~~SECRET~~

Report No. SPO-2009-004 May 20, 2009

Inspector General

United States Department of Defense

Special Plans and Operations

Assessment of DoD-Managed Programs in Support of the Government of Pakistan (U)

~~Classified by: DoD Inspector General~~
~~Reason: 1.4 (a) (g)~~
~~Declassify on: May 20, 2019~~

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May 20, 2009

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Assessment of DoD-Managed Programs in Support of the Government of Pakistan Report No. SPO-2009-004 (Project No. D2008-D000IG-0184.000) (U)

(U) We are providing this SECRET final report for your information and use. We performed this assessment in response to requests from the Under Secretaries of Defense (Policy and Comptroller/Chief Financial Officer); Chairman, Joint Chiefs of Staff; Commander, U.S. Central Command; and the U. S. Ambassador to Pakistan.

(U) After receiving management comments to this report and in our final report review process, we have made the following changes, which are reflected in this report:

- Revised draft Recommendation A.1. We request comments on this revision.
- Revised draft Recommendations I.1.b, I.2, and J.2.b. No additional comment or action is necessary.

(U) In responding to our request for comment, your comments should state whether you agree or disagree with the observations and recommendation. If you agree with our revised recommendation, describe what actions you have taken or plan to take to accomplish the recommendation and include the completion date of your actions. If you disagree with the revised recommendation, please give specific reason why you disagree and propose alternative action if that is appropriate.

(U) If possible, send your comments over the SECRET Internet Protocol Router Network (SIPRNET) in electronic format (Adobe Acrobat file only) to DoDIG: (b)(6) [redacted] @dodig.smil.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the / Signed / symbol in place of the actual signature. We should receive your comments by June 30, 2009.

(U) We appreciate the courtesies extended to the staff. Please direct questions to DoDIG: (b)(6) [redacted] at (703) 604 DoDIG: (b)(6) or at DoDIG: (b)(6) [redacted] @dodig.smil.mil. If you desire, we will provide a formal briefing on the results.

Thomas F. Gimble

Thomas F. Gimble
Principal Deputy

Unclassified when separated from classified enclosures

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United States Ambassador to Pakistan
Office of Defense Representative Pakistan

Executive Summary (U)

Assessment of DoD-Managed Programs in Support of the Government of Pakistan (U)

Report No. SPO-2009-004 (Project No. D2008-D000IG-0184.000)

Who Should Read This Report? (U)

(U) Personnel within the Office of the Secretary of Defense, the Joint Staff, the U.S. Central Command and its subordinate command in Pakistan, the Office of the Secretary of State, the U.S. Ambassador to Pakistan and those organizations and activities responsible for the management, oversight, and accountability of the U.S. programs in Pakistan should read this report.

Background (U)

(U) Today, Pakistan is a key ally in the Global War on Terror and the third largest recipient of United States military and economic support. The United States relies upon the Pakistan military to patrol Pakistan's western border and to help achieve the U.S. goal of denying safe haven to the terrorists and extremists. In the long term, the United States supports Pakistan's efforts to move along a stable, secure, and democratic path.

(U) Pakistan has taken important steps towards democracy in the past year. However, the new government also faces severe budget, energy, and economic crises. DoD senior officials have stated that they are committed to working with the new civilian leadership and helping the Pakistanis achieve stability.[1]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

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[1] (U) Deputy Assistant Secretary of Defense for Central Asia, Testimony before the House Oversight and Government Reform Subcommittee, June 24, 2008.
[2] (U) National Intelligence Estimate 2007-02D, "The Terrorist Threat to the U.S. Homeland," p.6, July 2007.
[3] ~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

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~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

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~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

(U) According to Department of State officials, Pakistan is critically important to the U.S. strategic mission in the region and to our overall national security. However, Congress and the public are concerned that Pakistan is not producing a measurable result to correlate with U.S. investment.

Overview of U.S. Funding to Pakistan (U)

(U) DoD manages several programs that provide support to Pakistan. From October 2001 through September 30, 2008, over $8 billion has been funded by these programs and funding sources (see Table1). The following programs and funds related to Pakistan were reviewed in this DoD OIG assessment:

- Coalition Support Funds (CSF) is a program that reimburses key cooperating nations for expenses incurred in providing logistical and military support to U.S. military operations. Office of Defense Representative Pakistan staff stated that they believed that the Coalition Support Funds authority is the single most potent Global War on Terror partner-enabling tool in the DoD tool kit for Pakistan.

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[4] (U) The National Security Strategy of the United States of America, p. 9, March 16, 2006.

[5] (U) The $12 billion includes U.S. funds in assistance and reimbursements by the Coalition Support Funds. Assistance includes funds for military, law enforcement, economic development, and diplomacy. Intelligence funding was not included in this report.

- Section 1206 (Authority to Build Capacity of Foreign Military Forces) authorizes short-term funding for equipment, supplies, or training to foreign militaries to strengthen a country's capacity to conduct counterterrorism operations and participate in or support military and stability operations in which U.S. Armed Forces are a participant.

- Frontier Corps Authority authorizes funding for assistance in FYs 2008 and 2009 to enhance the ability of the Pakistan Frontier Corps to conduct counterterrorism operations along the border with Afghanistan.

- Foreign Military Financing (FMF) is an appropriated fund that is provided to the Department of State but executed by the DoD for the purpose of providing grants and loans to help foreign countries purchase U.S.-produced weapons, defense equipment, defense services, and military training.

- International Military Education and Training (IMET) is funded in the Department of State budget, and is a low cost, key funding component of U.S. security assistance that provides training on a grant basis to students from allied and friendly nations. IMET is a very important program that exposes students to the U.S. military and the American way of life that has been missing for the years that the Pakistan and U.S. military did not work together.

- Combating Terrorism Fellowship Program (CTFP) is a DoD Security Cooperation tool that provides education and training to foreign military and civilian security personnel in counterterrorism techniques as part of the U.S. global effort to combat terrorism.

- DoD Counternarcotics funds assist foreign military, law enforcement and intelligence agencies, and domestic law enforcement in the fight against narcotics.

Table 1: U.S. Funding to Pakistan FY 2002 - FY 2008 (U) (Dollars in thousands)

	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	Total
CSF Payments	617,000	913,764	884,824	1,024,961	595,766	1,240,899	1,019,770	**6,296,984**
Section 1206 Foreign Military Forces	-	-	-	-	28,000	13,225	55,915	**97,140**
Frontier Corps Authority	-	-	-	-	-	-	75,000	**75,000**
FMF	75,000	224,500	74,600	298,800	297,000	297,000	297,570	**1,564,470**
IMET	622	628	1,100	1,670	1,700	1,700	2,200	**9,620**
Combating Terrorism Fellowship Program	-	1,122	667	628	714	998	1,079	**5,208**
Counter Narcotics	-	-	-	7,700	28,700	39,400	54,700	**130,500**
Total	**692,622**	**1,140,014**	**961,191**	**1,333,759**	**951,880**	**1,593,222**	**1,506,234**	**8,178,922**

Source: Multiple DoD Sources
DoD OIG accepted the DoD numbers and did not validate to the allocation or expenditure records.
CSF FY 2002 includes $300,000,000 and FY 2003 includes $530,154,000 of non-CSF that was used to reimburse the Government of Pakistan.

Total funding to Pakistan assessed by DoD IG about $8 billion.

Results in Brief

What We Observed

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g)

CENTCOM: (b)(1), 1.4(a), (g)

[redacted]

(U) We did find, however, that for those items that are under the end-use monitoring program, Pakistan allows the Office of Defense Representative Pakistan staff to move around the country to validate its accountability for these items.

