

**MEMORANDUM OF AGREEMENT
BETWEEN THE
UNITED STATES DEPARTMENT OF STATE
AND THE
UNITED STATES DEPARTMENT OF DEFENSE**

Pursuant to Section 632(b) of the Foreign Assistance Act of 1961, as amended (FAA), the United States Department of State (State) hereby agrees to provide funds to the Defense Security Cooperation Agency (DSCA) of the United States Department of Defense (DOD) in accordance with this Memorandum of Agreement (Agreement).

I. AUTHORITY

This Agreement hereby provides twenty-seven million three hundred and forty thousand dollars (\$27,340,000) in FY 2005 Peacekeeping Operations (PKO) funds transferred to the Department of State by the Department of Defense pursuant to Section 117 of the Miscellaneous Appropriations and Offsets Act, 2005, (Div. J, P.L. 108-447), which authorized the transfer of \$80,000,000 from the Department of Defense to the Department of State under "Peacekeeping Operations" (PKO). These funds are available for obligation until September 30, 2005.

II. PURPOSE

Funds provided under this Agreement, in the total amount of \$27,340,000, will be used by DSCA for the activities set forth in Tab 1 and such other related purposes as State may direct. Funding shall be used in the following approximate amounts as indicated: Mongolia (\$2,839,000), Thailand (\$1,925,000), Bangladesh (\$925,000), Malaysia (\$591,000), Planning Conferences (\$600,000), the Economic Community of West African States (ECOWAS) (\$700,000); El Salvador (\$845,000); Nicaragua (\$845,000); Honduras (\$845,000); Guatemala (\$1,875,000); Ukraine (\$1,700,000); the South-Eastern Europe Brigade (SEEBRIG) (\$1,000,000); Albania (\$2,000,000); Bosnia and Herzegovina (\$350,000); and equipment for GPOI units including, but not limited to, those countries named above and all countries trained through the ACOTA program (\$10,300,000). Such funds are available for obligation and expenditure for the purposes for which such were authorized.

As approved by State, appendices to this Agreement may be developed to list specifically the quantities and estimated cost of defense articles and services to be provided as this information becomes available. Any changes must be made with the concurrence of the signatories below.

III. FISCAL TERMS

Execution of this Agreement shall constitute an obligation of funds in the amount of \$27,340,000. DSCA will administer the funds it receives under this Agreement in accordance with all applicable law. Consistent with U.S. appropriations law, the appropriation cited below is the source of funding for costs arising out of this Agreement. DSCA shall return or expend any unexpended funds as directed by State, including, if necessary, by contracting on behalf of State, in accordance with relevant United States Foreign Assistance laws and regulations.

Consistent with DSCA business practices, an administrative surcharge will be charged at the most preferential rate available for U.S. Government national security-related activities.

Billing and payment will be affected through the Central Financial Management System (CFMS) using the information contained in this Agreement. Notice of the billing and the accompanying documentation should be sent to the following office:

United States Department of State
Roger Moran, COR
PM/PPA, 5819
2201 C Street, NW
Washington, DC 20520

The following fiscal data shall be noted on all bills (some or all of these may apply):

Appropriation: 19-1151032
Budget Plan: N/A
Organization/Bureau Code: 014600
Function Code/Activity: 2104 APC:N/A Budget/Object Code: 2589
Project Code: N/A Fund: 1032 Agreement #: N/A
Interagency agreement number: N/A
Allotment: 1039
Obligation number: 569001

Purchase order number: 1039-569001
Acct. classification reference number: N/A
Agency locator code: 19
Agency locator contact name: Patricia Stallings
Agency locator contact telephone number: 202-736-7503
Agency locator contact email address: StallingsPS@state.gov

When payment is processed, DSCA will include in the remarks section the appropriation, obligation number, and other information specifically required by State.

Funds will be made available upon signature by the last signing party of this Agreement.

IV. PERIOD OF AGREEMENT

This Agreement shall take effect as of the date of the last signature below and shall continue until such time as the funds obligated hereby are fully expended, however, if such funds are not fully expended by June 1, 2010, they shall be returned to State. This Agreement may be modified or canceled upon written mutual Agreement of State and DSCA. Upon execution of the Agreement, State will return a signed copy to DSCA.

V. REPORTING

DSCA will coordinate as necessary with State to ensure compliance with all relevant U.S. laws and regulations is maintained, to include provisions requiring that U.S. assistance be exempted from taxation (Section 506 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2005 (Div. D, P.L. 108-447)(FOAA)), the Leahy amendment (Section 551 of the FOAA) and provisions banning material support to terrorists and drug traffickers (18 USC 2339 A and B and Section 487 of the FAA).

DSCA shall advise foreign government recipients of items under this agreement (grantees and contractors) that no commodities purchased pursuant to this initiative may be subject to taxation, including value-added taxes and customs duties, by that government; any VAT and customs duties imposed must be reimbursed within 4 months of the date of assessment or the USG will impose a withholding penalty from the next year's assistance allocated to that government.


