportation.

- Under a 1997 drawdown to Mexico, the President authorized the transfer of 53 UH-1H helicopters, which was reported to the Congress. As with Jordan, in subsequent annual reports to the Congress, DSCA provided no further updates to the Mexico drawdown. In February 2001, DSCA closed the drawdown, with concurrence from the services involved, 3 years after the drawdown was completed and nearly 18 months after the helicopters had been returned to the United States. DSCA reported the total costs as \$16.1 million including \$8 million for the 53 helicopters. However, as of July 2002, the 1000 System had not recorded the transfer, much less noted the return of the helicopters.

Appendix III presents the dollar value of deliveries reported in DSCA's 1000 System compared with the dollar value shown in the military services' reports for the 51 drawdowns authorized during fiscal years 1993–2001. Overall, the 1000 System reported the delivery of about \$300 million in defense articles and services, while the military services reported \$724.2 million. DSCA and the military services' data agreed for 16 drawdowns—reporting no deliveries for 12—and differed by less than \$1 million for 12 others. Of the 23 drawdowns with differences greater than \$1 million, the military services generally reported significantly higher amounts.

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## Drawdowns Benefit the United States and Foreign Recipients

Drawdowns are an additional tool for the President to address U.S. foreign policy and national security objectives. They allow the President to provide military assistance to foreign recipients quickly because the defense articles and services are not provided through regular acquisition channels. Drawdowns also allow the United States to provide additional or improved military capability to foreign recipients. Officials from both the U.S. and recipient governments stated that the transfer of defense articles and services through drawdowns helps promote military-to-military relations. Also, DOD and State officials told us that the transfer of defense articles under drawdowns can help expand markets for U.S. defense firms.

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## Drawdowns Promote U.S. Foreign Policy Goals and Help Foreign Recipients

According to State officials, drawdowns allow the United States to provide assistance to foreign recipients in an emergency using DOD resources. In particular, drawdown authority has been useful in providing humanitarian assistance in the wake of natural disasters. For example, in response to a 1998 hurricane that struck Central America, the President determined that a strong U.S. response to save lives and assist in reestablishing basic infrastructure was needed. The drawdown authority allowed DOD to use existing inventory and resources for its relief efforts.<sup>10</sup>

The importance of the President's ability to supply defense articles or services quickly to address a regional crisis was evidenced by a 1996 drawdown to Bosnia. The United States provided defense articles and services to the Bosnian Federation within 6 months of a July 1996 presidential determination. According to DOD and State officials, the drawdown allowed assistance to be provided more quickly and at less cost than other security assistance programs would have. The United States provided 116 fully operational 155mm howitzers as excess defense articles to help ensure the Bosnian Federation Army's capacity to return indirect fire if attacked, which they lacked during the conflict with the Bosnian Serbs. The United States also provided 45 M60 tanks, 80 armored personnel carriers, 15 UH-1H helicopters, and light arms including 46,100 M16 rifles. These articles and related services met the force requirements for military stabilization that were approved in the Dayton Peace Agreement and enumerated in the Organization for Security and Cooperation in Europe Agreement on Sub-Regional Arms Control. According to DOD and State officials, the defense articles and services provided under the drawdown helped promote the peace and military stability of Bosnia.

The drawdown authority is also useful for providing logistical assistance to regional operations, as illustrated in the following examples.

- In a 1999 drawdown to Kosovo, the United States supplied airlift and related services for the United Nations High Commissioner for Refugees.

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<sup>10</sup>We reported on DOD's efforts in our report entitled *Military Operations: DOD's Disaster Relief Assistance in Response to Hurricane Mitch*, GAO/NSIAD-99-122R (Washington, D.C.: Mar. 29, 1999).

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- In a 1999 drawdown to East Timor, the United States provided transportation for peacekeepers as part of a regional multilateral operation headed by Australia.
  - Similarly, in a 2000 drawdown for disaster assistance in southern Africa, the United States provided the logistical support for a South African-led regional multilateral disaster response force.

Drawdowns are also used to support international counternarcotics operations. During fiscal years 1996–99, the United States provided defense articles and services through drawdowns to the Colombian and Mexican military and national police to increase their ability to interdict the flow of illicit narcotics to the United States. The United States provided the Colombian Army and National Police with fully operational defense articles including 7 C-26 aircraft, 12 UH-1H helicopters, and 9 patrol boats.

Similarly, the United States provided Mexico with 53 UH-1H helicopters and 4 C-26 aircraft. According to State officials, although Colombia and Mexico experienced difficulty in using these articles (Mexico eventually returned the helicopters to the United States), the drawdown helped improve their capability to conduct counternarcotics operations. In the case of Colombia, the drawdown, which was implemented by State, was a way to provide arms, ammunition, and other lethal assistance to the Colombian National Police.

In 1996, 1998, and 1999, three separate drawdowns were intended to help Jordan promote regional security of the Middle East. The drawdowns were initiated after Jordan signed a peace treaty with Israel in 1995 and as a result of Jordan's subsequent role in the Wye River Peace Conference. The United States provided Jordan with 88 M60 tanks, 18 UH-1H helicopters, 38 antitank armored personnel carriers, a C-130 aircraft, a rescue boat and 2 personnel boats, 18 8-inch howitzers, and 302 air-to-air missiles. According to DOD and State officials, the defense articles that were transferred helped Jordan secure its borders.

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#### Drawdowns Benefit the United States in Other Ways

Drawdowns can help foster better military-to-military relations between the United States and foreign recipients. According to DOD and State officials, the current U.S. military-to-military relationship with Jordan is excellent, in part because of the transfer of articles and services through drawdowns. U.S. officials cited as evidence Jordan's participation in peacekeeping operations in East Timor, Haiti, and Sierra Leone. More recently in Afghanistan, the Jordanian Armed Forces participated in

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demining operations and set up a field hospital that has treated over 30,000 patients, including U.S. soldiers. DOD officials also noted that U.S.–Jordanian training exercises resulted in the U.S. Marine Corps being better prepared to operate in Afghanistan.

