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Military Assistance Advisory Groups (MAAGs) have operated in foreign countries for many years to provide operational and tactical advisory and training assistance to host-country armed forces and to administer the grant aid program. The International Security Assistance Act of 1977 (Public Law 95-92) specified changes in the operations of the groups to improve the overall management of the programs. Findings/Conclusions: Public Law 95-92 had little, if any, direct effect on the scope and type of MAAG operations or on the direction and supervision provided by the Chiefs of U.S. Diplomatic Missions. The staff levels of certain groups were reduced, but their duties were unchanged. The Departments of State and Defense have not defined the primary functions to be performed by MAAGs under the act or the duties and tasks for each function. Many of the tasks being performed by the MAAGs are procedural in nature and could be assumed by the host country, performed by security assistance program managers in the United States, or performed by teams sent to the country for limited periods. Public Law 95-92 imposed a manpower ceiling on the number of military personnel that could be assigned overseas to security assistance functions. Two of the 15 MAAGs achieved apparent compliance by merely transferring personnel to technical assistance field teams which are not subject to the ceiling. Recommendations: The Secretaries of State and Defense should: define the tasks to be performed for each primary function under the act; make manpower surveys to determine optimal staffing and to identify tasks that must be performed incountry by MAAG personnel; transfer all tasks which do not have to be performed incountry by MAAG personnel to host-country personnel or State-side program managers; submit plans for eliminating tasks performed incountry by MAAG personnel to the Congress for its approval; reemphasize to host countries the

necessity for establishing procurement offices in the United States; and study the feasibility of using contractors or U.S. civilian personnel to perform advisory and training tasks requiring more than 2 years to complete. (R83)

6094

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Management Of Security Assistance Programs Overseas Needs To Be Improved

Military assistance advisory groups are responsible for managing the security assistance programs, which in fiscal year 1978 totaled \$10 billion in 15 countries. The International Security Assistance Act of 1977 (Public Law 95-92) specified changes in the operations of the groups to improve the overall management of the programs.

This report comments on the adequacy of these changes and outlines other changes needed to improve program management and to provide better service to the host countries with fewer military personnel.



ID-78-27

APRIL 21, 1978



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

B-165731

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

This report discusses changes needed to improve the management of overseas military assistance advisory groups, which are responsible for security assistance programs totaling an estimated \$10 billion in 15 countries during fiscal year 1978. It also comments on the changes in these groups' operations brought about by Public Law 95-92, which emphasized management of security assistance.

Formal comments were not requested from the Departments of State and Defense. However, the contents were discussed with them and their informal comments were considered in preparing the report.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (21 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Secretaries of State and Defense; and the appropriate congressional committees.

A handwritten signature in black ink, appearing to read "James B. Stuckey".

Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

MANAGEMENT OF SECURITY
ASSISTANCE PROGRAMS OVERSEAS
NEEDS TO BE IMPROVED

D I G E S T

This report discusses the activities of military assistance advisory groups in 15 countries, the effect the International Security Assistance Act of 1977 (Public Law 95-92) has had on the scope and type of operations they perform, and their compliance with the provisions of the Act.

GAO did not evaluate the effectiveness of or need for continued security assistance to the 15 countries. The results of GAO's review at each of the military assistance advisory groups visited will be discussed in greater detail in a report to be issued at a later date.

Congressional concern about the security assistance programs has been increasing for several years and has centered around the continuing need for the military assistance advisory groups, the number of personnel assigned, and the scope and type of operations being performed.

Public Law 95-92 has had little, if any, effect on the type or scope of security assistance program functions performed by military assistance advisory groups or the direction and supervision provided by the Chiefs of the U.S. Diplomatic Missions. Although some of the groups reduced their staffs, the net effect has been that fewer personnel now perform the same duties.

The lack of change in the way the groups operate can be attributed, in part, to the facts that most of the Foreign Military Sales and Military Assistance Programs were in operation before the Act was passed and that several of the groups reorganized or took other actions in anticipation of its passage.

The Act specified the primary functions to be performed by military assistance advisory groups. However, the Departments of State and Defense have yet to define the primary functions or the

duties and tasks to be performed for each function. Consequently, the groups are unsure what is expected of them and various groups carry out the same or similar tasks under different names.

Many of their tasks are procedural in nature and could be performed by the host country, security assistance program managers in the United States, or special teams sent to the country for limited periods to perform specific tasks. A key to reducing the tasks performed by military assistance advisory group personnel would be to have the host country establish procurement offices in the United States to work with the U.S. security assistance program managers on foreign military sales. The end result of transferring these duties could be better service to the host country with fewer group personnel.

Unless action is taken to transfer some or all of the duties being performed by the groups, there is no incentive for the host country to assume those duties and the groups will continue to function in their present roles.

Public Law 95-92 imposed a manpower ceiling on the number of military personnel that could be assigned overseas for security assistance functions. However, at 2 of the 15 military assistance advisory groups, compliance with the ceiling was achieved by merely transferring personnel to technical assistance field teams, which are not subject to the ceiling.

Although the Defense Security Assistance Agency presently counts all military personnel assigned to military assistance advisory groups as part of the manpower ceiling, its interpretation is that the ceiling does not apply when the costs of such personnel are reimbursed by the host country. Thus, the Agency could assign an additional 261 military personnel to the groups and still be under the ceiling. Legislative history on Public Law 95-92 does not support the Agency's interpretation.

In addition to military assistance advisory group personnel, there are numerous other organizations--located primarily in Saudi Arabia and Iran--with about 1,900 employees whose reason for being there is to provide various types of security assistance.

Advisory and training assistance is being performed primarily by temporary teams dispatched to the country to perform specific tasks for limited periods. However, military assistance advisory group personnel are also performing advisory and training assistance.

Furthermore, the Act specifies limited periods, but the advisory and training assistance provided by the so-called temporary teams is subject to question because many times it extends for 5 years or more.