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

What We Recommended

~~(C)~~ We made recommendations to the Secretary of Defense; the Chairman, Joint Chiefs of Staff; the Under Secretaries of Defense Comptroller/Chief Financial Officer and Policy; and the Commander, U.S. Central Command for improvements. These CENTCOM (b)(1), 1.4(a), (d), (g); JS (b)(1) [redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d), (g); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (d), (g); JS: (b)(1) [redacted]

(U) The details of these results and recommendations and additional observations and recommendations are in the body of this report.

Recommendations Table ~~(C)~~

Client	Recommendations Requiring Comment/Information	No Additional Comments Required
Secretary of Defense	J.1	H.2
Joint Chief of Staff		A.1., A.2.a., A.2.b, A.2.b (1), A.2.b (2), A.2.b(3), C.1, C.2, C.3, E, H.2, I.1.a, I.1.b, I.1.c, I.1.d, I.2, J.1, J.2.a, J.2.b
Under Secretary of Defense for Policy		A.1., A.2.a., A.2.b, A.2.b (1), A.2.b (2), A.2.b(3), C.1, C.2, C.3, E, H.2, I.1.a, I.1.b, I.1.c, I.1.d, I.2, J.1, J.2.a, J.2.b
Under Secretary of Defense (Comptroller)		A.2.a., A.2.b, A.2.b (1), A.2.b (2), A.2.b(3)
U.S. Central Command		D.1, D.2, D.3, D.4, H.1.a, H.1.b, H.1.c, H.1.d, J.3.a

Please provide comments by June 15, 2009.

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Introduction

Background (U)

(U) Since the establishment of the State of Pakistan in 1947, the relationship between the governments of the United States and Pakistan has experienced highs and lows over time. Former U.S. Ambassador Dennis Kux used the analogy of a roller coaster ride, with its alternating highs and lows, to describe the U.S. - Pakistan military and political relationship. The latest "low" occurred from 1990 to 2001, when the United States levied sanctions against Pakistan over its nuclear weapons program.

(U) However, following the terrorist attacks of September 11, 2001, the U.S. resumed its relationship with Pakistan when former President Pervez Musharraf pledged that his country would become a key ally in the Global War on Terror (GWOT). Today, the United States relies upon the Pakistan military to patrol and protect Pakistan's western border and to help achieve the U.S. goal of denying safe haven to the terrorists and extremists.

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

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[6] (U) The National Security Strategy of the United States of America, p. 9, dated March 16, 2006.

[7] ~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[8] ~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

(U) Pakistan has taken important steps towards democracy in the past year. However, the new government also faces severe budget, energy, and economic crises. DoD senior officials have stated that they are committed to working with the new civilian leadership and helping the Pakistanis achieve stability.[9]

(U) Public opinion polls released in June 2008 show that 24 percent of Pakistanis had a favorable opinion of the United States, while more than 70 percent believed that the United States should give aid to Pakistan in one form or another. Fifty-two percent of Pakistanis believed that the United States is mostly responsible for the violence in Pakistan.[10] A major challenge that both the United States and the Pakistan governments face is to communicate to all Pakistanis that the war against terrorism is "Pakistan's war" and not "Pakistan fighting a U.S. war."

Initiation of the Assessment (U)

(U) In three individual requests, the Chairman, Joint Chiefs of Staff; the Under Secretary of Defense for Policy (USD[P]); and the U.S. Ambassador to Pakistan requested that we conduct an assessment of programs funded or managed by DoD to support Pakistan.

(U) First, in early summer 2007, the Director, Joint Chiefs of Staff and the Principal Deputy USD (P) requested that we perform a worldwide performance review of Section 1206[11] of the Fiscal Year 2006 National Defense Authorization Act (NDAA), the global train and equip authority.

(U) Second, in late summer 2007, the USD (P) requested a review of controls over sensitive equipment items provided to the Pakistan Frontier Corps, which is deployed along the Pakistan's border with Afghanistan.

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d), (g)

CENTCOM: (b)(1), 1.4(a), (d), (g)

[redacted]

(U) There was sufficient overlap among these requests to discuss a single assessment approach with the requesters and the Commander, U.S. Central Command (USCENTCOM). All agreed to our approach to consolidate the requests.

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[9] (U) Deputy Assistant Secretary of Defense for Central Asia, Testimony before the House Oversight and Government Reform Subcommittee, June 24, 2008.

[10] (U) Center for Public Opinion, Terror Free Tomorrow, June 2008.

[11] (U) Section 1206, "Authority to Build the Capacity of Foreign Military Forces," January 6, 2006.

Map of Pakistan and Surrounding Region

Source: Created by Central Intelligence Agency; modified by the DoD OIG.

Assessment Objectives (U)

(U) The overall objective of the Pakistan assessment was to conduct a strategic assessment of DoD managed programs supporting the Government of Pakistan.

(U) Specifically, we assessed the Coalition Support Funds, Section 1206 and the separate Frontier Corp specific training and equip authority for Pakistan, Foreign Military Financing (FMF), International Military Education and Training (IMET), Combating Terrorism Fellowship Program (CTFP), and Counternarcotics (CN) funds to determine whether policy and guidance were adequate; sufficient implementation procedures and accountability measures were in place; and the programs effectively contributed to the achievement of DoD strategic objectives. See Table1 for a list of these programs and the funds associated with them.

(U) We also assessed the end-use monitoring (EUM) of sensitive items provided to the Government of Pakistan.

(U) In addition, we assessed ODRP to ensure that it was organized, staffed, and funded to achieve its mission.

(U) Finally, we assessed the DoD plans and program management in relation to Pakistan to identify whether appropriate direction had been established to achieve national goals and whether metrics have been established to measure the progress of executing these plans.

(U) We briefed our preliminary observations and recommendations to the Secretary of Defense on May 8, 2008. We also briefed or provided briefing slides to the U.S. Ambassador to Pakistan and DoD senior leaders, including the Chairman, Joint Chiefs of Staff, the USD (P), Under Secretary of Defense Comptroller Chief Financial Officer (USD[C]/CFO), and the ODRP Chief.

Part A: Coalition Support Funds Program

Observations (U)

(U) The Government of Pakistan and specifically, the Pakistan Security Forces are key elements in support of the U.S. goals and operations in Afghanistan and the GWOT. In 2002, Congress granted the Secretary of Defense very broad authority to make CSF payments. CSF has enabled Pakistan to deploy and maintain over 100,000 military and paramilitary personnel along the Pakistan-Afghanistan border. Since 2001, Pakistan has conducted more than 100 major operations and countless smaller operations within Pakistan territory, suffering more than 1,400 combat deaths in support of Coalition operations in Afghanistan.

(U) CSF is reimbursed to Pakistan in such amounts as the Secretary may determine to be sufficiently documented. The Secretary's determination is final and conclusive; however, DoD is required to provide a 15-day notification to Congress before reimbursing the approved claim. Subsequent legislation required DoD to provide quarterly reports on the use of CSF to the Senate and House Appropriations and Armed Services Committees. Recent legislation required DoD to provide an itemized description of support provided by Pakistan for which the DoD would reimburse through CSF.

(~~FOUO~~) Although DoD continues to make improvements in analyzing, processing, and defining Pakistani claims for cost reimbursement, more improvement is needed. Specifically, we found that DoD:

- had not documented its discussions with the Government of Pakistan as to the U.S. expected results from Pakistan military support in GWOT and how the U.S. Government expected to validate reimbursement claims of incremental costs in order to satisfy the requirements of validation for payment established by the Secretary of Defense.

- had not established an operational program manager, with the primary focus on CSF Pakistan to oversee the management and operations to ensure that the goals of the U.S. and DoD were being achieved.[12]

- reimbursed $6.3 billion to the Government of Pakistan without always following the DoD processes and procedures to validate whether actual logistical and military support was provided and adequate documentation (financial and non-financial indicators) existed to support its analysis of the reasonableness of Pakistani reimbursement claims.