According to State officials, the transfer of defense articles under drawdowns and excess defense articles help to expand markets for U.S. defense firms. For example, the Jordanian Army signed a \$38 million contract with a U.S. defense firm to refit Jordan's M60 tanks, including the 88 tanks transferred under a 1996 drawdown, with a new 120mm gun. Jordan plans to develop its defense industrial base around this capability and make this service available to other countries in the Middle East.

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## Drawdowns Present Some Concerns for the United States and Foreign Recipients

We found two major concerns in the current use of drawdowns that may limit the benefits of the program. The U.S. military services are not being reimbursed for the costs associated with a drawdown, and the countries that receive defense articles through drawdowns often do not have the resources to maintain and operate them.

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### Military Services Are Not Being Reimbursed for Costs Associated with Drawdowns

According to DOD and military service officials, the services are not reimbursed for the defense articles provided or the associated costs of drawdowns, and the articles are usually not replaced. Section 506(d) of the Foreign Assistance Act authorizes the appropriation of funds to the President to reimburse the services for the costs associated with executing drawdowns. However, since 1979, the President has not requested such reimbursements.

The military services can incur six types of costs when executing a drawdown—(1) the value of the defense articles provided including aircraft, vehicles, weapons and ammunition, or other major end items; (2) the repair or refurbishment of these items;<sup>11</sup> (3) spare parts and tools; (4) training; (5) packing, crating, handling, and transportation;<sup>12</sup> and (6)

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<sup>11</sup>When defense articles need refurbishment to ensure they are fully operational, the military services must use existing contracts.

<sup>12</sup>No new procurements are allowed under drawdowns, except to obtain commercial transportation when it is cheaper than DOD transportation.

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administrative costs. The cost of defense articles charged against a drawdown is a depreciated value and not necessarily the replacement cost. The other costs of a drawdown are typically paid out of a service's operations and maintenance account and are not budgeted or planned for in advance. In effect, this means that the services have less operations and maintenance funding for other items in their inventories.

Information provided by the services shows that unreimbursed costs associated with drawdowns have totaled about \$724.2 million since 1993. The Army reported about \$557 million in unreimbursed costs, and the Air Force and Navy reported \$69.4 million and \$97.8 million, respectively. Case by case, unreimbursed costs ranged from less than \$100 to approximately \$87.2 million. A large proportion of these costs were for refurbishing the defense articles, providing spare parts and support equipment, and transporting the articles. For example, the Army reported that it spent approximately \$31.4 million from its operations and maintenance account to refurbish and deliver \$55.8 million worth of articles for the 1996 drawdown to Bosnia. Similarly, the Army spent \$23.8 million for spare parts and transportation from its operations and maintenance account on \$51.5 million worth of articles for the 1996 drawdown to Jordan. However, this figure did not include refurbishment.

Numerous DOD and service officials stated that the unreimbursed costs associated with a drawdown negatively affect the readiness of the U.S. military services. However, these officials could not provide any examples of programs forgone or specific deficiencies in unit readiness. In 1996, we reported that Army operations and maintenance costs exceeded funding for contingency operations as a result, in part, of Army expenditures on the 1996 drawdown to Bosnia.<sup>13</sup> In addition,

- A July 1996 memorandum from the Chief of Staff of the Army to the Chairman of the Joint Chiefs of Staff stated that drawdowns affect the Army's ability to respond to contingencies. It also stated that defense articles for future drawdowns would have to be taken from war reserve stocks or from reserve components.
- In other documents since 1996, the Army characterized the unbudgeted expenditures from operations and maintenance accounts in support of

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<sup>13</sup>See our report entitled *Bosnia: Costs Are Exceeding DOD's Estimate*, GAO/NSIAD-96-204BR (Washington, D.C.: July 25, 1996).

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drawdowns as a drain on its readiness, training, transformation activities, and quality-of-life funds and as a long-term risk to the stability of Army investments.

Furthermore, in 2000, the military services reported to DSCA on the effect on readiness of drawdowns for counternarcotics efforts. Generally, the services characterized the effect as dollars spent on unplanned contingencies and, therefore, not available to support other requirements. In their responses to DSCA,

- The Army stated that it expected readiness to be adversely affected by the diversion of \$8 million worth of Blackhawk helicopter spare parts for Colombia, but it did not say whether any specific helicopter unit would be affected. Subsequently, the Joint Staff directed the Army to provide the parts to Colombia under a 1999 drawdown.
- The Air Force noted that it would need to replace several utility vehicles transferred under drawdown authority, but it did not specify when or at what cost these vehicles would be replaced or the effect on readiness of no longer having the vehicles.

In 1985, we reported that even if DOD and the military services were reimbursed for the costs associated with drawdowns, full replacement was unlikely, if not impossible. This is because, among other reasons, the replacement cost of an article may have increased more than the depreciated value charged against the drawdown or been replaced by a newer (and more expensive) item.<sup>14</sup>

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### Foreign Recipients Have Difficulty Maintaining Defense Articles

According to DOD officials, drawdowns are successful over the long term only if the foreign recipient has the ability to support the defense articles or if the United States provides additional funding for maintenance. Drawdowns typically provide for 1 or 2 years of essential spare parts for aircraft, vehicles, and weapons, but many recipients do not have the resources to support the defense articles after that. In addition, because defense articles delivered under drawdowns are often older articles, the spare parts and tools needed to maintain them may not be readily available. Consequently, the recipients' ability to conduct military or police missions

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<sup>14</sup>See our report entitled *Use of Special Presidential Authorities for Foreign Assistance*, GAO/NSIAD-85-79, (Washington, D.C.: May 20, 1985).