GAO recommends that the Secretaries of State and Defense:

- Define the tasks to be performed for each primary function.
- Make manpower surveys, particularly at the larger military assistance advisory groups, to determine the best staff levels and to identify tasks that must be performed incountry by group personnel.
- Transfer all tasks that do not have to be performed by group personnel to either host-country personnel or State-side program managers in accordance with a master plan developed for each military assistance advisory group. The plan should specify the date these tasks will be transferred.
- Submit plans for eliminating the tasks performed incountry by military assistance advisory group personnel to the Congress for its approval. The submission should be a part of the fiscal year 1980 security assistance program justification.

Tear Sheet

--Reemphasize to host countries the necessity for them to establish procurement offices in the United States or to vest their attaches with purchasing authority.

--Study the feasibility of using contractor or U.S. civilian personnel to perform those advisory and training tasks requiring more than 2 years to complete, since the intent of the Act was to limit military involvement in such tasks generally to 2 years. (See p. 25.)

Formal comments on this report were not requested from the Departments of State and Defense. However, the contents were discussed with them and their informal comments were considered in preparing the report.

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ABBREVIATIONS

| | |
|------|-----------------------------------------------|
| FMS | Foreign Military Sales |
| GAO | General Accounting Office |
| IMET | International Military Education and Training |
| MAAG | Military Assistance Advisory Group |
| MAP | Military Assistance Program |

CHAPTER 1

INTRODUCTION

Military Assistance Advisory Groups (MAAGs)^{1/} have operated in foreign countries for many years. Their primary purpose initially was to provide operational and tactical advisory and training assistance to host-country armed forces and to administer the grant aid program. However, the shift in emphasis from grant aid to foreign military sales gave the MAAGs responsibility for managing and administering the security assistance programs, which consist of military assistance, foreign military sales (FMS), and international military education and training (IMET).

The military assistance program (MAP) provides defense articles and related services, other than training, through grants. In fiscal year 1977 grant military assistance to 11 countries totaled about \$189 million. In 1978, a total of \$169 million was authorized for 7 countries, including \$91 million contingent upon the signing of Defense Cooperation Agreements with Turkey and other countries.

The FMS program authorizes financed or cash sales of defense articles and services to friendly nations. FMS agreements totaled \$11.2 billion in fiscal year 1977 and are estimated at \$13.2 billion for 1978.

The IMET program provides training and instruction through grants to military and civilian personnel of friendly nations. Much of the training is done in the United States and is directed toward leadership training for senior military leaders and other emerging leaders. In fiscal year 1977, training was given to 5,000 foreign military personnel at a cost of about \$25 million. In 1978, about 4,200 foreign military personnel are expected to be trained at a cost of about \$34.6 million.

^{1/} The official name of these groups varies from country to country; they are known as MAAGs, military missions, military groups, and liaison groups. For purposes of this report we refer to all these groups as MAAGs.

Appendix I shows the magnitude of the security assistance programs in fiscal years 1977 and 1978 in the 15 countries covered in our review. 1/

MAAGs also are responsible for monitoring the progress and performance of advisory and training assistance provided by mobile training teams, technical assistance field teams, and technical assistance teams. These teams consist of individuals who are not assigned to MAAGs, but who are detailed to perform specific advisory and training tasks for limited periods of time.

The emphasis on management of the security assistance programs came about as a result of growing congressional concern over the past several years about the continuing need for MAAGs, the number of assigned personnel, the scope and type of operations being performed, and guidance and direction being provided by the Chiefs of the U.S. Missions in the respective countries.

The International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329) amended the Foreign Assistance Act of 1961 and provided that:

- The number of MAAG-type organizations could not exceed 34 in fiscal year 1977.
- After fiscal year 1977, no MAAGs could operate unless specifically authorized by the Congress.
- The President could assign no more than three military personnel to the Chief of each U.S. Diplomatic Mission to perform functions related to international military education and training, sales of defense articles and services, and other security assistance programs.

The International Security Assistance Act of 1977 (Public Law 95-92) amended the Foreign Assistance Act of 1961 and went much further than previous legislation in that it:

- Specifically authorized MAAGs to operate in 15 countries in fiscal year 1978.

1/ Brazil, Greece, Indonesia, Iran, Jordan, Korea, Kuwait, Morocco, Panama, Philippines, Portugal, Saudi Arabia, Spain, Thailand, and Turkey.

- Authorized the President to assign up to 3 military personnel to any country, other than the 15 specifically authorized, to perform security assistance program functions and the Chiefs of U.S. Diplomatic Missions to request an additional 3 military members.
- Established a worldwide ceiling of 865 military personnel for MAAGs.
- Specified the MAAGs' primary functions as (1) logistics management, (2) transportation, (3) fiscal management, and (4) contract administration.
- Stated the sense of the Congress that advisory and training assistance would be performed primarily not by MAAG personnel but by personnel detailed for limited periods to perform specific tasks.
- Authorized defense attaches to perform security assistance program functions if a Presidential determination was made that this would be the most efficient and economical way to manage the programs. However, the number of attaches with this responsibility was limited to the number of attaches authorized as of December 31, 1976.
- Restated the responsibility of the Chief of Mission in each country to direct and supervise the MAAG.

These legislative changes were designed to (1) strengthen congressional oversight of transfers of U.S. defense equipment and services abroad, (2) extend the reforms enacted under Public Law 94-329, and (3) stem both the erosion of public support for military assistance programs and the increasing concerns over the growth of U.S. arms exports. It was felt that, with greater congressional participation at an earlier stage of the process; more detailed oversight; and more information on the process, content, and purposes of arms exports, many of these concerns could be alleviated.

SCOPE OF REVIEW

We made our review at the Department of State, the Defense Security Assistance Agency, and the Office of Assistant Secretary of Defense for International Security Affairs in Washington, D.C.; the U.S. European Command in Vaihingen, Germany; and the 15 military assistance advisory groups specified in Public Law 95-92.

We examined pertinent laws, regulations, and instructions and talked with appropriate Departments of State and Defense officials, MAAG Chiefs, Chiefs of the U.S. Diplomatic Missions, and other U.S. Embassy officials. Also, before visiting the 15 groups, we sent them a list of questions concerning personnel, advisory and training functions, and overall administration of the security assistance programs.

