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	ADS-00	M-00	NEA-01	NSAE-00	NSCE-00	OMB-01	PA-00
	PM-00	PRS-00	P-00	CIO-00	SARB-00	SP-00	SSO-00
	SS-00	STR-00	TRSE-00	USIE-00	PMB-00	DRL-09	G-00

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C O N F I D E N T I A L STATE 208966

FOR POL/MIL OFFICER MCCRENSKY

E.O. 12958: DECL: 100706
 TAGS: PREL, MARR, EFIN, BK, SA
 SUBJECT: BOSNIA TRAIN AND EQUIP: MPRI CONTRACT
 ADMINISTRATION SERVICES

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1. CLASSIFIED BY SDAS RUDOLF PERINA, EUR. REASONS 1.5 (B) AND (D).

2. ON JULY 16, 1996, FEDERATION DEFENSE MINISTER SOLJIC AND DEPUTY CENGIC REQUESTED DISBURSEMENT OF 40.4 MILLION DOLLARS FOR THE PURPOSE OF: (A) FUNDING THE FEDERATION MILITARY TRAINING/ADVISORY CONTRACT WITH MPRI CORPORATION (40 MILLION DOLLARS) AND (B) THE PROVISION OF CONTRACT ADMINISTRATION BY THE DEFENSE CONTRACT MANAGEMENT COMMAND (400 THOUSAND DOLLARS.) DISBURSEMENT OF THESE FUNDS WAS AUTHORIZED, JULY 24, 1996, BY THE ROYAL EMBASSY OF SAUDI ARABIA, WASHINGTON, D.C., IN RESPONSE TO A DEPARTMENT OF STATE NOTE.

3. SUBSEQUENT TO THIS FEDERATION REQUEST AND SAUDI AUTHORIZATION, IT WAS DETERMINED THAT A PORTION OF THE COSTS FOR CONTRACT ADMINISTRATION COULD BE COVERED BY U.S. DEPARTMENT OF DEFENSE DRAWDOWN AUTHORITY. ACCORDINGLY, THE TOTAL COST FOR REQUIRED CONTRACT ADMINISTRATION

SERVICES WAS REDUCED TO 71,428 DOLLARS INSTEAD OF THE EARLIER ESTIMATED 400,000 DOLLARS. SAUDI FUNDS FINALLY DISBURSED, THEREFORE, WERE ONLY 40,071,428 DOLLARS RATHER THAN THE 40,400,000 DOLLARS EARLIER REQUESTED BY THE FEDERATION AND AUTHORIZED BY THE ROYAL EMBASSY OF SAUDI ARABIA. THAT EMBASSY HAS BEEN ADVISED BY DIPLOMATIC NOTE OF THIS CHANGE.

4. PLEASE ADVISE APPROPRIATE FEDERATION AUTHORITIES IN WRITING OF THIS CHANGE.

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