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in support of U.S. foreign policy diminishes as vehicles and weapons break down and as parts for these older defense articles become more difficult to obtain. Each of our case studies provided examples of problems with the long-term sustainability of the defense articles provided through drawdowns.

**Bosnia.** According to officials from the Bosnian Federation Ministry of Defense and DOD, the Bosnian Federation Army does not have enough of its own funds, and does not receive enough assistance from the United States, to maintain the vehicles and weapons it received in the 1996 drawdown. Bosnia has received less than \$6 million per year in financing since 1996 to support the defense articles. However, Bosnian Federation Ministry of Defense officials stated that they need approximately \$10 million per year just for spare parts and fuel. These officials noted that, as of May 2002, the readiness of the Federation units had significantly deteriorated and that the operational rates were below 35 percent for the helicopters and below 60 percent for the tanks.

**Colombia.** In 1998, we reported that a 1996 counternarcotics drawdown to Colombia was hastily developed and did not consider sufficient information on specific Colombian requirements—including Colombia's ability to operate and maintain the articles.<sup>15</sup> For example, 2 months after Colombia received 12 UH-1H helicopters, the Colombian National Police reported that only 2 were operational. The U.S. embassy estimated the cost of the repairs at about \$1.2 million. As part of the same drawdown, the United States transferred 5 C-26 aircraft to conduct counternarcotics surveillance missions. According to U.S. embassy officials, the United States spent at least an additional \$3 million to modify each aircraft to perform the surveillance missions, and it costs at least \$1 million annually to operate and maintain each aircraft.

**Mexico.** In 1996 and 1997, the United States provided the Mexican military with 73 UH-1H helicopters—20 from a 1996 excess defense articles transfer and 53 from a 1997 drawdown—and 2 years of spare parts to assist Mexico in its counternarcotics efforts. As we reported in 1998, the usefulness of the U.S.-provided helicopters was limited because the helicopters were inappropriate for some counternarcotics missions and lacked adequate

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<sup>15</sup>See our report entitled *Drug Control: U.S. Counternarcotics Efforts in Colombia Face Continuing Challenges*, GAO/NSIAD-98-60 (Washington, D.C.: Feb. 12, 1998).

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logistical support.<sup>16</sup> At the time, U.S. embassy officials were concerned that once the U.S.-provided support had been used, the Mexican military would not provide the additional support—estimated at \$25 million per year for the UH-1H fleet—because of budgetary constraints. In March 1999, 72 UH-1H helicopters (one crashed) were grounded because of overuse and airworthiness concerns. Shortly thereafter, Mexico transferred the 72 helicopters back to the United States for repair and ended its involvement in the helicopter program.

Jordan. Although Jordan has allocated \$16 million of U.S. aid per year for sustainment and modernization since 2000, it cannot fully use all of the defense articles it has received through drawdowns. For example, the Jordanian Air Force cannot get all the necessary spare parts from DOD's logistics system for its UH-1H's helicopters; as of May 2002, only 20 of 36 helicopters were operational.<sup>17</sup> In addition, Jordan does not have funds to purchase additional munitions for some of the weapons it received from the drawdowns. As a result, the Jordanian Army and Air Force have never test fired the air-to-air missiles or the antitank missiles it received. Furthermore, according to U.S. military officials in Jordan, the shelf life of some of the other munitions and light weapons ammunition used for training purposes may be expiring, and Jordan does not have the funds to replace them.

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## Conclusions

Drawdowns give the President the ability to provide defense articles, training, and services to foreign countries and international organizations without first seeking specific appropriations from the Congress. In making this accommodation, the Congress has required that the President regularly report on the use of these special authorities. However, DSCA's system for collecting information on the status of drawdowns is outmoded and does not readily permit DSCA to meet the reporting requirements to the Congress. While DSCA can respond to ad hoc inquiries about specific drawdowns, a way to systematically track and accurately report on the status of drawdowns does not currently exist. As a result, neither the Congress nor the executive branch has complete and accurate information

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<sup>16</sup>See our report entitled *Drug Control: U.S.-Mexican Counternarcotics Efforts Face Difficult Challenges*, GAO/NSIAD-98-154 (Washington, D.C.: June 30, 1998).

<sup>17</sup>The 36 UH-1H helicopters include 18 helicopters transferred in a 1996 drawdown and 18 helicopters sold to Jordan in 1993.

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about the status of defense articles and services provided to foreign recipients through drawdowns. In light of the increased use of drawdowns since 1990, the need for such information has increased accordingly.

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## Recommendation for Executive Action

To help ensure that the Congress has accurate and complete information on the use of drawdowns, we recommend that the Secretary of Defense, in consultation with the Director of DSCA and the Secretaries of the military services, develop a system that will enable DSCA to report to the Congress on the cost, type, quantity, and delivery status of defense articles and services transferred to foreign recipients through drawdowns, as required.

## Agency Comments

DOD provided written comments on a draft of this report (see app. IV). The Department of State had no comments.

DOD concurred with our recommendation, but stated that DSCA is dependent on the military services for specific drawdown cost and delivery information and is not funded to support this administrative reporting requirement. We note that the Secretary of Defense has the authority to require regular and timely reporting by the services and believe that DOD should provide DSCA the necessary resources to fully implement our recommendation. DSCA also provided certain technical clarifications that we have incorporated as appropriate.

## Scope and Methodology

Overall, to examine the use of drawdown authorities, we focused on the special authorities granting the President the ability to provide military assistance in emergency situations and in the U.S. national interests for the purposes of international counternarcotics control. We selected four countries—Bosnia-Herzegovina, Colombia, Jordan, and Mexico—as case studies to analyze specific costs, benefits, and problems associated with the drawdowns. Bosnia and Jordan represent examples of the use of drawdowns in an emergency situation to help stabilize their respective regions, and Colombia and Mexico represent examples of U.S. assistance in the national interest for counternarcotics efforts.