We did not evaluate the effectiveness of or need for continued security assistance to the respective countries. Also, reimbursement for overseas management of security assistance programs was not examined because other ongoing GAO reviews are covering this area.

This review was made to determine what the MAAGs are doing, the effect of Public Law 95-92 on the scope and type of operations, and compliance with the provisions of the Act.

CHAPTER 2

OVERVIEW OF MAAG OPERATIONS

Public Law 95-92 had little, if any, direct effect on the scope and type of MAAG operations or on the direction and supervision provided by the Chiefs of U.S. Diplomatic Missions. The staff levels of certain groups were reduced, but their duties were unchanged. The effects of Public Law 95-92 are minimal because:

- Most of the FMS and military assistance cases were planned, signed, and implemented before the Act was passed, so their scopes and the duties now being performed are basically unchanged. The only difference is that the MAAGs are attempting to categorize these duties under the four primary functions specified in Public Law 95-92 (logistics management, transportation, fiscal management, and contract administration).
- Some MAAGs had reorganized or taken other actions as a result of guidance provided by the Departments of State and Defense in anticipation of the Act or as a result of the President's arms transfer policy guidelines. Thus, many of the benefits that would have accrued from the Act were realized before it became effective. For example, authorized military staff levels, now subject to a manpower ceiling, were reduced in each of the last 3 fiscal years (see app. II).

Nevertheless, the issues discussed in the sections below should be considered by the Congress.

- The primary functions specified in the Act have not been well defined, so the tasks and duties being performed in the same functional area vary from group to group. Some variance is to be expected because the security assistance programs are different in each country and each country has unique situations, but there is considerable variance between groups which have similar programs.

- The amount of time devoted to the primary functions is considerably less than that devoted to other program support functions and duties. More importantly, however, much time is devoted to tasks and duties which could be performed by the host country, State-side personnel responsible for managing the security assistance program, or teams sent to the country for limited periods.
- Generally the groups appear to be in compliance with the staff levels specified in the Act. However, over half of the personnel assigned to two of the groups in fiscal year 1977 were reassigned to technical assistance field teams in 1978. This put these groups in apparent compliance with the authorized staff levels because technical assistance field teams are not subject to the manpower ceiling.
- In addition to the personnel assigned to the MAAGs to perform security assistance program functions, there are numerous personnel assigned to other incountry organizations whose primary purpose for being there is to perform security assistance program functions.
- The Defense Security Assistance Agency is of the opinion that the manpower ceiling does not apply to MAAG military personnel who are paid for by the host country. We believe the ceiling applies to all military personnel assigned to MAAGs regardless of who pays the cost. This is a moot point at present because the Defense Security Assistance Agency counts these individuals against the ceiling. However, under the Agency's interpretation, 261 additional military personnel could be assigned to the MAAGs and still not exceed the ceiling.
- Advisory and training assistance is being performed primarily by mobile training teams, technical assistance field teams, and technical assistance teams, which are programmed and funded on an annual basis. Their size and composition often change from year to year

However, the temporary nature of these teams, intended by the Act, is questionable in that the advisory and training tasks often last several years.

- The relationship between the MAAGs and the Chiefs of the U.S. Diplomatic Missions remains unchanged. The Act restated the already existing authority of the Chiefs of Missions to direct and supervise the MAAGs. Changes have occurred in MAAG relationships with representatives of commercial firms and host-country officials prior to finalization of requests for defense articles and services. Also, the procedures for transmitting requests from the host country to the Departments of State and Defense have changed. However, these changes are attributable to the President's arms transfer policy guidelines, not to Public Law 95-92.

MAAG PRIMARY FUNCTIONS

No implementing instructions and regulations have been issued to define duties and tasks to be performed under the four primary functional areas specified in Public Law 95-92. However, after we completed our review, the Department of State issued instructions which restated the provisions of the Act and further provided that MAAG military personnel, in carrying out the four primary functions, would maintain liaison with host-government defense and military establishments in order to:

- Enable the foreign government to acquire information needed to make decisions concerning the acquisition, use, and required training involved in obtaining defense articles and services from the United States through security assistance programs.
- Obtain information needed to evaluate host military capability to employ and maintain equipment being requested and to process the foreign government's security assistance proposals.
- Enable the United States to request the foreign government to take action in order to facilitate the timely, efficient, and responsive implementation of approved programs.

--Enable the United States to acquire information concerning potential future defense acquisitions by the foreign government and to anticipate demands on U.S. resources.

At the time of our review, the MAAGs had made no changes in duties performed before enactment of Public Law 95-92 but had merely categorized these duties under one of the specified primary functions.

This lack of specificity caused MAAG officials to be concerned over whether they were in compliance with the Act. "What duties are included under the primary functions, and how do we compare to other MAAGs?" were the questions we heard most frequently during our review.

The multitude of duties under the four primary functions best illustrates the concerns of MAAG officials.

Number of
MAAGs involved

Logistics management:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Provide input for development of security assistance program and other planning documents, such as the Joint Strategic Objectives Plan and the Military Security Assistance Projection | 7 |
| Process requests for letters of offer and acceptance and for price and availability data | 10 |
| Monitor status of equipment shipped by Defense Transportation Service | 2 |
| Assist host country in developing logistic systems and solving logistic problems | 7 |
| Negotiate supply support arrangements | 1 |
| Inspect MAP end-item use | 3 |
| Monitor MAP equipment disposal procedures | 7 |
| Identify additional training and support required for FMS and MAP equipment | 2 |

Number of
MAAGs involved

Support and coordinate visitors,
inspectors, and training team
activities 2

Other procurement and materials
transfer tasks under the security
assistance program 3

Fiscal management:

Monitor MAP and IMET funding levels 6

Manage fiscal matters for planning
and developing FMS, MAP, and
IMET programs 9

Manage MAAG operating expenses 2

Act as liaison to host country on
late payments and requests for
price and availability data 3