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[12] The Office of Defense Representative Pakistan is the initial reviewer of the Pakistan CSF claims but can not establish policy or establish a budget and processes for CSF oversight. We do not consider ODRP a program manager. See Part J of this report.

- did not timely process CSF claims for reimbursement to Pakistan. It took an average of 200 days to process and pay claims submitted by the Government of Pakistan.

- issued additional guidance on June 19, 2008, and in August 2008 on the use and reimbursement criteria of CSF. We did not assess the implementation of this guidance as part of this initial assessment but plan to do so during our follow-up assessment. Further, as of December 1, 2008, the Government of Pakistan had not submitted any claims for reimbursement since the meetings in August 2008 when the DoD staff met with Government of Pakistan staff to explain the new criteria.

Background (U)

(U) CSF is a program that was established to reimburse key cooperating nations for the incremental expenses incurred in providing logistical and military support to U.S. military operations. CSF is a DoD program that functions differently from a traditional military assistance program because it is designed to reimburse only for incremental costs incurred as a result of a nation's support to the United States in the Global War on Terror. Incremental costs are those costs incurred over and above normal operating costs and should not serve as a grant payment for capacity building or regular operating expenses incurred.

(U) We made the following three recommendations to the USD(C)/CFO to improve the CSF reimbursement process in the classified report D-2004-045, "Coalition Support Funds," issued on January 16, 2004.

1. Require that Coalition countries include within their reimbursement request a support paragraph explaining the methodology used to develop each cost category and include adequate documentation to support the request.

2. Develop and implement procedures for conducting analyses of cost for Coalition countries reimbursement requests.

3. Include, as part of the reimbursement request coordination process, a specific requirement for the USD (P) and Department of State (DoS) to confirm that a reimbursement is consistent with the U.S. Government National Security Strategy and does not unfavorably affect the balance of power in the region.

(U) In the January 2004 report, we noted that the USD(C)/CFO strengthened the requirements for reimbursement of Coalition claims to meet the intent of the recommendations. Specifically, the USD(C)/CFO issued three memoranda in December 2003 to: (1) the Deputy Comptroller (Program and Budget), (2) Commanders of U.S. Combatant Commands and (3) Defense Attaches, Office of Defense Cooperation Personnel, Desk Officers. These memoranda were issued under the title "Evaluation of

Reimbursement Requests from Key Cooperating Countries for Costs Incurred in Support of U.S. Forces in the Global War on Terrorism"[13] and were to provide guidance and define the procedures needed to determine the reasonableness of Coalition countries claims for CSF reimbursement.

(U) In addition to the memoranda, USD(C)/CFO issued supplemental cost-reporting templates and guidance that have led to improvements in the reporting and oversight of the Pakistani claims. This was a result of the clarifying the documentation required from all Coalition countries seeking CSF reimbursement as well as the process that analysts need to follow when evaluating reimbursement requests.

~~(FOUO)~~ In December 2003, the USD(C)/CFO, started to include a statement in its coordination sheet that specifically requests the USD (P) and the DoS to review a proposed reimbursement to a key cooperating nation to ensure that it is consistent with the U.S. Government National Security Strategy and did not unfavorably affect the balance of power in the region.

Responsibility for Coalition Support Funds (U)

(U) In December 2003, DoD established a multi-step approval process to review the Coalition country claims for reimbursement before releasing the payment. Currently, the following offices are involved in the review, validation, and approval of the Pakistani claims for CSF reimbursement:

- Office of the Defense Representative Pakistan
- U.S. Ambassador to Pakistan
- U.S. Central Command
- Under Secretary of Defense (Comptroller)/Chief Financial Officer
- Under Secretary of Defense for Policy
- Assistant Secretary of Defense for Legislative Affairs
- DoD Office of General Counsel
- Office of Management and Budget (OMB)
- Department of State

[13] (U) On June 19, 2008, USD(C)/CFO issued updated guidance on CSF.

- Deputy Secretary of Defense
- U.S. Congress

(U) The process for CSF reimbursement begins when Pakistan incurs expenses while providing logistical and military support to U.S. military and Coalition operations and submits a claim for those expenses to ODRP at the U.S. Embassy Islamabad. To validate whether the reimbursement claim supports U.S. military operations and the expenses are reasonable and credible, the aforementioned organizations review the claim.

(U) Once Pakistan submits the claim, ODRP at the U.S. Embassy Islamabad reviews it to verify that the support was provided and the expenses were incurred. Following this review, the claims are endorsed by ODRP on behalf of the U.S. Embassy Islamabad and forwarded to USCENTCOM for review. During this review, USCENTCOM validates that the operations were conducted or the level of support was provided and that the costs incurred were incremental. USCENTCOM then forwards the request with its validation to USD(C)/CFO.

(U) USD(C)/CFO completes an analysis and cost comparison of the claim to ensure that costs were reasonable and credible. The USD(C)/CFO prepares and distributes the claim for concurrence to USD (P). USD (P) affirms that the disbursement for funds is consistent with U.S. National Security Policy and that the payment will not upset the balance of power in the region. The claim is also sent to the Assistant Secretary of Defense for Legislative Affairs, DoD Office of General Counsel, Office of Management and Budget, and DoS for their concurrence. Also, the USD(C)/CFO prepares a determination for the Deputy Secretary of Defense that costs were justified and sends letters to Congress, to notify the required committees of the claims15 days before any transfer of funds. [14]

(U) Following the 15-day congressional notification period, USD(C)/CFO releases the funds to the Defense Security Cooperation Agency (DSCA). Next, DSCA authorizes the Defense Financial and Accounting Service-Indianapolis Center to electronically send the funds to the country's bank account. A flowchart of the CSF reimbursement process and additional details of this process are defined in Appendix C.

U.S. Expectations of Pakistan Security Forces (U)

(U) ODRP officials stated that the use of CSF is the single most potent partner-enabling tool in its arsenal for supporting Pakistan in its effort to provide support, within Pakistan, to our forces in Afghanistan and in the GWOT fight.

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[14] (U) The following congressional committees receive a 15-day notification of CSF pending payments by DoD: Subcommittee on Defense, Committee on Appropriations, U.S. Senate and U.S. House of Representatives; Committee on Armed Services, U.S. Senate and U.S. House of Representatives.

~~(FOUO)~~ DoD did not document its discussions with the Government of Pakistan as to the U.S. expectations of the Pakistan military support in the GWOT nor how the U.S. Government expected to validate reimbursement claims of incremental costs in order to satisfy the requirements of validation established by the Secretary of Defense.

(U) USCENTCOM and the Chief, Office of Defense Representative Pakistan stated that the agreement between the United States and Pakistan was a verbal agreement between the head of both countries after the September 11, 2001, terrorist attacks. We could not identify a U.S. document that recorded this verbal agreement. Also, the Office of the Under Secretary of Defense (OUSD) Comptroller staff confirmed that there was no formal document in the form of a Memorandum of Understanding between the U.S. and the Government of Pakistan on the expectation to reimburse normal cost of operations for CSF By not documenting the verbal agreement that establishes both operational outcome and accountability expectations, the U.S. Government has created an unnecessary risk that the CSF will be reimbursed for incremental costs claimed but not incurred or were not incremental as defined by DoD criteria. This condition contributed to the DoD reimbursement to Pakistan of approximately $6.3 billion in CSF from October 2001 through September 2008 without properly determining the operational results or proper accountability for the reimbursements according to the DoD defined guidance.

(U) According to both the 2007 National Intelligence Estimate and the 2008 Director of National Intelligence Annual Threat Assessment, Al Qaeda is and will remain the most serious terrorist threat to the United States. The 2008 assessment also reported that Al Qaeda has a safe haven in the Federally Administered Tribal area and it is using the border area of Pakistan to maintain a cadre of skilled lieutenants capable of directing the organization's operations around the world.