To determine whether the costs to DOD and the status of drawdowns are reported to the Congress, as required, we analyzed relevant DSCA and military services' reports and documentation and addressed this issue with cognizant DSCA, military services, and State officials. Specifically, we

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- compared DSCA's list of presidential determinations authorizing drawdowns to presidential determinations published in the *Federal Register* and drawdown reports from the military services;
  - analyzed DSCA's cost and delivery data for the drawdowns from fiscal years 1993–2001 by comparing it with data collected from the military services;<sup>18</sup> and
  - compared information that we obtained from the DSCA country desk officers with information from U.S. embassy officials in the case study countries to determine the status of specific drawdowns, including deliveries and costs.

We also reviewed the Foreign Assistance Act of 1961, as amended, to determine the relevant reporting requirements.

To determine how the drawdowns benefit the United States and foreign recipients and what concerns, if any, are associated with the programs, we focused primarily on the four case study countries. We analyzed relevant DSCA, military services, and State documentation. We visited Bosnia and Jordan and met with U.S. embassy and host country officials, including officials in the host country ministries of defense and military services, and reviewed relevant documentation. We met with the cognizant officials of the unified military commands for Bosnia, Colombia, and Jordan. In Washington, D.C., we met with DSCA country desk officers and officials from DSCA's Comptroller's Office and General Counsel's Office; the U.S. military service's respective security assistance offices; and the Office of the Joint Chiefs of Staff, Directorate for Strategic Plans and Policy. We also met with cognizant officials in the Department of State's Bureau for Political and Military Affairs and the Bureau for International Narcotics and Law Enforcement Affairs.

We conducted our work between November 2001 and August 2002 in accordance with generally accepted government auditing standards.

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<sup>18</sup>We limited our detailed analysis of DSCA's reports to fiscal years 1993–2001 because certain drawdown information before fiscal year 1993 was not readily available.

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We will send copies of this report to the interested congressional committees and the Secretaries of Defense and State. We will also make copies available to others upon request. In addition, this report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please call me at (202) 512-4268 or contact me at [FordJ@gao.gov](mailto:FordJ@gao.gov). An additional GAO contact and staff acknowledgments are listed in appendix V.

A handwritten signature in black ink that reads "Jess T. Ford". The signature is fluid and cursive, with "Jess" on the left and "T. Ford" on the right.

Jess T. Ford, Director  
International Affairs and Trade

# Drawdown Authorizations, Fiscal Year 1961—June 30, 2002

Table 1 lists the 90 presidential determinations that have authorized \$3.3 billion in drawdowns since fiscal year 1963. The first drawdown authorized military assistance for India; the most recent authorized counterterrorism assistance for the Philippines in June 2002. Over the years, over 55 countries and other organizations such as the United Nations have been authorized U.S. military assistance through drawdowns.

Israel was authorized to receive the most military assistance with nine drawdowns totaling approximately \$923 million during the early and mid-1990s. South Vietnam was second with drawdown authority totaling \$375 million under two presidential determinations in 1965 and 1966. Cambodia was third with drawdown authority totaling \$325 million under presidential determinations in 1974 and 1975.

The frequency of presidential determinations has increased since 1990. During fiscal years 1961–89, 20 presidential determinations authorized a total of about \$1 billion in drawdowns. Since 1990, 70 presidential determinations authorized \$2.3 billion in drawdowns.

**Table 1: Drawdown Authorizations, Fiscal Year 1961—June 30, 2002**

Dollars in thousands				
PD no. <sup>a</sup>	Foreign recipient	Legislative authority <sup>b</sup>	Purpose <sup>c</sup>	Total authorization
63-15	India <sup>d</sup>	506(a)(1)	War with China	\$55,000
65-12	S. Vietnam	506(a)(1)	Military assistance for Vietnam	75,000
66-06	S. Vietnam	506(a)(1)	Military assistance for Vietnam	300,000
74-12	Cambodia	506(a)(1)	N. Vietnamese threat	200,000
74-19	Cambodia	506(a)(1)	N. Vietnamese threat	50,000
75-09	Cambodia	506(a)(1)	N. Vietnamese threat	75,000
80-21	Thailand	506(a)(1)	N. Vietnamese threat	1,100
81-00	Liberia	506(a)(1)	National interest	3,400
81-02	El Salvador	506(a)(1)	National interest	5,000
81-04	El Salvador	506(a)(1)	Guerrilla threat	20,000
82-05	El Salvador	506(a)(1)	Guerrilla threat	55,000
83-08	Chad	506(a)(1)	Support war with Libya	10,000
83-09	Chad	506(a)(1)	Support war with Libya	15,000
86-06	Chad	506(a)(1)	Support war with Libya	10,000

**Appendix I**  
**Drawdown Authorizations, Fiscal Year**  
**1961—June 30, 2002**

(Continued From Previous Page)