Monitor FMS payment process 2

Review, validate, and process FMS
billings 1

Provide input for planning documents 1

Transportation:

Coordinate delivery of items with host
country 8

Monitor and follow up on FMS and MAP
shipments 9

Coordinate transportation of security
assistance program personnel 4

Arrange transportation for IMET students 2

Prepare, support, and manage cargo-
handling operations 1

Receive and distribute publications
requested by host country 1

Redistribute excess MAP items 1

Contract administration:

Act as liaison to host country on
letters of intent, request for letters
of offer and acceptance, contract
extensions and modifications, price
changes, and altered delivery schedules 4

Review, evaluate, and prepare justification
for host-country FMS requests 3

Reconcile billing statements with delivery
statements and prepare reports on item
discrepancies 1

Number of
MAAGs involved

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---|
| Monitor actions of program managers, administrative contracting officers, and contracting officers' representa- tives to assure contract performance | 3 |
| Assist host country in contract negoti- ations | 1 |
| Evaluate performance of advisory and training teams | 1 |
| Define scope of work to be done by mobile training teams | 1 |
| Administer other than FMS contracts. | 2 |
| Act as intermediary between host country and U.S. Government or com- mercial suppliers | 3 |
| Monitor use of FMS items and services | 1 |

In addition to their duties under the four primary functions, the MAAGs perform numerous other tasks. In fact, the 15 groups we reviewed spent about 35 percent of total staff time in the four primary functions, 47 percent on security assistance program support functions, and 18 percent in other tasks, as shown below. The percent of time under the primary functions' category includes time devoted to tasks that could be classified as advisory and training. However, MAAGs did not provide a breakout of the time spent on each individual task.

| <u>Primary program functions</u> | <u>Percent of staff time</u> |
|--------------------------------------|----------------------------------|
| Logistics management | 20.4 |
| Fiscal management | 2.5 |
| Transportation | 6.3 |
| Contract administration | <u>5.4</u> |
| | 34.6 |
| <u>Program support functions</u> | |
| Overall program management | 2.5 |
| Coordination and liaison | 3.3 |
| Reports and inspections | 0.1 |
| Administration | 38.7 |
| Staff meetings, plans, and analyses | <u>2.4</u> |
| | 47.0 |

| <u>Other</u> | <u>Percent of staff time</u> |
|----------------------------------|------------------------------|
| Advisory and training assistance | 16.0 |
| Personnel matters | 0.2 |
| Miscellaneous | <u>2.2</u> |
| | 18.4 |
| Total | <u>100.0</u> |

As shown, most of the time devoted to program support and other tasks was spent on administration and advisory and training assistance. Administration tasks consisted primarily of clerical duties and driver support for MAAG personnel. Advisory and training assistance ranged from providing answers to specific host-country questions to assisting host countries to develop systems for resource management, maintenance and supply, and program, planning, and budgeting. We found no instances of MAAG personnel providing tactical or operational advisory and training assistance.

Many of the tasks and duties performed by MAAG personnel are procedural in nature and could be (1) assumed by the host country, (2) performed by State-side personnel responsible for managing the security assistance program, or (3) performed by teams sent to the country for limited periods.

For example:

1. The host country could
 - review, validate, and process FMS billings;
 - reconcile billing statements with delivery statements;
 - monitor status of and arrange for shipment of material;
 - arrange transportation for IMET students traveling to the United States for training; and
 - monitor MAP and IMET funding levels.

2. State-side personnel responsible for managing the security assistance program could

- provide input for planning documents, such as the Military Security Assistance Projection and Joint Strategic Objectives Plan;
- prepare justifications for host-country FMS requests;
- define scope of work to be done by temporary training and advisory teams;
- monitor the FMS payment process.
- process requests for letters of offer and acceptance and for price and availability data;
- notify host countries of contract extensions or modifications and price increases; and
- manage fiscal matters for planning and developing FMS, MAP, and IMET programs.

3. Teams sent to the countries could

- provide advice and assistance for developing resource management systems;
- establish maintenance and supply systems; and
- negotiate supply support arrangements.

While it may not be practical or feasible to completely eliminate the MAAGs, personnel could surely be reduced if the tasks were transferred as shown above.

MAAG officials in Morocco, Iran, Thailand, Turkey, and Indonesia told us that they were training host-country counterparts in many of the procedural tasks so that if the group was eliminated or reduced, the host country could assume these tasks. However, the officials could not give a date as to when their host-country counterparts would be able to assume these tasks. Such training is commendable but we believe that dates for transferring these tasks to

the host country should be established to give the country an incentive for assuming the tasks.

A key to successfully transferring these tasks either to the host countries or to State-side managers is to have the host countries establish offices in the United States to handle certain aspects of the security assistance program. Eleven countries have established such offices in the United States.

--Brazil and Korea are the only countries of the eleven where the United States has MAAGs specifically authorized by the Act. In these two countries, the MAAGs are involved only on a limited basis in processing requests and performing many of the procedural tasks.

--In five of the other countries, the United States has small staffs of military personnel (3 to 6) to assist with security assistance matters.

--In the remaining four countries, the United States has no U.S. security assistance personnel.

We believe that if the other 13 countries in which the United States has specifically authorized MAAGs established procurement offices in the United States or vested purchasing authority with their attaches in the United States, many of the tasks now being performed incountry by MAAG personnel could be eliminated or reduced. This could facilitate better service to the host countries with fewer MAAG personnel, and the host-countries' officials could work directly with U.S. security assistance program managers rather than through an intermediary--the MAAGs. Furthermore, host-countries' officials could better be kept abreast of policy changes affecting their security assistance programs.

PERSONNEL PERFORMING SECURITY ASSISTANCE PROGRAM FUNCTIONS

Public Law 95-92 established a fiscal year 1978 worldwide ceiling of 865 military personnel for overseas security assistance programs. The ceiling applies to the 15 MAAGs specifically authorized by the Act and to the smaller organizations with up to 6 assigned military personnel who perform accounting and other security assistance management functions. As shown in appendix I, at October 31, 1977, the

number of assigned military personnel at these organizations exceeded the fiscal year 1978 authorized levels. However, the excess personnel were removed from security assistance program duties as of October 1, 1977, and were awaiting reassignment to other duty locations.