DSCA will keep full and complete records and accounts with respect to the use of funds provided under this Agreement in accordance with generally accepted accounting principles. DSCA shall maintain relevant documentation to reflect procurement and other related costs. DSCA shall also provide State with monthly reports of program activities, as well as any additional information or documentation that they may request from time to time regarding expenditures and activities, including any accounting or audit records concerning the \$27,340,000 provided under this Agreement. Each submission shall refer to this Agreement.

Upon conclusion of its responsibilities under this Agreement, DSCA shall report to State that the funds were expended for the purposes for which provided, or, with respect to any excess funds, as otherwise directed by State.

VI. OTHER TERMS AND CONDITIONS

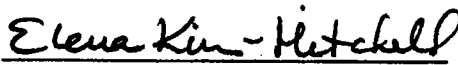
As directed by State, DSCA will make delivery of all relevant articles and services and maintain a written record of receipt and assume responsibility for the security, accountability, and tracking of the articles and services provided until delivery.

If applicable, licenses or other export authorizations that may be required or warranted under the Arms Export Control Act (AECA) or the Export Administration Regulations (EAR) for the export by commercial entities or persons of any of the items covered by this agreement shall be the responsibility of such entities or persons to secure.



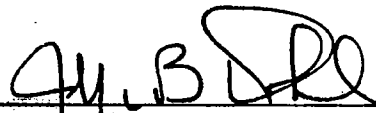
Ms. Cathleen Lawrence
Executive Director
NP/EX
U.S. Department of State

Date: 9/17/05



Elena Kim-Mitchell
Deputy Assistant Secretary, Acting
Bureau of Political-Military Affairs
U.S. Department of State

Date: 9/16/05



Jeffrey B. Kohler
Director
Defense Security Cooperation Agency
U.S. Department of Defense

Date: SEP 21 2005

TAB 1

Funds for Mongolia will be used to provide the following: peace support operations training, including courses in pre-deployment, infantry, and staff training; equipment for a Mongolian peacekeeping battalion; installation of the Asia Pacific Area Network, which will improve the ability of trainers to collaborate on the development, execution, and evaluation of training programs at the Mongolian Five Hills Peacekeeping Training Center; upgrades to the Five Hills facility, to include the procurement of equipment such as a diesel generator, computer lab, language lab and shooting simulator; and other related activities as State may direct.

Funds for Thailand will be used to provide: peace support operations training, including courses in pre-deployment, infantry, and staff training; installation of the Asia Pacific Area Network, which will improve the ability of trainers to collaborate on the development, execution, and evaluation of training programs at the Peace Operations Training Center in Thailand; upgrades to this training center, as well as to the National Training Facility, such as infrastructure improvements and equipment to support peace support operations training; and other related activities as State may direct.

Funds for Bangladesh will be used to provide: peace support operations training, including courses in pre-deployment, infantry, and staff training; installation of the Asia Pacific Area Network, which will improve the ability of trainers to collaborate on the development, execution, and evaluation of training programs at the Bangladesh Institute for Peace Support Operations Training center; and other related activities as State may direct.

Funds for Malaysia will be used to provide: peace support operations training, including funding for Malaysian and other foreign students to attend courses and participate in training activities that focus on tactical level logistics; installation of the Asia Pacific Area Network, which will improve the ability of trainers to collaborate on the development, execution, and evaluation of training programs at the Port Dixon Training Center; and other related activities as State may direct.

Funds for the Planning Conferences will be used to provide travel and per diem for foreign participants (not prohibited by U.S. law) to attend a conference to prepare for a multinational peacekeeping exercise in FY06.

Funds for ECOWAS will be used to provide advisory assistance, strategic training or other related training for the ECOWAS Mission Planning and Management Cell (MPMC) staff.

Funds for El Salvador, Nicaragua, Honduras and Guatemala will be used to provide: peace support operations training, equipment for use in the CFAC peacekeeping battalion such as, but not limited to, computers, audio/visual, and vehicles; transportation of personnel to the Coban Regional Peacekeeping Training Center in Guatemala; and for other related activities as State may direct. Funds for Guatemala also may be used to upgrade equipment and provide infrastructure support for the Regional Peacekeeping Training Center in Coban, Guatemala.

Funds for Ukraine will be used to provide: site surveys and assessments of the Peace Center in Yavoriv; training for units designated as Planning and Review Process (PARP) that could be used for peace support operations (PSO); training equipment or facility equipment upgrades supporting PARP units; and other related activities as State may direct.

Funds for SEEBRIG will be used to provide: pre-deployment training; communications equipment upgrades; and other related activities as State may direct.

Funds for Albania will be used to provide training for an infantry company, military police platoon and an engineering platoon; and other related activities as State may direct.

Funds for the Peace Support Operations Training Center (PSOTC) managed by the U.S. and partners in Bosnia and Herzegovina will support two U.S. military instructors for one-year assignments at the PSOTC; as well as operations, maintenance, and equipment support for the PSOTC; and other related activities as State may direct.

Funds for equipment will be used to procure battalion and headquarters deployment sets including items such as, but not limited to, uniforms, tents, body armor, computers, generators, and communications equipment; and other related activities as State may direct.