Dollars in thousands

<b>PD no.<sup>a</sup></b>	<b>Foreign recipient</b>	<b>Legislative authority<sup>b</sup></b>	<b>Purpose<sup>c</sup></b>	<b>Total authorization</b>
86-08	Honduras	506(a)(1)	Threat from Nicaragua	20,000
86-13	Philippines	506(a)(1)	Disaster relief	10,000
87-05	Chad	506(a)(1)	Support war with Libya	25,000
88-15	United Nations	552(c)(2)	Observer group for Afghanistan and Pakistan	200
89-06	Jamaica	506(a)(1)	Disaster relief	10,000
89-24	Colombia	506(a)(1)	Counternarcotics assistance	65,000
90-33	Belize, Bolivia, Colombia, Ecuador, Jamaica, Mexico	506(a)(2)	Counternarcotics assistance	53,300
90-40	Israel	506(a)(1)	In support of Desert Storm	74,000
90-41	Philippines	506(a)(2)	Disaster relief	10,000
91-01	Israel	506(a)(1)	In support of Desert Storm	43,000
91-16	Turkey	506(a)(1)	In support of Desert Storm	32,000
91-26	Turkey	506(a)(2)	Relief for Kurds	25,000
91-31	Turkey	506(a)(2)	Relief for Kurds	50,000
91-35	Bangladesh	506(a)(2)	Disaster relief	20,000
92-05	Senegal	552(c)(2)	Peacekeeping	10,000
92-17	Mexico	506(a)(2)	Counternarcotics assistance	26,000
92-23	Israel <sup>d</sup>	Foreign Operations Act	National interest	47,000
92-47	Azerbaijan <sup>d</sup>	552(c)(2)	Peacekeeping in Nagorno-Karabakh	2,000
92-48	Colombia	506(a)(2)	Counternarcotics assistance	7,000
92-49	Pakistan	506(a)(2)	Disaster relief	5,000
93-17	Israel	Foreign Operations Act	National interest	491,100
93-27	Ecuador	506(a)(2)	Disaster relief	2,000
93-43	United Nations	552(c)(2)	Peacekeeping	25,000
93-45	Laos	Foreign Operations Act	POW/MIA recovery	11,800
94-07	Egypt	552(c)(2)	Return of defense articles from Pakistan	13,500
94-20	Israel <sup>d</sup>	Foreign Operations Act	National interest	161,900

**Appendix I**  
**Drawdown Authorizations, Fiscal Year**  
**1961—June 30, 2002**

(Continued From Previous Page)

Dollars in thousands

<b>PD no.<sup>a</sup></b>	<b>Foreign recipient</b>	<b>Legislative authority<sup>b</sup></b>	<b>Purpose<sup>c</sup></b>	<b>Total authorization</b>
94-21	Israel	552(c)(2)	Support for Palestinian police	4,000
94-25	United Nations <sup>d, g</sup>	552(c)	War crimes tribunal for Yugoslav war	6,000
94-34	Dominican Republic	506(a)(1)	Anti-smuggling assistance	15,000
94-41	Jamaica	506(a)(1)	Haiti refugee assistance	1,500
94-44	United Nations	506(a)(2)	Disaster relief in Rwanda	75,000
94-50	Haiti	506(a)(1)	Support for multinational coalition force	50,000
95-03	Israel <sup>d</sup>	Foreign Operations Act	National interest	75,000
95-17	Israel	552(c)(2)	Support for Palestinian police	5,000
95-28	Haiti	552(c)(2)	Peacekeeping efforts in Haiti	7,000
95-29	France, United Kingdom	506(a)(1)	Rapid reaction force for Bosnia	12,000
95-33	France, United Kingdom	506(a)(1)	Rapid reaction force for Bosnia	3,000
95-34	France, United Kingdom	506(a)(1)	Rapid reaction force for Bosnia	17,000
96-11	Jordan	Foreign Operations Act	Border security and armed forces modernization	100,000
96-17	Israel <sup>d</sup>	552(c)(2)	Explosive detection and disarming	22,000
96-39	Bosnia	Foreign Operations Act	Military stabilization program	100,000
96-42	Vietnam <sup>d</sup>	Foreign Operations Act	POW/MIA recovery	3,000
96-50	Cambodia	Foreign Operations Act	POW/MIA recovery	200
96-52	Haiti	552(c)(2)	Training of presidential guard	3,000
96-53	Eritrea, Ethiopia, Uganda	506(a)(1)	National interest	10,000
96-55	Ghana, Guinea, Mali, Nigeria, Sierra Leone	506(a)(1)	Support for ECOMOG <sup>f</sup> peacekeeping in Liberia	5,000
96-56	Ghana, Guinea, Mali, Nigeria, Sierra Leone	552(c)(2)	Support for ECOMOG <sup>f</sup> peacekeeping in Liberia	10,000

**Appendix I**  
**Drawdown Authorizations, Fiscal Year**  
**1961—June 30, 2002**

(Continued From Previous Page)

Dollars in thousands

<b>PD no.<sup>a</sup></b>	<b>Foreign recipient</b>	<b>Legislative authority<sup>b</sup></b>	<b>Purpose<sup>c</sup></b>	<b>Total authorization</b>
96-57	Colombia, Peru, Venezuela, Eastern Caribbean	506(a)(2)	Counternarcotics assistance	75,000
97-09	Mexico	506(a)(2)	Counternarcotics assistance	37,000
97-12	United Nations	552(c)(2)	Support for Turcoman monitor peacekeeping effort	4,000
97-14	United Nations	506(a)(2)	Operation Pacific Haven for Iraqi and Kurdish refugees	10,000
97-38	Colombia, Peru, Venezuela, Eastern Caribbean	506(a)(2)	Counternarcotics assistance	20,000
98-19	Jordan	Foreign Operations Act	Border security and armed forces modernization	25,000
98-41	Colombia, Mexico <sup>e, g</sup>	506(a)(2)	Counternarcotics assistance	75,000
99-03	El Salvador, Guatemala, Honduras, Nicaragua	506(a)(2)	Disaster relief for Hurricane Mitch	30,000
99-04	El Salvador, Guatemala, Honduras, Nicaragua	506(a)(2)	Disaster relief for Hurricane Mitch	45,000
99-18	Jordan	Foreign Operations Act	Border security and armed forces modernization	25,000
99-20	United Nations	552(c)(2)	Logistical support for Kosovo peacekeeping efforts	25,000
99-32	Tunisia	Foreign Operations Act	National interest	5,000
99-34	Ghana, Guinea, Mali, Nigeria, Sierra Leone	506(a)(1)	Peacekeeping in Sierra Leone	3,000
99-35	United Nations	Foreign Operations Act	War crimes tribunal in Kosovo	5,000
99-39	East Timor	506(a)(1)	Logistical support for peacekeeping efforts	55,000
99-40	United Nations	552(c)(2)	Peacekeeping in Kosovo	5,000
99-43	Colombia, Ecuador, Peru, Panama	506(a)(2)	Counternarcotics assistance	69,700
2000-05	Iraqi National Congress	Iraq Liberation Act	Training Iraqi opposition forces	5,000
2000-09	Venezuela	506(a)(2)	Disaster relief	20,000
2000-17	Botswana, Mozambique, South Africa, Zimbabwe	506(a)(2)	Disaster relief	37,600

