DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

CH-1 OF 3 AUG 1983 INCORP

SECNAVINST 7820.9
NAVCOMPT NCFC
23 JUN 1980

SECNAV INSTRUCTION 7820.9

From: Secretary of the Navy

Subj: Financial transactions with foreign nations and international organizations

1. Purpose. To provide the principles and procedures for the financing of Department of the Navy (DON) transactions with foreign nations and international organizations; viz., transactions that require the outlay of United States (U. S.) dollars or foreign currencies or the inflow of funds from foreign countries.

2. Applicability and scope. The following principles are to be observed by all activities of the DON in negotiating financial arrangements with foreign nations or international organizations. These principles are based on the premise that (1) U. S. dollars will be retained in the Treasury as long as feasible in order to minimize interest costs on the public debt, (2) interest on U. S. Government funds will not be used to subsidize program activities, and (3) arrangements with foreign nations or international organizations will accommodate the financial policies and procedures of each participating nation or organization to the maximum extent feasible.

3. General principles

a. United States dollars will not be withdrawn from the Treasury, for placement with any program management organization, prior to the need for the dollars as determined by the actual immediate funding requirements of the recipient organization to carry out the project.

b. Arrangements which require U. S. funding shall be negotiated to provide for dollar outlays as close to the need for current program expenditures as possible.

c. Each program should be structured, to the maximum practical extent, so as to provide the flexibility required for each participating nation to fund the program in a manner consistent with its own fiscal needs and policy considerations.

d. The DON's share of funding required to support a program shall be obtained by appropriation and no part of such funding shall be derived from interest earnings on U. S. contributions.

e. Each request from a foreign nation for the temporary deposit and safekeeping of dollars in trust in an account in the Treasury will be decided on its own merits, based on the reasons therefor, the specific financial arrangements proposed, and the relevant U. S. Government political and general financial considerations.

f. Unless otherwise required by law, the U. S. Treasury will not invest funds on behalf of a foreign nation when U. S. Treasury receipt of such funds would serve as the basis for creating contract obligational authority for the DON.

g. Application of these general principles in negotiations with foreign nations shall not be compromised by administrative practices of the DON. Ongoing negotiations on current programs which have not progressed beyond the stage of modification of the proposed payment provisions and future programs will conform to the principles of this funding policy.

4. Procedures. The Comptroller of the Navy, the Executive (NCFC)Assistant Comptroller, should be consulted at the earliest possible time prior to negotiations (or during current ongoing negotiations as described above) on all programs with foreign nations which involve matters reflected in this instruction. Exception to the principles and guidelines of this instruction will be coordinated with the Department of the Treasury by NCD4. Such exceptions will be made only on the basis of a Treasury determination that such exceptions would be advantageous to the NCFC United States.

5. Implementation. A copy of amplifications on this guidance in correspondence or directives issued by addressees shall be provided to NCFC.

G. A. Peapples
Assistant Secretary of the Navy
(Financial Management)

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