Our review also showed that:

- To meet the fiscal year 1978 authorized staff levels, 2 of the 15 MAAGs redesignated more than half their personnel as members of technical assistance field teams, which are not subject to the manpower ceiling.
- Under the Defense Security Assistance Agency's interpretation of the military manpower ceiling, 261 additional personnel could be assigned to MAAGs without exceeding the ceiling.
- Numerous personnel assigned to other overseas organizations perform or provide support for security assistance functions.
- Some MAAG officials agreed that their staff levels could be reduced after certain actions were completed.

Redesignation of MAAG personnel
as members of technical
assistance field teams

The MAAGs in Saudi Arabia and Kuwait redesignated certain personnel as members of technical assistance field teams. By doing so, they were apparently able to comply with the authorized manpower ceilings because team personnel are excluded from the ceiling.

In fiscal year 1977, the MAAG in Saudi Arabia (U.S. Military Training Mission) was authorized 167 military personnel and 17 U.S. civilians and local nationals, for a total authorization of 184. In July 1977, after 2 years of negotiations, Saudi Arabia and the United States executed an FMS agreement which increased the authorization to 250 personnel, 224 military and 26 U.S. civilians and local nationals. Effective with the enactment of Public Law 95-92, the total authorization was reduced to 92 personnel, 80 military and 12 U.S. civilians and local nationals.

To meet the reduced staffing level, the U.S. Military Training Mission divided the authorized personnel under the FMS agreement as follows.

| <u>Organization</u> | <u>Authorized</u> | | | <u>Total</u> |
|-----------------------------------------|-----------------------|------------------------|----------------------------|--------------|
| | <u>Mili- tary</u> | <u>Civi- lians</u> | <u>Local nationals</u> | |
| U.S. Military Training Mission | 30 | 2 | 10 | 92 |
| Technical assistance field team | 88 | 4 | 6 | 98 |
| Technical assistance field team support | <u>56</u> | <u>0</u> | <u>4</u> | <u>60</u> |
| Total | <u>224</u> | <u>6</u> | <u>20</u> | <u>250</u> |

In February 1977, the Government of Kuwait and the United States executed an FMS agreement which provided that up to 22 personnel would be assigned to security assistance functions and that Kuwait would pay personnel and support costs.

A 1975 bilateral agreement with Kuwait provides that all security assistance personnel are considered as assigned to the U.S. Liaison Office-Kuwait (the MAAG).

At the time of our review, 15 personnel were assigned to perform security assistance functions under the FMS agreement. However, as a result of Public Law 95-92, the Departments of State and Defense authorized 9 military personnel for the Liaison Office. To comply with the authorized level, 6 of the 15 personnel were designated as assigned to the Liaison office and the remaining 9 as members of a technical assistance field team.

In both Saudi Arabia and Kuwait, the security assistance functions did not change as a result of designating personnel as team members nor did the duties performed. In our opinion, it is questionable whether this action complies with the intent of the Act, which was to limit the number of military personnel assigned overseas to perform security assistance functions.

Defense Security Assistance Agency's interpretation of the manpower ceiling

The Agency's interpretation of the Public Law 95-92 military manpower ceiling applies only to those military

personnel assigned to overseas security assistance programs who are funded by the U.S. Government. All military personnel in excess of six in Saudi Arabia and Iran and one in Kuwait who perform security assistance functions are funded by the host country under FMS agreements. The Agency is of the opinion that the ceiling does not apply to these personnel.

According to legislative history on the Act, the overriding factor in establishing the manpower ceiling was to limit the number of military personnel assigned overseas for security assistance, regardless of whether the personnel were funded by the U.S. Government or the host country.

As a matter of practice, the Agency counts all military personnel assigned to the MAAGs in the three countries as part of the military manpower ceiling. However, should it decide to apply its interpretation, it could assign 261 additional military personnel and remain within the authorized manning levels, as shown below.

| <u>Country</u> | <u>Authorized military level</u> | <u>Military personnel funded by U.S. Government</u> | <u>Additional personnel that could be assigned</u> |
|----------------|----------------------------------|-----------------------------------------------------|----------------------------------------------------|
| Saudi Arabia | 80 | 6 | 74 |
| Iran | 185 | 6 | 179 |
| Kuwait | <u>9</u> | <u>1</u> | <u>8</u> |
| Total | <u>274</u> | <u>13</u> | <u>261</u> |

Other overseas personnel performing security assistance functions

There are numerous personnel assigned to other overseas organizations whose sole purpose is to perform security assistance program functions, including

- program management, contract administration, and advice and assistance for projects funded under FMS or MAP;
- advice and assistance in English-language training;
- advice and assistance in support of weapon systems;

--audit services on contracts and subcontracts awarded to Department of Defense elements; and

--support to other personnel and organizations performing security assistance program functions.

The following table shows, by country, the number of personnel other than those assigned to MAAGs and temporary advisory and training teams who were performing security assistance functions at the time of our review.

| <u>Country</u> | <u>Number of personnel</u> | | | <u>Total</u> |
|----------------|----------------------------|-------------------|------------------------|---------------------|
| | <u>Military</u> | <u>Civilians</u> | <u>Local nationals</u> | |
| Greece | - | - | 10 | 10 |
| Indonesia | 1 | 4 | - | 5 |
| Iran (note a) | 288 | 142 | 424 | 854 |
| Jordan | 5 | 3 | - | 8 |
| Kuwait | 5 | 4 | - | 9 |
| Korea | - | 5 | - | 5 |
| Morocco | - | 1 | - | 1 |
| Saudi Arabia | 140 | 773 | 54 | 967 |
| Spain | <u>24</u> | <u>23</u> | <u>5</u> | <u>52</u> |
| Total | <u>463</u> | <u>955</u> | <u>493</u> | <u>1,911</u> |

a/ Includes 272 military, 48 civilians, and 423 local nationals who provide support to other personnel and organizations performing security assistance program functions.