(U) Pakistan is a critical partner in GWOT, and its importance should not be underestimated. Pakistan is the largest recipient of CSF worldwide. Although the Pakistan Security Forces have not eliminated Al Qaeda and other extremists operating in the country, it has conducted operations that have been considered successful in achieving some of the planned operational goals.

(U) Further, to meet its national security goals in western Pakistan, the U.S. Government should continue meeting with the Government of Pakistan to communicate U.S. operational goals in the war on terror, with a focus on western Pakistan.

Accessibility to Validate Pakistan's Claims (U)

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

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~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

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CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

Program Management (U)

(U) DoD had not established an operational program manager for the Pakistan CSF program. When we briefed the USD(C)/CFO on our preliminary observations and recommendations, the USD(C)/CFO stated that there should be a program manager for CSF but that the USD(C)/CFO should not be the organization to have the operational program manager. However, many consider USD(C)/CFO as the program management office because it is the only office that has issued guidance on the CSF program. We consider the reimbursement to Pakistan of $6.3 billion to be a significant sum that should have an operational program manager. We also agree that this program manager should not be in the office of the USD(C)/CFO because it could create a possible conflict of interest.

(U) Further, the purpose of a program manager is to oversee the management and operations to ensure that the goals of the United States and DoD for CSF are being achieved. A program manager would be responsible for the CSF program in Pakistan, prepare the budget request, and develop the policies and provide oversight that would assist in having a consistent operation with enough trained personnel. See Part J: "DoD Management of Pakistan Programs," for additional discussion and recommendations for improving the program management of DoD programs in Pakistan.

DoD Guidance (December 2003-June 2008) (U)

USD(C)/CFO Guidance (U)

(U) In accordance with the USD(C)/CFO December 8, 2003, memorandum, the Deputy Comptroller (Program and Budget) is responsible for ensuring that documentation adequately accounts for the support provided by a Coalition country. Also, it is responsible for evaluating the reasonableness of each reimbursement request.

(U) To ensure that the Deputy Comptroller (Program and Budget) fulfills these responsibilities, the USD(C)/CFO requires this office to comply with the December 2003 memorandum when documenting its evaluation (or analysis) of the reasonableness of a reimbursement request. Specifically, the guidelines require the Deputy Comptroller (Program and Budget) to include four primary steps in analyzing a reimbursement request by conducting:

- a comparison, at the macro level, of claimed cost to the U.S. cost to provide the same support;

- an evaluation of the reasonableness of the individual categories for which reimbursement is requested;
- a comparison of representative U.S. costs for a subset of items (where similar comparison can be made) and if applicable;
- an assessment that the claimed costs are consistent with previous reimbursement requests.

(U) Further, the guidelines outlined the requirements for documenting this analysis to include:

- a summary of the steps taken in the analysis process;
- a statement addressing what supporting documentation provided by the key cooperating nation was used in the evaluation; and
- a statement that the costs incurred are incremental, that is, based on the U.S. requirement, and would not otherwise have been incurred by the country requesting reimbursement.

USCENTCOM (U)

(U) USCENTCOM should obtain detailed documentation that sufficiently supports the reimbursement request. The documentation should:

- identify who requested the service, for what period of time (one time or recurring), and the initial estimate of the cost of the support or service;
- validate that the support or service was provided and confirmation that the costs incurred were incremental;
- provide a narrative description of the types of costs incurred and how the costs for each were computed; and
- contain copies of invoices for support provided.

(U) In the absence of invoices, USCENTCOM should provide documentation supporting how the costs were derived for each category of cost and the basis of measurement for each cost.

Supporting Documentation (U)

(U) DoD reimbursed $6.3 billion from October 2001 through September 2008 without always following the DoD policies and procedures to validate whether actual logistical and military support was provided and without adequate documentation to support its analysis of the reasonableness of Pakistan reimbursement claims.

ODRP and USCENTCOM Validation (U)

(U) USCENTCOM did not obtain and therefore forward sufficient supporting documentation to the USD(C)/CFO to validate Pakistan's reimbursement claim. According to the USD(C)/CFO December 2003 guidance, the Combatant Commanders are responsible for certifying that the support for which reimbursement is claimed was actually provided by the key cooperating nation and for obtaining from the appropriate embassy the documentation that adequately accounts for the support provided.

(U) During our 2003 audit, we recommended that Coalition countries include within their reimbursement request a support paragraph explaining the methodology used to develop each cost category and include adequate documentation to support the request. The USD(C)/CFO issued revised guidance in December 2003, which clarifies the documentation required from Coalition countries seeking reimbursement for their support of GWOT.

(U) During this assessment of the USCENTCOM validation process, we determined that USCENTCOM "validation" memoranda described missions performed and services provided by Pakistan. The documentation included portions of the USD(C)/CFO guidance such as identification of who requested the services, for what period of time, the initial estimate of cost of the support/service, and validation that the support/service was provided. However, some of the requirements were not included or provided, for example, USCENTCOM did not provide:

- confirmation that the costs incurred were incremental;
- a narrative description of the types of cost incurred;
- a description of how costs were computed;
- a statement to show that each category of cost was reviewed to ensure costs were not double-counted; and

- copies of invoices for support provided or in the absence of invoices, documentation supporting how the costs were derived for each category of cost and the basis of measurement for each cost.

(U) We visited USCENTCOM and ODRP to assess whether supporting documentation existed for Pakistani reimbursement requests. USCENTCOM and ODRP officials stated that supporting documentation, such as invoices and receipts, were not obtained from the Government of Pakistan. Also, ODRP officials stated that they were not allowed to observe or validate military operations within Pakistan.

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

USD(C)/CFO Evaluation of Claims (U)

(U) USD(C)/CFO made improvements in the 2006 and 2007 USD(C)/CFO evaluations and guidance. These improvements included defining a cost template for reporting costs claimed and increasing the number of defined cost elements.

(U) However, we determined that the USD(C)/CFO staff did not always have adequate documentation to support its analysis of the Pakistani claims. In accordance with the USD(C)/CFO memorandum for the DoD Deputy Comptroller (Program and Budget) dated December 8, 2003, the Deputy Comptroller (Program and Budget) was responsible for ensuring that documentation, such as invoices and receipts, supports the costs claimed by Pakistan. Also, the USD(C)/CFO was responsible for evaluating the reasonableness of each Pakistani claim.

(U) We also found that the USD(C)/CFO evaluation memoranda, which were the final documentation to support the payments of the Pakistani claims, did not document the analysis of Pakistani claims in accordance with its own guidance. Specifically, we reviewed the evaluation memoranda from December 2005 through June 2007 and found that they included statements and spreadsheets that summarized Pakistan's reimbursement claims, USCENTCOM validations, USD(C)/CFO evaluations, and

Pakistan's costs. However, the USD(C)/CFO did not clearly summarize the requirements to determine whether

- steps were taken in the analysis process to verify the reasonableness of Pakistan's claims;
- a statement addressing what supporting documentation provided by Pakistan was used in the evaluation; or
- a statement to reflect that the costs incurred were based on the U.S. requirement (incremental costs) and would not otherwise have been incurred by Pakistan.

Assessment of December 2003-June 2008 Guidance (U)

(U) The USD(C)/CFO guidance that was in place December 2003 through June 2008 was not adequate for evaluating the reasonableness of Pakistani claims. More and better guidance is needed, specifically in (1) defining what the term "incremental costs" means in the case of Pakistan; (2) defining additional cost categories, for example, what is an allowable reimbursement for equipment lost as a result of combat operations and GWOT; (3) establishing timeframes for processing claims; (4) describing the documentation/support Pakistan needs to provide in support of its claim to show the operations in which the costs were incurred and the outcomes of these operations, and (5) describing the oversight that is expected of USCENTCOM and ODRP to validate the Pakistani claims submitted and the supporting documentation of the costs incurred by operation.