**Appendix I**  
**Drawdown Authorizations, Fiscal Year**  
**1961—June 30, 2002**

(Continued From Previous Page)

Dollars in thousands

<b>PD no.<sup>a</sup></b>	<b>Foreign recipient</b>	<b>Legislative authority<sup>b</sup></b>	<b>Purpose<sup>c</sup></b>	<b>Total authorization</b>
2000-27	United Nations	506(a)(1)	Peacekeeping in Sierra Leone	18,000
2000-33	Tunisia	Foreign Operations Act	National interest	4,000
2001-04	United Nations	506(a)(1)	Peacekeeping in Sierra Leone	36,000
2001-24	Tunisia	Foreign Operations Act	Training	5,000
2002-16	Nigeria	506(a)(1)	National interest	4,000
2002-17	Georgia	Foreign Operations Act	Counterterrorism assistance	4,000
2002-18	Afghanistan	506(a)(1)	Counterterrorism assistance	2,000
2002-20	Georgia	506(a)(1)	Counterterrorism assistance	21,000
2002-24	Philippines	506(a)(1)	Counterterrorism assistance	10,000

<sup>a</sup>The number of each drawdown authorization is represented by the presidential determination number in each fiscal year.

<sup>b</sup>The legislation authorizing each drawdown. Unless indicated, each entry identifies a section of the Foreign Assistance Act. References to the Foreign Operations Act are to the act for that fiscal year.

<sup>c</sup>The foreign policy objective addressed by each drawdown.

<sup>d</sup>Indicates the drawdown was authorized, but DSCA reports that no defense articles or services were transferred to the foreign recipient.

<sup>e</sup>Defense articles were transferred to the countries listed; to Bolivia, Brazil, the Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Peru, Trinidad, and Tobago; and to the countries of the Eastern Caribbean Regional Security System, which includes Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts–Nevis, St. Lucia, and St. Vincent and the Grenadines.

<sup>f</sup>The Economic Community of West African States Monitoring Group for peacekeeping activities in Liberia.

<sup>g</sup>These drawdowns were authorized for DOD and other U.S. agencies.

Source: GAO analysis.

As shown in table 2, 58 drawdowns totaling approximately \$2.1 billion were authorized under section 506 of the Foreign Assistance Act, which allows the President to authorize assistance for unforeseen military emergencies, counternarcotics, counterterrorism, and disaster relief. Of the remaining 32 drawdowns, 16 drawdowns totaling approximately \$1.1 billion were authorized under various foreign operations acts to support activities in the national interest, including efforts to locate servicemen listed as prisoners of war and missing in action in Southeast Asia; 15 drawdowns totaling

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**Appendix I**  
**Drawdown Authorizations, Fiscal Year**  
**1961—June 30, 2002**

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\$141.7 million were authorized specifically for peacekeeping-related operations (section 552 of the Foreign Assistance Act); and 1 drawdown totaling \$5 million was authorized under the Iraq Liberation Act of 1998 for training Iraqi opposition organizations.

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**Table 2: Drawdown Authorizations, Fiscal Year 1961—June 30, 2002, by Legislative Authority**

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Dollars in thousands		
<b>Legislative authority</b>	<b>Number of drawdowns</b>	<b>Total authorization</b>
Foreign Assistance Act, sec. 506(a)(1)	38	\$1,416,000
Foreign Assistance Act, sec. 506(a)(2)	20	692,600
Foreign Assistance Act, sec. 552(c)	15	141,700
Foreign operations acts (various years)	16	1,063,000
Iraq Liberation Act (P.L. 105-338)	1	5,000
<b>Total</b>	<b>90</b>	<b>\$3,318,300</b>

Source: GAO analysis.

# Drawdown Authorizations as a Percentage of Total U.S. Military Assistance, Fiscal Years 1961–2001

Table 3 illustrates that drawdown authorizations have been used more frequently in the 1990s, as shown in appendix I. It also shows that the military assistance authorized by presidential determinations has more than tripled as a percentage of overall U.S. military assistance,<sup>19</sup> averaging over 4.6 percent a year during fiscal years 1990–2001 compared with 1.3 percent for the previous 29 years (fiscal years 1961–89). At least one drawdown has been authorized every year since fiscal year 1986, with 10 each in fiscal years 1996 and 1999. In 2002, five drawdowns had been authorized through June—primarily for counterterrorism purposes.

**Table 3: Total Drawdown Authorizations as a Percentage of Total U.S. Military Assistance, Fiscal Years 1961–2001**

Dollars in thousands				
Fiscal year	Drawdowns	Total authorization	Total U.S. military assistance	Drawdowns as percentage of total U.S. military assistance
1961	0	0	\$2,113,000	0
1962	0	0	2,062,800	0
1963	1	\$55,000	2,015,100	2.7
1964	0	0	1,193,300	0
1965	1	75,000	1,299,100	5.8
1966	1	300,000	2,120,900	14.1
1967	0	0	2,396,500	0
1968	0	0	2,656,900	0
1969	0	0	3,115,300	0
1970	0	0	2,892,400	0
1971	0	0	4,395,700	0
1972	0	0	5,080,000	0
1973	0	0	5,355,800	0
1974	2	250,000	4,604,500	5.4
1975	1	75,000	2,014,000	3.7
1976	0	0	2,534,500	0
1977	0	0	2,190,600	0

<sup>19</sup>Military assistance includes military assistance program, foreign military sales financing, international military education and training, and excess defense articles.