These personnel are not assigned to the MAAG organizations and report to their respective State-side commands. The MAAGs, as in-country managers of security assistance programs, have oversight responsibility but no direct operational control over these personnel. Attempts have been made in Saudi Arabia and Iran to bring them under the MAAGs' operational control, but for various reasons, such as different military chains of command and requests of host countries, these attempts have not been successful.

How MAAGs could reduce staffs

MAAG and U.S. Embassy officials in Morocco, Brazil, and Thailand said that, if and when certain actions are completed, staff levels could be reduced. At MAAGs in the

Philippines, Iran, Indonesia, and Korea, positions had been identified or studies were being made to identify positions that could be abolished if staff reductions were directed.

Below are brief descriptions of actions or plans for reducing staffs at MAAGs in each of these countries.

Morocco

MAAG and Embassy officials said that staff levels could be reduced, possibly to six, after fiscal year 1979. They said that staff reductions before fiscal year 1980 could hamper successful completion of the army modernization program, involving about \$340 million of undelivered FMS orders, and ongoing negotiations and implementation of a supply support agreement.

Brazil

In March 1977, Brazil ended its participation in the security assistance program due to what it perceived as an unwarranted decision by the United States requiring human rights reporting as a condition for receiving security assistance. Subsequently, Brazil terminated all military agreements with the United States. Thus, the administration has not requested any security assistance for Brazil in fiscal year 1979. All that remains from prior year security assistance programs is about \$51 million of undelivered FMS items. However, the fiscal year 1979 Congressional Presentation Document shows that six military personnel are requested for the MAAG in Brazil. In our opinion, the need for these individuals is questionable in view of the termination of security assistance to Brazil and the amount of undelivered FMS orders.

Thailand

MAAG officials said that the MAAG could be reduced to 3 to 6 military personnel by the end of fiscal year 1980 if Thailand (1) was presented with a planned phaseout program, (2) would use freight forwarders^{1/} rather than the Defense Transportation Service to transport FMS deliveries, and (3) would establish a procurement office in the United States to handle FMS requests.

^{1/} Freight forwarders act as agents for the purchasing country in the United States, and equipment is deemed to have been delivered when the freight forwarder in the United States receives it.

Philippines

The MAAG has recently been reorganized along functional lines. As a result, five liaison positions could be abolished if further staff reductions were directed.

Iran

The MAAG has initiated a review of its organization, functions, goals, and objectives to identify needed changes, and the Department of Defense recently completed a manpower survey ^{1/} to determine the MAAG's needed staff level and composition. The results of the survey have not been released, but we understand that reductions in staff level have been proposed.

Indonesia

During fiscal year 1978, the tasks being performed by incumbents of four positions will be completed. MAAG officials plan to redefine the duties of the positions rather than abolish them. In our opinion, the MAAG should abolish the positions as the tasks are completed.

Korea

The MAAG is determining what positions could be abolished if further staff reductions are directed. At least 50 personnel are involved solely in advisory and training roles. In view of the emphasis for MAAGs to move away from advisory and training assistance, consideration should be given to transferring these personnel to a technical assistance field team. By doing so, the Government of Korea would have to assume the cost of the team under an FMS case since they do not receive military assistance grant funds. As it is now, cost of these personnel, and the services they provide, is charged to MAP administrative expense funds which are reimbursed, to a large extent, from the surcharge assessed against all FMS customers, not just Korea. Another possibility would be to include advisory and training services as part of the compensatory package being developed for Korea to prepare it to assume defense of the country when U.S. troops are withdrawn.

^{1/} A manpower survey is also scheduled for the MAAGs in Saudi Arabia and Korea.

ADVISORY AND TRAINING ASSISTANCE

Public Law 95-92 specified that advisory and training assistance would be provided primarily by personnel who are detailed for limited periods to perform specific tasks. These temporary teams are referred to as mobile training teams, technical assistance field teams, technical assistance teams, contract engineering technical service teams, contract field services, and contract management services.

Our review showed that advisory and training assistance was being provided by MAAGs but that temporary teams dispatched to perform specific advisory and training tasks were involved to a greater extent.

The MAAGs' advisory and training assistance consisted of answering host-country questions and helping the host country develop and manage training programs, logistic systems, and management resource systems. The amount of time devoted to advisory and training assistance is shown on page 11. The temporary teams primarily provide technical assistance in weapons systems operations, tactics, and maintenance.

The conference reports on Public Law 95-92 state that advisory and training assistance provided by teams detailed for limited periods to perform specific tasks is interpreted to mean generally that military personnel will have a single definable task which is to be completed in a period not to exceed 2 years. However, in Iran, advisory and training tasks performed by the so-called temporary teams are expected to last up to 6 years. This is not to say that the same persons remain for the entire time. What happens is that persons rotate out as they complete their assigned tours and others are transferred in to continue the advisory and training task. For example, in Iran during fiscal year 1977, there were 23 advisory and training tasks being performed by technical assistance field teams involving 671 military personnel. In fiscal year 1978, all the tasks will continue but the number of military personnel is expected to be reduced to 426. All these tasks are expected to continue for more than 2 years. Examples of these tasks are shown below.

| <u>Country</u> | <u>Description of advisory and training task</u> | <u>Estimated years of duration</u> |
|----------------|--------------------------------------------------|------------------------------------|
| Iran | Aircraft warning and control | 5 to 6 |
| | Logistics management | 4 to 5 |
| | Operation of I-Hawk system | 6 |
| | Expertise in navy tactics and electronic warfare | 4 |

In view of the conference committee's interpretation of the term "limited period" and the number of tasks expected to last over 2 years, it is questionable whether such actions are consistent with the sense of the Congress as stated in Public Law 95-92.

SUPERVISION AND DIRECTION BY THE CHIEFS OF U.S. DIPLOMATIC MISSIONS

Previous legislation and Presidential guidance vested the Chiefs of Missions with responsibility for supervising and directing the MAAGs. Public Law 95-92 restated this role.