Incremental Cost (U)

(U) USD(C)/CFO had not consistently applied its definition of incremental costs when it evaluated the Pakistani claims for CSF reimbursement. According to the DoD guidance, incremental costs are those costs above and beyond normal levels, or costs above what a country would have incurred in the normal course of its activities. The guidance states that the USD(C)/CFO intends "to support requests for reimbursement from countries that have incurred incremental costs to provide logistical, military, and other support to U.S. military operations in connection with U.S. operations in Iraq, Afghanistan and elsewhere in the Global War on Terror."

(U) CSF is a DoD program that functions differently from a traditional military assistance program because it is designed to reimburse only for costs incurred over and above normal operating costs (incremental) and not serve as a grant payment for actual expenses incurred.

(U) During our review of Pakistani claims, we found several categories of costs that were claimed as incremental costs that normally would be considered sustainment costs,

such as for food, water, lodging, and laundry. Further, if incremental, we could not determine the baseline costs against which the incremental costs were measured. We questioned some of the costs that were being reimbursed as either normal costs or baseline costs or costs that could be incurred by military forces during normal military operations.

(U) In a November 1, 2007, presentation by USD(C)/CFO staff to the DoD OIG, incremental costs were defined as costs that are above and beyond normal operating costs (baseline). However, when explaining why there was no baseline established, USD(C)/CFO and Policy staff stated that all valid costs claimed by Pakistan are incremental. We do not fully support that opinion and in its own documentation, neither did the USD(C)/CFO staff.

(U) For example, our review of Pakistani claims submitted March 2007 through June 2007 determined that the category of food that was claimed for the Joint Staff Headquarters was disallowed. This decision was based on the rationale that the food for this activity was not considered an incremental cost. However, we also determined that before March 2007, claims for the food for this activity were considered as incremental costs and, therefore, reimbursed by the United States.

(U) As a result of this inconsistent application of the term "incremental costs" and the lack of clear guidance and practice, we believe that USD(C)/CFO should clearly define what can or cannot be considered incremental in regard to the Pakistan claims and determine the baseline of normal operating cost for the Pakistan Security Forces in accordance with the DoD guidance.

Cost Categories (U)

(U) The USD(C)/CFO guidance did not identify or define all cost categories for which a reimbursement would be requested. The guidance requires the Deputy Comptroller (Program and Budget) to evaluate the cost categories for which the claim is being requested and to determine whether the claimed costs are valid and reasonable. We also believe these decisions need to be made in a timely manner.

(U) The USD(C)/CFO December 2003 memorandum did not provide guidance for reimbursement of claims when special situations occurred. Specifically, for January 2008 Pakistan submitted a claim for a $20 million reimbursement for a Cobra helicopter that was lost during combat in support of U.S. operations. In April 2008, ODRP asked USCENTCOM and USD(C)/CFO if CSF could be used to reimburse Pakistan for equipment lost during combat operations if the equipment was purchased and provided by the U.S. In August 2008, ODRP received a negative answer to the question in that the claim could not be reimbursed.

(U) However, according to the DoD Financial Management Regulation Volume 12, Chapter 23, Section 2309 (K) dated September 2007, incremental costs include

replacement costs of attrition losses directly attributable to support of the operation. We believe that better descriptions of reimbursable costs would assist those required to validate claims and provide for consistent application of the guidance.

(U) Further, we believe that given the economic conditions of the Government of Pakistan and the realization that there will be losses and worn out equipment because of increased combat operations in Pakistan, the U.S. Government needs to identify funding to meet these demands. We further believe that if the U.S. Government does not meet the funding requirements to replace these Pakistan military lost or worn out assets, that any gains in the Pakistan military capabilities may deteriorate as the equipment supporting those capabilities deteriorates.

Timeframes (U)

(U) Based on our review of the DoD guidance, we determined that the USD(C)/CFO has not defined the timeframes for processing claims. During this assessment, we determined that for claims submitted by Pakistan during the period January 2006 through November 2007, [16] it took an average of 200 days to process and pay the CSF claims for reimbursement to Pakistan — the shortest time for a claim to be processed and paid was 83 days.

(U) Given the economic conditions in Pakistan, we believe that any amounts that have been certified as approved should move as efficiently as possible to payment. Therefore, the USD(C)/CFO should review the process and establish a timeframe for completing the evaluation of a reimbursement claim to improve the overall processing time of reimbursement claims.

New DoD Guidance Issued on June 19, 2008 (U)

(U) USD(C)/CFO has taken steps toward improving procedures to reimburse key cooperating nations for logistical and military support provided to U.S. Armed Forces in the GWOT. On June 19, 2008, USD(C)/CFO revised its December 8, 2003, guidance to include more detailed procedures on the assessment of claimed costs to the U.S. cost to provide the same support. USD(C)/CFO added the following procedures.

> In some instances, countries eligible for reimbursement of costs may be unable to provide the level of quantifiable data generally considered reliable under U.S. standards. In these cases if recommended by the designated U.S. Embassy official and the cognizant Combatant Commander, the Department will rely on the Combatant Commander validation and the comparative cost

[16] (U) As of August 22, 2008, DoD had made payments for costs incurred through November 2007. Claims submitted for December 2007 through July 2008 were in the process of being reviewed by DoD

> assessment to evaluate the claim for reasonableness and credibility. The comparative cost assessment will compare the total cost of the country's support to the total cost of potential U.S. costs for similar support to reach an estimate of potential cost savings and to enable a determination that the costs are reasonable and credible.
>
> In those instances where the support provided by a key cooperating nation is recurring or ongoing, the evaluation shall include a comparison to previous reimbursements made by the U.S. for similar support provided for a similar duration. The historical comparison should address cost fluctuations that exceed 10 percent in each cost category and note changes that occurred in operational tempo, force strength, or cost elements that may have resulted in the change.

(U) The revised guidance included additional procedures for the Combatant Commander to validate CSF reimbursement to Coalition countries. In the December 8, 2003, USD(C)/CFO guidance, the Combatant Commander was required to obtain detailed documentation that sufficiently supports the reimbursement request and then forward the documentation to the USD(C)/CFO. The revised guidance describes the processes by which the Combatant Commander validates that support provided is in connection with the U.S. military operations and that expenses are reasonable and credible for the operation undertaken by the cooperating nation.

(U) As observed during this assessment, the December 8, 2003, USD(C)/CFO memorandum did not provide adequate guidance for the U.S. Embassy Islamabad to review claims for CSF reimbursement. The revised memorandum, however, provides detailed procedures for improving the U.S. Embassy Islamabad process. These procedures require a memorandum or letter supporting reimbursement signed by the designated U.S. Embassy official. The memorandum or letter must:

- summarize the expenses claimed by the country for support to U.S. military operations;
- verify the currency exchange rate used and the date and source of exchange rate;
- describe the support provided by the country to U.S. military operations;
- certify, to the best of the Embassy's knowledge, information, and belief, that the country incurred the costs and provided the support;
- verify that expenses claimed for reimbursement are costs reasonably expected to be incurred by the country for the type of support provided;

- recommend disallowing or deferring expenses with appropriate explanation (not eligible for reimbursement, not reasonable charges for type of support provided);
- recommend use of comparative cost assessment in the absence of invoices or other cost documentation;
- confirm that the country could not provide the support without reimbursement of expenses;
- in the case of countries that receive recurring reimbursements, verify the country's explanation of fluctuations that exceed 10 percent in each cost category (increase in troop strength, increase in operations, increase in food or fuel costs); and
- verify, to the extent possible, that claimed costs are charged to the appropriate category and are not double-counted.

(U) We believe that the revised procedures will assist the U.S. Embassy Islamabad in processing Pakistan's requests for CSF reimbursement. Further, although new procedures have been implemented, we believe that additional revisions are needed as outlined in our recommendations to ensure that assessments or evaluations are adequately documented and that the process is consistently applied.