**Appendix II**  
**Drawdown Authorizations as a Percentage of**  
**Total U.S. Military Assistance, Fiscal Years**  
**1961–2001**

*(Continued From Previous Page)*

Dollars in thousands

Fiscal year	Drawdowns	Total authorization	Total U.S. military assistance	Drawdowns as percentage of total U.S. military assistance
1978	0	0	2,353,400	0
1979	0	0	6,725,200	0
1980	1	1,100	2,122,400	0.1
1981	3	28,400	3,245,000	0.9
1982	1	55,000	4,194,900	1.3
1983	2	25,000	5,598,700	0.4
1984	0	0	6,485,400	0
1985	0	0	5,800,800	0
1986	3	40,000	5,839,700	0.7
1987	1	25,000	5,102,000	0.5
1988	1	200	4,830,700	0
1989	2	75,000	4,828,400	1.6
1990	3	137,300	4,893,300	2.8
1991	5	170,000	4,759,500	3.6
1992	6	97,000	4,347,500	2.2
1993	4	529,900	4,142,900	12.8
1994	8	326,900	3,930,700	8.3
1995	6	119,000	3,812,700	3.1
1996	10	328,200	3,970,200	8.2
1997	4	71,000	3,864,400	1.8
1998	2	100,000	3,588,600	2.6
1999	10	267,700	3,678,900	7.3
2000	5	84,600	5,018,600	1.7
2001	2	41,000	3,791,800	1.1
2002 thru June	5	41,000	N.A.	-
<b>Total</b>	<b>90</b>	<b>\$3,318,300</b>	<b>\$154,966,100</b>	<b>2.1</b>

Legend: N.A. = not available.

Source: GAO analysis. Amounts for military assistance in fiscal years 1961–99 are from *U.S. Overseas Loans and Grants, Obligations and Loan Authorizations, July 1, 1945–September 30, 1999*, U.S. Agency for International Development. Amounts for military assistance in fiscal years 2000–01 are from the Department of State's *Congressional Budget Justification for Foreign Operations for FY 2002–03*.

# Comparison of DSCA and Military Services' Data on Drawdown Transfers, Fiscal Years 1993–2001

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We analyzed cost and delivery data from DSCA's 1000 System and compared it with similar information provided by the services for the 51 drawdowns authorized during fiscal years 1993–2001. Table 4 illustrates the differences in the reported value of defense articles and services delivered.

Overall, the 1000 System reported about \$300 million in drawdown transfers while the military services reported \$724.2 million. Of the 51 drawdowns, DSCA and the military services' data agreed for 16, including 12 with no reported deliveries, and differed by less than \$1 million for 12 others. Of the 23 drawdowns with differences greater than \$1 million, the military services generally reported significantly higher amounts. We did not attempt to determine the reasons for the differences in reporting. For example,

- DSCA reported no costs for a drawdown to Israel (93-17) while the Army reported \$272 million. However, Army officials noted that they were not certain if the transfers it reported were specifically for the drawdown.
- DSCA reported costs of \$5.8 million for a drawdown to Mexico (97-09) while the services reported \$19.5 million.
- DSCA reported costs of \$16.5 million for a drawdown to Jordan (98-19) while the services reported \$38 million.

**Appendix III**  
**Comparison of DSCA and Military Services'**  
**Data on Drawdown Transfers, Fiscal Years**  
**1993–2001**

**Table 4: DSCA and Military Services' Data on Cost of Defense Articles and Services Transferred to Foreign Recipients, Fiscal Years 1993–2001**

Dollars in thousands

PD no. <sup>a</sup>	Foreign recipient	Total authorization	DSCA 1000 System <sup>b</sup>	Military services <sup>c</sup>
93-17	Israel	\$491,100	\$0	\$272,300
93-27	Ecuador	2,000	0	0
93-43	United Nations	25,000	3,800	6,400
93-45	Laos	11,800	0	900
94-07	Egypt	13,500	0	12,500
94-20	Israel <sup>d</sup>	161,900	0	0
94-21	Israel	4,000	1,600	1,600
94-25	United Nations <sup>d</sup>	6,000	0	0
94-34	Dominican Republic	15,000	6,200	8,000
94-41	Jamaica	1,500	0	400
94-44	United Nations	75,000	3,600	3,600
94-50	Haiti	50,000	1,000	18,400
95-03	Israel <sup>d</sup>	75,000	0	0
95-17	Israel	5,000	1,500	1,500
95-28	Haiti	7,000	0	1,800
95-29	France, United Kingdom	12,000	0	0
95-33	France, United Kingdom	3,000	500	500
95-34	France, United Kingdom	17,000	5,000	2,600
96-11	Jordan	100,000	92,900	87,500
96-17	Israel <sup>d</sup>	22,000	0	0
96-39	Bosnia	100,000	81,400	95,700
96-42	Vietnam <sup>d</sup>	3,000	0	0
96-50	Cambodia	200	0	0
96-52	Haiti	3,000	0	200
96-53	Eritrea, Ethiopia, Uganda	10,000	3,700	3,600
96-55	Ghana, Guinea, Mali, Nigeria, Sierra Leone	5,000	300	900
96-56	Ghana, Guinea, Mali, Nigeria, Sierra Leone	10,000	600	2,900
96-57	Colombia, Peru, Venezuela, Eastern Caribbean	75,000	17,600	20,500
97-09	Mexico	37,000	5,800	19,500
97-12	United Nations	4,000	2,500	2,400