The Chiefs of Missions for the most part exercise policy guidance for security assistance program matters that could affect the relationship between the United States and the host country. Day-to-day operation and management of the program is left up to the MAAG chiefs. There are, of course, exceptions to this general rule, such as the sale of Airborne Early Warning and Control System aircraft to Iran. Because of the controversial and sensitive nature of this proposed sale, the Ambassador was involved almost on a daily basis in working out the details and providing guidance to the MAAG.

Changes in the way the MAAGs operate have occurred and could very well have emanated from the administration's anticipation of Public Law 95-92. As a result of guidance from the Departments of State and Defense and the President's arms transfer policy guidelines, MAAG officials:

- No longer provide representatives of commercial firms with an assessment of the host-country's needs or requirements, make appointments with the country's officials for the representatives, or attend meetings between these representatives and officials.

- Are more guarded in discussions with host-country officials prior to finalization of letters of offer and acceptance to avoid the impression that they support the country's request or are trying to direct the host country toward a particular type item.
- Transmit host-country requests through the Embassy rather than through military channels if the request is for (1) an item on the significant combat equipment list and is valued at \$7 million or more or (2) an item or items totaling \$25 million or more.

Officials at several MAAGs told us they routinely forward all host-country requests through the Embassy regardless of nature or value because of the Ambassador's interest in the type of items and services being requested and to insure that policy guidelines are not violated.

MEANS TO VERIFY END USE AND
LOCATION OF MAP EQUIPMENT AND
TO PREVENT UNAUTHORIZED TRANSFERS
OF MAP AND FMS EQUIPMENT

Public Law 95-92 did not address end-use inspection of MAP equipment or the means for preventing the unauthorized transfer of MAP and FMS equipment, but this has been a matter of congressional concern for several years.

MAAGs generally must rely on the host country to provide an inventory of and report the location of MAP equipment. The MAAGs make periodic inspections to verify the information reported, but their inspections are limited to the extent that they are allowed access to host-country units and installations. Also, it is physically impossible to verify the use and location of the large quantities of small items, such as small arms, often provided under MAP, because once they are delivered these items lose their identity. Additional personnel would not improve this situation. MAAG officials said it is not too difficult to keep track of major items, such as aircraft and weapon systems, because of their high visibility.

According to MAAG officials, there is no way to prevent a host country from transferring MAP and FMS equipment if it so desires. The officials said that, from time-to-time, they remind host-country officials of the requirement to

seek U.S. approval before transferring MAP or FMS equipment to third parties and of the possible consequences of unauthorized transfers. The officials also said that they have not detected or had any indications that unauthorized transfers have occurred.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

Public Law 95-92 has had little, if any, effect on the type or scope of security assistance program functions performed by MAAGs or the direction and supervision provided by the Chiefs of the U.S. Diplomatic Missions. Although certain MAAGs reduced their staffs, the net result was fewer personnel to perform the same duties. The lack of change in the way MAAGs operate can, in part, be attributed to the facts that most FMS and MAP cases were implemented before the Act and that several of the MAAGs reorganized or took other actions in anticipation of the Act.

The Act specified the primary functions to be performed by MAAGs. However, the Departments of State and Defense have yet to define the primary functions or the duties and tasks for each function. As a result, the MAAGs are unsure of what is expected of them.

Many of the tasks being performed by the MAAGs are procedural in nature and could be (1) assumed by the host-country, (2) performed by security assistance program managers in the United States, or (3) performed by teams sent to the country for limited periods. A key to reducing the tasks performed by MAAG personnel is to have the host countries establish procurement offices in the United States to work with security assistance program managers on FMS matters. Transferring these tasks to host countries would result in better service for the countries with fewer MAAG personnel and give the countries the incentive to assume the tasks.

Public Law 95-92 imposed a manpower ceiling on the number of military personnel that could be assigned overseas to security assistance functions. However, 2 of the 15 MAAGs achieved apparent compliance with the ceiling by merely transferring personnel to technical assistance field teams, which are not subject to the ceiling.

The Defense Security Assistance Agency's interpretation of the military manpower ceiling would allow it to assign an additional 261 military personnel to the MAAGs and still be under the ceiling. Legislative history on Public Law 95-92 does not support the Agency's interpretation.

There are numerous other organizations, primarily in Saudi Arabia and Iran, with about 1,900 employees whose

sole purpose is to perform security assistance program functions.

Advisory and training assistance, as required by Public Law 95-92, is being performed primarily by temporary teams sent to the countries for specific tasks for limited periods. However, the limited duration of the advisory and training assistance provided by the so-called temporary teams is subject to question, since such assistance can often last up to 6 years.

RECOMMENDATIONS

We recommend that the Secretaries of State and Defense:

- Define the tasks to be performed for each primary function.
- Make manpower surveys, particularly at the larger MAAGs, to determine optimal staffing and to identify tasks that must be performed incountry by MAAG personnel.
- Transfer all tasks which do not have to be performed incountry by MAAG personnel to either host-country personnel or State-side program managers in accordance with a master plan developed for each MAAG. The plan should specify the date these tasks will be transferred to the host country or to State-side program managers.
- Submit plans for eliminating the tasks performed incountry by MAAG personnel to the Congress for its approval. The submission should be a part of the fiscal year 1980 security assistance program justification.
- Reemphasize to host countries the necessity for establishing procurement offices in the United States or vesting their attaches with purchasing authority.
- Study the feasibility of using contractor or U.S. civilian personnel to perform those advisory and training tasks requiring more than 2 years to complete, since the intent of the Act was to generally limit military involvement in such tasks to 2 years.