U. S. Officials Visit Pakistan to Discuss CSF Reimbursement Criteria

(U) In August 2008, staff from USD(C)/CFO, USD (P), USCENTCOM J-8, and ODRP met with Pakistani representatives in Islamabad to discuss the updated June 2008 guidance. As part of this visit the U.S. Government representatives also provided additional guidance that the USD(C)/CFO staff plans to incorporate in its next CSF guidance update. As of December 1, 2008, the Government of Pakistan had not submitted and been reimbursed for any new claims since the U.S. Government representatives met on the new guidance. Therefore, we could not evaluate the impact of these discussions or the impact of the new criteria.

Recommendations, Management Comments, and Our Response (U)

A.1. (U) We recommend that the Secretary of Defense ensure that the United States documents its communications to the Government of Pakistan as to its expectations about types of operations and results and transparency to validate claims for Coalition Support Funds reimbursement.

Management Comments

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g) [redacted]

- CENTCOM; (b)(1), 1.4(a), (g) [redacted]
- CENTCOM; (b)(1), 1.4(a), (g) [redacted]
- CENTCOM; (b)(1), 1.4(a), (g) [redacted];
- CENTCOM; (b)(1), 1.4(a), (g) [redacted]
- CENTCOM; (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g) [redacted]

Our Response

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

[redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

[redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

[redacted]

A.2. (U) We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with Under Secretary of Defense (Policy):

a. improve the process and reduce the time to reimburse the Government of Pakistan for the incremental costs incurred in support of U.S. military operations.

b. improve the DoD guidance to clarify what constitutes a valid claim from both operational and financial justifications. This guidance should also answer the following questions

(1) What is the DoD definition of incremental cost for Pakistan?

(2) Clarify by formal documentation that Coalition Support Funds can not be used to replace or repair equipment lost or damaged as a result of combat operations,

(3) Identify alternative funding that could be used for this purpose to be consistent in reimbursing incremental costs as defined by DoD Financial Management Regulation Volume 12, Chapter 23, Section 2309 (K) dated September 2007, incremental costs include replacement costs of attrition losses directly attributable to support of the operation.

Management Comments

~~(C)~~ **RESPONSE A.2.a:** CENTCOM: (b)(1), 1.4(a), (g)
CENTCOM: (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g)
CENTCOM: (b)(1), 1.4(a), (g)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g)
CENTCOM: (b)(1), 1.4(a), (g)

~~(C)~~ **RESPONSE A.2.b:** CENTCOM: (b)(1), 1.4(a), (g) [redacted].

~~(C)~~ **RESPONSE A.2.b.(l):** CENTCOM: (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ **RESPONSE A.2.b. (2):** CENTCOM: (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ **RESPONSE A.2.b.(3):** CENTCOM: (b)(1), 1.4(a), (g) [redacted]

Our Response

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g) [redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g) [redacted]

CENTCOM; (b)(1), 1.4(a), (g) [redacted]

Part B: Training and Equipping the Pakistan Security Forces

Observations (U)

(U) The DoD has two sources of funding for the purpose of training and equipping the Pakistan Security Forces. Section 1206 of the Fiscal Year 2006 NDAA authorizes short-term funding to build the capacity of foreign military forces. This funding can be used either as a one-time investment or as a bridge-funding mechanism for longer-term project when immediate needs arise that impact GWOT until a long-term funding plan can be approved.

(U) In our assessment, we observed that although ODRP appears to be managing the Section 1206 program in accordance with DoD/DoS guidance,[17] we could not determine how ODRP could ensure that projects using 1206 as bridge funds would have sufficient non-1206 funds available in the future to achieve the individual multi-year project goals.

(U) For Pakistan a second authority was created in the Fiscal Year 2008 NDAA because Section 1206 could not be used to fund non-military forces. This authority allowed the DoD to train and equip the Pakistan Frontier Corps. This program was in initial stages; however, we determined that long-term funding had not been identified to ensure that the program would meet its long-term goals.

Background (U)

(U) The FY 2006 NDAA, Section 1206, "Authority to Build the Capacity of Foreign Military Forces," provides DoD, in concurrence with the Secretary of State, the authority to train and equip foreign military forces, excluding those in Iraq and Afghanistan. The legislation authorizes DoD to help partner nations build capacity "to conduct counterterrorism activities; or participate in or to support military and stability operations in which the U.S. Armed Forces are a participant." In FY 2007, Pakistan was 1 of 41 partner nations to receive Section 1206 funds.

(U) Further, the Secretary of Defense and the Secretary of State are required to jointly formulate and approve Section 1206 projects. Once approved, the Secretary of Defense is required to submit a 15-day notification to the Congress before initiating activities in any country. This notification must specify, among other data, the program country, budget, completion date, and source of funds.

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[17] (U) DoD/DoS Joint FY 2008 Guidance: Section 1206 of the NDAA: Instructions For Proposal Development and Submission, undated.

(U) When separate appropriations did not exist, Section 1206 programs were funded from the DoD Operation and Maintenance Appropriations. In fiscal year 2009, this authority has its own budget line for funding. Once a project is approved and funded, DoD uses the Foreign Military Sales (FMS) process, directed by the USD(P) and managed by DSCA, to procure and deliver the training and equipment. FMS is a government-to-government sales program of defense articles and services that is used not only to enhance the military capabilities of our allies, but also to promote interoperability of materiel, logistics, and training.

(U) Further, the National Defense Authorization Act for FY 2008 included a new authority to build the capacity of the Pakistan's paramilitary Frontier Corps. The authorization is to provide training and equipment to enhance the ability of the Pakistan Frontier Corps to conduct counterterrorism operations along the Pakistan's border with Afghanistan. Seventy-five million dollars were authorized in FY 2008 in support of the training of the Frontier Corps. The FY 2009 NDAA reauthorized this authority with an authorization level of $25 million. (See Parts I and J of this report for more information on the DoD plan, management, and funding for Pakistan)

Training and Equipping Pakistan Security Forces (U)

(U) The ODRP at the U.S. Embassy Islamabad is the Ambassador's and the DoD lead agent for security assistance to the Pakistan Security Forces and is the manager of the Section 1206 program for Pakistan. ODRP, in coordination with the Ambassador and the country team, Pakistan military and security officials, and USCENTCOM, manages the Section 1206 program to support U.S. strategies for Pakistan. Pakistan received approximately $28 million in FY 2006, $13 million in FY 2007, and $56 million in FY 2008.

(U) The strategy for the Section 1206 program is to rapidly increase Pakistan's military capacity to conduct counterterrorism operations. Two specific objectives are to:

- provide the capability for special operations forces to conduct nighttime air assault operations in the FATA and border regions; and
- improve maritime counterterrorism capability, close the open corridor along the Makran Coast of Pakistan, and build interdiction capability along the southern borders.

(U) The object of the separate authority for the Frontier Corps training and equipping is to provide the Frontier Corps the capability to conduct sustained counterterrorism operations.

FY 2006 Program (U)

(U) The FY 2006 funding was used to increase the capability of the Pakistan Army's rotary-wing aviation units, improve the availability of its helicopters, and enhance night operations. Requirements included aviation night vision goggles; spare parts for the Cobra AH1-F, Bell-412, and MI-17 helicopters; a night vision targeting system for the Cobras; and limited visibility training for pilots. These projects focused on training and equipping the 21st Quick Reaction Squadron, which is dedicated to providing air mobility to the Special Services Group.

(U) According to the ODRP officials, these projects are helping Pakistan develop an integrated rotary-wing assets capability to expedite the receipt, analysis, and dissemination of intelligence. These capabilities are essential for rapid planning and execution of Pakistani counterterrorism special operations raids in the FATA and border regions to fight terrorists and extremists.