**Appendix III**  
**Comparison of DSCA and Military Services'**  
**Data on Drawdown Transfers, Fiscal Years**  
**1993–2001**

(Continued From Previous Page)

Dollars in thousands

<b>PD no.<sup>a</sup></b>	<b>Foreign recipient</b>	<b>Total authorization</b>	<b>DSCA 1000 System<sup>b</sup></b>	<b>Military services<sup>c</sup></b>
97-14	United Nations	10,000	0	600
97-38	Colombia, Peru, Venezuela, Eastern Caribbean	20,000	1,200	12,800
98-19	Jordan	25,000	16,500	33,000
98-41	Colombia, Mexico <sup>e</sup>	75,000	17,000	44,000
99-03	EI Salvador, Guatemala, Honduras, Nicaragua	30,000	0	0
99-04	EI Salvador, Guatemala, Honduras, Nicaragua	45,000	0	2,200
99-18	Jordan	25,000	3,100	2,400
99-20	United Nations	25,000	0	100
99-32	Tunisia	5,000	4,400	200
99-34	Ghana, Guinea, Mali, Nigeria, Sierra Leone	3,000	1,700	2,800
99-35	United Nations	5,000	0	0
99-39	East Timor	55,000	0	600
99-40	United Nations	5,000	0	3,700
99-43	Colombia, Peru, Panama, Eastern Caribbean	69,700	21,800	44,100
2000-05	Iraqi National Congress	5,000	0	400
2000-09	Venezuela	20,000	0	0
2000-17	Botswana, Mozambique, South Africa, Zimbabwe	37,600	0	0
2000-27	United Nations	18,000	700	6,000
2000-33	Tunisia	4,000	0	100
2001-04	United Nations	36,000	3,000	7,500
2001-24	Tunisia	5,000	2,700	0
<b>Total</b>		<b>\$1,868,300</b>	<b>\$300,100</b>	<b>\$724,200</b>

<sup>a</sup>Each drawdown authorization is represented by the presidential determination number.

<sup>b</sup>DSCA's aggregate data on cost for delivery of defense articles and services for each individual drawdown as recorded in the 1000 System as of July 2, 2002.

<sup>c</sup>At our request, in November 2001, DSCA officials requested that the military services provide updated drawdown delivery status and costs for all drawdowns authorized since fiscal year 1993. We received updated information from the Army in March 2002 and the equivalent information from the Navy and Air Force in July 2002. The military services reported that \$48 worth of defense articles and services was delivered to Ecuador under 93-27; however, we rounded this number to zero in the table.

<sup>d</sup>DSCA officials told us that the drawdown was authorized, but no defense articles or services have ever been transferred.

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**Appendix III**  
**Comparison of DSCA and Military Services'**  
**Data on Drawdown Transfers, Fiscal Years**  
**1993–2001**

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<sup>e</sup>Defense articles were transferred to the countries listed; to Bolivia, Brazil, the Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Peru, Trinidad, and Tobago; and to the countries of the Eastern Caribbean Regional Security System, which includes Antigua and Barbuda, Barbados, Dominica, Grenada, St. Kitts–Nevis, St. Lucia, and St. Vincent and the Grenadines.

Source: GAO analysis.

# Comments from the Department of Defense



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

10 SEP 2002

In reply refer to:  
I-02/011902

Ms. Susan S. Westin  
Managing Director  
International Affairs and Trade  
US General Accounting Office  
Washington, DC 20548

Dear Ms. Westin:

This is the Department of Defense (DoD) response to the GAO draft report GAO-02-1027, "FOREIGN ASSISTANCE: Reporting of Defense Articles and Services Provided Through Drawdowns Needs to be Improved" dated August 13, 2002 (GAO Code 320086). The Department appreciates the opportunity to comment on this report.

The report makes one recommendation. DoD concurs with Recommendation 1, agreeing the system for reporting needs to be updated to allow the Defense Security Cooperation Agency to report more accurately on equipment and services provided to foreign countries through drawdown. Specific comments on the recommendation are enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard J. Millies".

Richard J. Millies  
Acting Director

Enclosure

GAO CODE 320086/GAO-02-1027

**"FOREIGN ASSISTANCE: REPORTING OF DEFENSE ARTICLES AND SERVICES PROVIDED THROUGH DRAWDOWNS NEEDS TO BE IMPROVED"**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE RECOMMENDATION**

**RECOMMENDATION 1:** The GAO recommended the Secretary of Defense, in consultation with the Director of the Defense Security Cooperation Agency (DSCA) and the Secretaries of the military services, develop a system that will enable DSCA to report to Congress on the cost, type, quantity, and delivery status of defense articles and services transferred to foreign recipients through drawdowns, as required. (p. 20/GAO Draft Report)

**DoD RESPONSE:** Concur. DSCA is the Defense agency responsible for implementing security assistance activities and also reports drawdown activities as required by legislation. DSCA's reports are dependent on accurate and consistent reporting of associated deliveries from the military services. While DSCA is not funded to support this administrative requirement, DSCA recognizes the need for better drawdown reporting functionality in its automation systems and will include these requirements in future updates to DSCA systems. In the interim, DSCA will continue to pursue regular updates on drawdown costs and deliveries from the military services.

Now on p. 18.

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# GAO Contact and Staff Acknowledgments

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## GAO Contact

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Albert H. Huntington, III (202) 512-4140

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## Acknowledgments

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In addition to the above named individual, Allen Fleener, Ronald Hughes, James Strus, and Jason Venner made key contributions to this report. Lynn Cothern, Ernie Jackson, and Reid Lowe provided technical assistance.

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