MAGNITUDE OF
SECURITY ASSISTANCE PROGRAMS IN
15 COUNTRIES IN GAO REVIEW

| <u>Country</u> | <u>Fiscal year 1977</u> | | | <u>Fiscal year 1978</u> <u>(estimated)</u> | | |
|--------------------|-------------------------|----------------------------|-----------------------------|-----------------------------------------------|----------------------------|------------------------|
| | <u>MAP</u> | <u>FMS</u> | <u>IMET</u> <u>(000)</u> | <u>MAP</u> <u>omitted)</u> | <u>FMS</u> | <u>IMET</u> |
| Brazil | \$ - | \$ 14,277 | \$ 59 | \$ - | \$ 10,000 | \$ - |
| Greece | 33,000 | 207,280 | 976 | 33,000 | 200,000 | 2,000 |
| Indonesia | 15,000 | 5,853 | 2,674 | 15,000 | 125,000 | 3,100 |
| Iran | - | 5,803,079 | - | - | 3,000,000 | - |
| Jordan | 55,000 | 116,984 | 1,009 | 55,000 | 75,000 | 1,600 |
| Korea | - | 653,987 | 1,395 | - | 700,000 | 1,500 |
| Kuwait | - | 27,695 | - | - | 110,000 | - |
| Morocco | - | 35,687 | 783 | - | 40,000 | 1,300 |
| Panama | 225 | 202 | 399 | - | 700 | 500 |
| Philippines | 17,000 | 58,008 | 632 | 18,100 | 50,000 | 700 |
| Portugal | 32,250 | 1,592 | 1,200 | 25,000 | 2,000 | 3,335 |
| Saudi Arabia | - | 1,804,732 | - | - | 5,100,000 | - |
| Spain | 15,000 | 94,970 | 2,000 | 15,000 | 200,000 | 2,000 |
| Thailand | 16,000 | 103,802 | 1,226 | 8,000 | 40,000 | 1,000 |
| Turkey | - | 124,972 | - | - | 175,000 | - |
| Total | <u>\$183,475</u> | <u>\$ 9,053,120</u> | <u>\$12,343</u> | <u>\$169,100</u> | <u>\$ 9,827,700</u> | <u>\$17,035</u> |
| Worldwide total | a/\$254,500 | \$11,200,000 | \$25,000 | b/\$315,700 | \$13,200,000 | \$34,600 |

a/ Includes \$5.3 million in MAP assistance to three additional countries, \$64.3 million in general costs, and \$1.4 million in supply operations assistance to 11 other countries.

b/ Includes \$1.9 million in supply operations assistance to 13 other countries, \$53.7 million in general costs, and \$91 million contingent upon signing of Defense Cooperation Agreements with certain countries.

**AUTHORIZED PERSONNEL STAFF LEVELS
FOR FISCAL YEARS 1976-78 AND ASSIGNED
MILITARY PERSONNEL AS OF OCTOBER 31, 1977
FOR MAAGS SUBJECT TO MANPOWER CEILING**

| <u>Country</u> | <u>Fiscal year</u> 1976 | <u>Fiscal year</u> 1977 | <u>Fiscal year 1978</u> | |
|--------------------|----------------------------|----------------------------|--------------------------------------------|-------------------|
| | <u>authorized</u> | <u>authorized</u> | <u>authorized</u> (as of Oct. 31, 1977) | <u>assigned</u> |
| China | 43 | 30 | 6 | 6 |
| Indonesia | 55 | 54 | 33 | a/ 47 |
| Japan | 7 | 7 | 6 | 6 |
| Korea | 155 | 154 | 130 | a/138 |
| Philippines | 59 | 37 | 34 | a/ 36 |
| Thailand | 166 | 117 | 40 | a/ 77 |
| India | 4 | 2 | 2 | 2 |
| Iran | 191 | 185 | 185 | 168 |
| Jordan | 10 | 10 | 11 | 10 |
| Kuwait | 9 | 9 | 9 | 6 |
| Morocco | 19 | 19 | 16 | a/ 17 |
| Pakistan | 9 | 9 | 6 | 6 |
| Saudi Arabia | 148 | b/167 | 80 | 67 |
| Tunisia | 9 | 9 | 6 | 6 |
| Belgium | 7 | 3 | 3 | 3 |
| Denmark | 7 | 3 | 3 | 3 |
| France | 6 | 3 | 3 | 3 |
| Germany | 22 | 3 | 6 | 3 |
| Greece | 29 | 29 | 28 | a/ 30 |
| Italy | 11 | 3 | 3 | 3 |
| Netherlands | 8 | 3 | 3 | 3 |
| Norway | 6 | 3 | 3 | 3 |
| Portugal | 11 | 12 | 12 | 12 |
| Spain | 25 | 30 | 27 | a/ 30 |
| Turkey | 113 | 85 | 64 | a/ 72 |
| Liberia | 9 | 9 | 6 | 6 |
| Zaire | 10 | 10 | 6 | 6 |
| Argentina | 27 | 22 | 6 | 6 |
| Bolivia | 29 | 29 | 6 | 6 |
| Brazil | 38 | 38 | 32 | 32 |
| Chile | 15 | 7 | 6 | 6 |
| Columbia | 22 | 21 | 6 | 6 |
| Costa Rica | 2 | 2 | 2 | 2 |
| Dominican Republic | 8 | 8 | 5 | 4 |
| Ecuador | 8 | 6 | 6 | 5 |
| El Salvador | 10 | 6 | 5 | 5 |
| Guatemala | 15 | 12 | 4 | 4 |
| Honduras | 11 | 11 | 6 | 6 |
| Nicaragua | 15 | 11 | 6 | 6 |
| Panama | 9 | 13 | 13 | 9 |
| Paraguay | 14 | 3 | 3 | 3 |
| Peru | 7 | 7 | 6 | 6 |
| Uruguay | 13 | 3 | 3 | 3 |
| Venezuela | 30 | 19 | 6 | 6 |
| Total | <u>1,421</u> | <u>1,223</u> | <u>854</u> | <u>884</u> |

a/ Although the assigned personnel exceed the authorized level by 75, the excess personnel were removed from security assistance program duties as of October 1, 1977, and were awaiting transfers from the MAAGs. At the time of our visits, the number of assigned personnel exceeded the authorized level by 48 at 4 MAAGs.

b/ Authorization increased to 274 effective July 1977.