FY 2007 Program (U)

(U) The FY 2007 funding was used to improve the training and equipment for air mobility support for the Pakistani Navy Special Services Group and the Quick Reaction Squadron. Requirements included MI-17 helicopter modifications (door-mounted machine guns), radios, weapons and ammunition, weapon modifications, and body armor.

(U) According to ODRP, the FY 2007 projects are designed to:

- develop the capability of the Special Services Group to conduct vertical-insertion, night vision aided company-sized attack helicopter-supported raids against terrorist targets in the FATA,
- provide training and equipment to improve the operational efficiency and survivability of Pakistani Marine units,
- improve maritime counterterrorism and interdiction capabilities for the southern borders, and
- close the open corridor along the Makran Coast.

FY 2008 Program (U)

(U) DoD provided about $56 million in FY 2008 for Section 1206 programs in Pakistan. The FY 2008 funding for Section 1206 is designated to support the implementation of the USCENTCOM/ODRP Security Development Plan. These programs included:

- Special Services Group counterinsurgency kick-start initiative to facilitate the establishment of a direct action capability as part of the Security Development Plan ($17.9 million),

- Pakistan Army helicopter counterterrorism capability enhancement initiatives which will provide spare parts, maintenance test equipment, training to improve pilot and maintenance skill levels, and supply operations assistance ($20.9 million), and

- MI-17 support program which provides training and equipment for the MI-17 helicopter program ($17 million).

(U) Separately, in FY 2008, DoD provided $75 million via the Frontier Corps Authority to enhance capability of the Frontier Corps participation in support of the USCENTCOM Security Development Plan ($75 million).

Challenges in Program Implementation

(U) Section 1206 is the first major DoD authority to be used expressly for training and equipping foreign military forces. Generally, DoD has trained and equipped foreign military forces through DoS authority, such as FMF and IMET. According to USD(P) staff, DoD requested its own training and equipping authority because the Combatant Commander needed a flexible tool to help them meet military requirements. Further, the DoS FMF authority was established with a peacetime footing and does not respond well in a wartime or fast paced and changing contingency environment. As documented in the DoD FY 2009 Budget Request Summary Justification, dated February 4, 2008, "traditional security assistance takes three to four years from concept to execution," while "Global Train and Equip authority allows a response to emergent threats or opportunities in six months or less."

(U) Further, according to ODRP, although they can normally start a response faster, the Section 1206 funding is implemented using the traditional FMS process, which results in the program losing its intended purpose of responding quickly to GWOT needs because of the time elapsed between case implementation and 100 percent equipment delivery. Although the Section 1206 program is faster than the FMF/FMS process, it still takes between 18 months and 2 years to complete a Section 1206 project. According to DSCA officials, this is true if the project includes long lead time items like helicopter parts. As

a result, the program in Pakistan, like all 1206 programs, depends on the ability of industry to respond timely to requisitions.

(U) The Section 1206 process includes identification of the requirement; submittal of a request by the Combatant Commander and embassy; vetting by DoD and DoS; approval by both respective Secretaries; DSCA notification to Congress; the release of funds; and then the contracting for and delivery of equipment or training. Delivery is undertaken by DoD for either the equipment or training or both. According to ODRP, the time between requirement identification and equipment delivery varies, but it can take up to 2 years because the vendor usually has until the end of the subsequent fiscal year to complete the delivery. For example, the FY 2006 helicopter parts began arriving in mid-FY 2007 and continue to be delivered as of July 2008.

Management of the Section 1206 Program (U)

(U) DSCA, under the direction of the USD (P), administers and supervises the execution of all security assistance programs, including Section 1206 assistance. DSCA establishes FMS cases for Section 1206 transactions as it would when using FMF. DSCA charges 3.8 percent for its administrative surcharges.

(U) However, unlike FMS cases, Pakistan officials do not co-sign a 1206 letter of acceptance, which reduces the time to complete the letter of acceptance process. However, according to ODRP, the average timeline from the start of a case to completion of delivery to Pakistan can be 18 months.

(U) As for 1206 bridge-funded projects that are long-term projects, according to USCENTCOM, these projects are only endorsed at the Combatant Command level and any specific long-term funding for the completion and sustainment of the individual project is developed by the U.S. country team in Pakistan. USCENTCOM also told us that the Pakistan U.S. Security Assistance Office works with the Government of Pakistan in the normal course of their duties to determine the priorities for security assistance including execution of FMF. However, we could not identify how future funding was planned nor could we identify funding within the U.S. budget or with the Government of Pakistan to sustain Section 1206 initiatives. We addressed these funding issues in Part I of this report: "DoD Plans and Funding for Pakistan."

Recommendations (U)

(U) We are not making any recommendations at this time regarding Section 1206 program in Pakistan.

(U) We are also not making recommendations at this time regarding the separate authorization to train and equip the Pakistan Frontier Corps since the program is in its beginning stages of planning and execution.

(U) We address the need for long-term planning and funding in Part I: "DoD Plans and Funding for Pakistan" under Recommendation I.1.d.

Part C: Foreign Military Financing (U)

Observations Pakistan Program-wide (U)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]

CENTCOM: (b)(1) [redacted]

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1) [redacted]

Background (U)

(U) "Fighting terrorism is the preeminent goal of U.S. policy in Pakistan."[18] Since 2001 through FY 2008, in support of that goal, the United States has provided Pakistan nearly $1.6 billion in FMF.

(U) FMF is authorized and appropriated to the Department of State. It provides grants and loans to help countries purchase U.S.-produced weapons, defense equipment, defense services, and military training. FMF purchases must utilize the FMS process. Congress appropriates funds for FMF through the yearly Foreign Operations Appropriations Act. FMF expenditures require congressional notification for major programs and systems.

(U) The DoS Bureau of Political-Military Affairs sets policy for the FMF program, while DSCA manages the FMS cases on a day-to-day basis. Security Assistance Organizations, composed of military personnel in U.S. embassies overseas, play a key role in managing FMF within recipient countries.

(U) FMF supports U.S. foreign policy and regional security goals and enables allies and friendly nations to improve their defense capabilities and to work toward common security goals and share burdens in joint missions. As FMF helps countries meet their legitimate defense needs, it also promotes U.S. national security interests by strengthening coalitions with allies and friendly nations, cementing cooperative bilateral military relationships, and enhancing interoperability with U.S. forces.

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[18] (U) Richard A. Boucher, Assistant Secretary of State for South and Central Asian Affairs, Testimony on Pakistan Assistance, before the Senate Committee on Foreign Relations Subcommittee on International Development, Foreign Economic Affairs and International Environmental Protection, December 6, 2007.

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

(U) Major Foreign Military Financing FMS cases in Pakistan since 2001:[20]

- six C-130 transport aircraft delivered, which support operations against extremists ($76 million);
- delivered and installed six AN/TPS-77 radars for airspace surveillance, detection, and tracking missions ($100 million);
- delivered 12 refurbished AH1-F Cobra attack helicopters with an additional 8 pending delivery after overhauled ($48 million);
- delivered 2,007 TOW2A of an agreed upon 5,250 anti-armor missiles ($186 million);
- planned delivery of eight P-3C surveillance aircraft used to patrol Pakistan's coastline and borders and to participate in the Combined Task Force-150 patrolling the Horn of Africa and the Arabian Sea ($474 million); and
- more than 5,600 military radio sets delivered ($163 million).

Challenges (U)

(U) Pakistan budgets and manages the FMF differently than the U.S. Government managers. This difference in process and practices creates miscommunication and has resulted in delays. For example, while the United States appropriates money for Pakistan as a whole, the Pakistan Joint Staff divides the FMF internally among its Services. Although DSCA is aware that Pakistan divides the money among the Services, when an FMF case is implemented, DSCA uses the "oldest" money in the total amount available to pay for the case even though it may cross several years. From Pakistan's viewpoint,

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[19] ~~(S)~~ DOD IG Report No. SPO-2008-001, "Assessment of the Accountability of Arms and Ammunition Provided to the Security Forces of Iraq," July 3, 2008, pg. 61.

