

**Fiscal Year 2017
Second Quarter Report on Use of Funds
for Department of Defense Security Cooperation
Programs and Activities**

Submitted pursuant to 10 U.S. Code 381(b)



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1. STATUTORY REPORTING REQUIREMENT

This report is submitted pursuant to 10 U.S. Code 381(b). The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2017 established a new Chapter 16 of Title 10 in the U.S. Code (U.S.C.). Section 381(b) of that Chapter requires quarterly reporting on the obligation and expenditure of funds for security cooperation programs and activities of the Department of Defense during such calendar quarter. It further specifies that “[n]ot later than 30 days after the end of each calendar quarter, the Secretary shall submit to the appropriate committees of Congress a report on the obligation and expenditure of funds for security cooperation programs and activities of the Department of Defense during such calendar quarter.”

2. REPORTING PERIOD AND CONTENTS

- a. Reporting Period. This report covers the period October 1, 2016 – March 31, 2017, and includes security cooperation programs and activities executed through the second quarter of FY 2017.
- b. Contents of the Current Report. The current report focuses primarily on the Security Cooperation programs and activities funded within the Defense Security Cooperation Agency’s (DSCA) Operation & Maintenance, Defense-Wide (O&M, DW), and the Overseas Humanitarian, Disaster, and Civic Aid (OHDACA) accounts.

3. UNDERLYING AUTHORITIES SUPPORTING DoD SECURITY COOPERATION PROGRAMS AND ACTIVITIES

Security Cooperation programs and activities during the first and second quarters of FY 2017 were predominantly conducted under their legacy authorities, in accordance with the NDAA for FY 2017 repeal timeline for those authorities. DSCA expects to see increased use of the authorities found in Chapter 16 of Title 10 in the third and fourth quarters of FY 2017 as the Department of Defense (DoD) establishes the processes required to execute under the new authorities.

4. DESCRIPTION OF SECURITY COOPERATION COST CATEGORIES

Pursuant to 10 U.S.C. 381(b), DoD is required to submit quarterly reports on the obligation and expenditure of funds for Security Cooperation programs and activities approved for the previous calendar quarter. DoD will use budget categories based on the subchapters of Chapter 16, Title 10, to facilitate reporting across the Security Cooperation community. The categories listed below reflect the authorities listed within Chapter 16 and other authorities. These categories are subject to refinement to reflect actual experience with Security Cooperation programs and activities. Section numbers refer to Title 10, U.S.C., unless otherwise indicated.

Category 1: Military-to-Military Engagements

- Section 311. Exchange of defense personnel between United States and friendly foreign countries: authority
- Section 312. Payment of personnel expenses necessary for theater security cooperation
- Section 313. Bilateral or regional cooperation programs: awards and mementos to recognize superior noncombat achievements or performance
- Section 341. DoD State Partnership Program

Category 2: Training With Foreign Forces

- Section 321. Training with friendly foreign countries: payment of training and exercise expenses
- Section 322. Special operations forces: training with friendly foreign forces

Category 3: Support to Operations

- Section 331. Friendly foreign countries: authority to provide support for conduct of operations

Category 4: Capacity Building

- Section 332. Friendly foreign countries; international and regional organizations: defense institution capacity building
- Section 333. Foreign security forces: authority to build capacity
- Section 1263 of the NDAA for FY 2016. Southeast Asia Maritime Security Initiative

Category 5: Educational and Training Activities

- Section 342. Regional Centers for Security Studies
- Section 343. Western Hemisphere Institute for Security Cooperation
- Section 344. Participation in multinational military centers for excellence
- Section 345. Regional Defense Combating Terrorism Fellowship Program
- Section 346. Distribution to certain foreign personnel of education and training materials and information technology to enhance military interoperability with the armed forces
- Section 347. International engagement authorities for service academies
- Section 348. Aviation Leadership Program
- Section 349. Inter-American Air Forces Academy
- Section 350. Inter-European Air Forces Academy

Category 6: Management, Infrastructure, and Workforce Development

- Section 382. Execution and administration of programs and activities
- Section 383. Assessment, monitoring, and evaluation of programs and activities
- Section 384. Department of Defense security cooperation workforce development
- Section 385. Department of Defense support for other departments and agencies of the United States Government that advance Department of Defense security cooperation objectives.

Category 7: Humanitarian and Assistance Activities.

- Section 2561. Humanitarian assistance
- Section 2557. Excess nonlethal supplies: availability for humanitarian relief, domestic emergency assistance, and homeless veterans assistance
- This list may be expanded in the future to include authorities not cited elsewhere.

5. OBLIGATIONS AND EXPENDITURES FOR SECURITY COOPERATION PROGRAMS AND ACTIVITIES

This section summarizes financial data by budget category and region. At this time, financial data in this report only represents programs and activities funded within DSCA's FY 2017 O&M, DW, and the FY 2016/2017 OHDACA accounts. Future reports will include execution in all categories and will incorporate data from the Military Departments, Geographic Combatant Commands (GCC), and other Defense Agencies.

Exhibit 1: Summary Reporting of Security Cooperation Execution by Budget Category

(Dollars in Thousands)

Budget Category	Total Obligations	Total Expenditures
Military-to-Military Engagements		
Training with Foreign Forces		
Support to Operations	600	600
Capacity Building	431,815	299,436
Educational and Training Activities	39,242	25,999
Management, Infrastructure, and Workforce Development	11,280	8,130
Humanitarian Assistance	52,594	7,694
TOTAL	535,531	341,859

The figures in this table represent execution of FY 2017 SC programs and activities executed within the DSCA's O&M, DW, and OHDACA accounts in the current reporting period: October 1, 2016 – March 31, 2017.

Exhibit 2: Summary Reporting of Security Cooperation Execution by Region

(Dollars in Thousands)

Region	Total Obligations	Total Expenditures
USAFRICOM	172,216	114,537
USCENTCOM	188,647	152,107
USEUCOM	38,402	18,955
USNORTHCOM	2,375	703
USPACOM	53,141	27,863
USSOUTHCOM	17,277	4,770
MULTI-REGIONAL	63,473	22,924
TOTAL	535,531	341,859

The figures in this table represent execution of FY 2017 SC programs and activities executed within the DSCA's O&M, D,W and OHDACA accounts in the current reporting period: October 1, 2016 – March 31, 2017.

ABBREVIATIONS and ACRONYMS

USAFRICOM	U.S. Africa Command
USCENTCOM	U.S. Central Command
DoD	Department of Defense
DW	Defense-Wide
USEUCOM	U.S. European Command
FY	Fiscal Year
GCC	Geographic Combatant Command
NDAA	National Defense Authorization Act
USNORTHCOM	U.S. Northern Command
O&M	Operation and Maintenance
OCO	Overseas Contingency Operation
OHDACA	Overseas Humanitarian, Disaster, and Civic Aid
USPACOM	U.S. Pacific Command
SC	Security Cooperation
T&E	Train and Equip
U.S.C.	United States Code