[20] (U) Congressional Research Service report to Congress, "Pakistan – U.S. Relations", updated May 30, 2008, p52.

the money is internally allocated to the Pakistani Army, Navy, or Air Force, in which case the respective Service will refuse to sign a new letter of acceptance if in their mind the letter of acceptance costs exceeds their allocation. This confusion has caused delays in achieving the U.S. goals.

(U) Further, vendor delays required additional bilateral coordination, revised letters of acceptance, higher costs, and unmet expectations. This has resulted in the Government of Pakistan questioning our commitment to support the security assistance plans.

F-16 Program (U)

Observations (U)

(U) The F-16 program is a sensitive issue between the United States and Pakistan. Proper management and timely delivery of the F-16s will have great impact on the future United States/Pakistan relationship. Pakistan officials consider the F-16 program as a measure of the U.S. commitment to the Government of Pakistan.

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

Background (U)

(U) The F-16 program is an important symbol of our efforts to restore the relationship between the United States and Pakistan. For almost 30 years, Pakistan and the United States have engaged in recurring negotiations over the acquisition of different types of F-16s for Pakistan. Historically, Pakistan has considered the use of F-16s as part of their defense strategy to protect their borders with India and China. The very first FMS agreement came in 1981, when 40 F-16s were sold to Pakistan, (28 F-16 As and

12 F-16 Bs models). The two models are identical except that the A model has one seat and the B model has two. The final deliveries for this FMS case were made in 1987.

(U) In 1988, Pakistan ordered 11 additional F-16s, and in 1989 it ordered 60. By 1989, however, it became apparent that Pakistan had a nuclear program, and for that reason the United States blocked the sale. In October 1990, the sale was effectively rendered null and void when economic and military sanctions were imposed on Pakistan under the Pressler Amendment to the Foreign Assistance Act. Pakistan was displeased and requested either the planes that it had paid for or its money back. The United States complied by refunding Pakistan in cash and other types of assistance.

(U) In March 2005, yet another round of F-16 negotiations took place. Pakistan requested 24 F-16 C and D (one seat, and two seats) models with a contractual option to procure as many as 55.

(~~FOUO~~) The agreement was finalized in September 2006 to provide F-16 C and D model aircraft to the Pakistan Air Force. The agreement was built around three FMS cases, which included 18 new F-16s valued at $1.4 billion; F-16 munitions valued at $641 million; and the mid-life update for Pakistan's existing F-16 fleet valued at $891 million.

(~~FOUO~~) The U.S. has also provided Pakistan 14 Excess Defense Article F-16 aircraft (deliveries occurred in December 2005, July 2007, June 2008 and July 2008). Two were receiving mid-life updates in Fort Worth, Texas, and would be returned upon completion of the updates.

(~~FOUO~~) As currently scheduled, 18 new aircraft will be delivered in 2010 and 2011.

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1) [redacted] ~~(C)~~

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)
CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)
[redacted]

Funding Mid-Life Updates (U)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

Pakistan Funding Issues (U)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

P-3C Orion Aircraft Program (U)

Observations (U)

(U) According to ODRP, the P-3C program is "successful and on track."[21] On May 28, 2008, a new letter of agreement was signed with the Government of Pakistan that established a final estimated delivery schedule and specifies P-3C upgrades, equipment, and services.

Background (U)

(U) The P-3C Orion surveillance aircraft is programmed to support the counterterrorism mission to secure the border and coastal regions. As of July 2008, the FMF program delivered two refurbished aircraft in 2007. Eight additional aircraft are programmed for delivery beginning in 2009. These eight remaining aircrafts are coming from excess U.S. defense articles.

(U) This reconnaissance capability enhances the interdiction of communications between the Arabian Sea and the Afghanistan-Pakistan border, which supports the GWOT efforts and counternarcotics operations.

(U) On January 13, 2007, Admiral Muhammad Afzal Tahir, Chief of the Pakistan Naval Staff, stated that the Orion is "an extremely versatile aircraft. . . and performs well in a multitude of roles, including anti-submarine warfare, anti-surface (ship) warfare, maritime surveillance, naval fleet support, search, and survivor supply."[22] Operational aircraft are dual-use -- GWOT and national defense.

Program Costs (U)

(U) The total value of the FMS cases (as of April 15, 2008) for the P-3C Orion Program was $326 million, $323 million from FMF and $3 million from Pakistan's funds.[23]

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[21] (U) ODRP, Security Assistance Office, Program Management Review, April 15, 2008.

[22] (U) Statement made on January 13, 2007, before the delivery of the first P-3C on January 18, 2007. Source: http://www.globalsecurity.org/wmd/library/news/pakistan/2007/pakistan-070113-irna02.htm

[23] (U) ODRP, Security Assistance Office, Program Management Review, April 15, 2008.

Cobra AH-1F Helicopter Program (U)

Observation (U)

(U) We found that:

- the Cobra AH-1F Helicopter program is 3 years behind schedule.
- there has been a $21 million program cost increase based on Pakistani requirements changing over time. The final cost of the program is still not known because there are still eight aircraft to be overhauled.

Background (U)

(U) Two separate U.S. assessments of Pakistan's maintenance and logistics practices confirm that the Pakistan Army has not invested sufficient funds in the maintenance, sustainment, and operation of Pakistan's Cobra helicopters.

(U) According to the ODRP staff, the United States agreed to provide Pakistan 20 refurbished AH-1F helicopters, more commonly known as Cobra helicopters, to bolster Pakistan's ability to fight counterterrorism. The agreement was designed to give the Pakistani Army an edge as the helicopter is night-capable, which is a decided advantage against terrorists, who often lack the ability to fight in the dark. The agreement expands Pakistan's fleet, as it had already acquired 19 refurbished helicopters of the same model.

(U) According to U.S. Joint Chiefs of Staff personnel, the Cobra helicopters have proven to be successful fighting the Taliban and other militants. In December 2007, a Pakistani incursion into the Swat Valley included 15,000 Pakistani troops aided by Cobra helicopters and artillery. Also, according to unconfirmed reports, after fierce fighting, the Pakistani troops had killed at least 290 Taliban fighters while losing only 5 of their own.[24] In addition, on April 23, 2008, the Chairman of the Pakistan Joint Staff provided the DoD OIG with a list of operations where he stated the helicopters were a key enabler in the Pakistan fight in the western area of Pakistan (see Appendix D: Pakistan Operations).

[24] (U) "Pakistan Claims Upper Hand Against Taliban"(ABC News), December 8, 2007.

Delays (U)

(U) According to ODRP, the delays for the Cobra helicopters, as well as the cost increases, have been substantial. The letter of agreement was signed in May 2004 and the case was awarded to the lowest bidder, although that bidder did not have the expertise and experience necessary to execute the program.

(U) This is one of the most important programs for the Pakistan Army; however, only 12 of 20 excess defense articles refurbished Cobras have been delivered. The remaining eight require congressional approval to obligate the additional funding.

(U) Further, according to DSCA, Pakistan has only spent a tiny fraction of U.S. assistance since 2001 on this program. DSCA further provided that Pakistan has spent about $48 million in FMF on the Cobra program while at the same time Pakistan spent $478 million in FMF on the P-3 program and $334 million in FMF on the F-16 mid-life update. Until such time as Pakistan accepts that the costs of operating the Cobras is substantial, and allocates funds accordingly, the Pakistan Cobra program will continue to suffer from poor operational readiness.

Recommendations, Management Comments, and Our Response (U)

C. ~~(C)~~ We recommend that the Under Secretary of Defense for Policy:

1. Lead an interagency effort to prioritize U. S. cooperation with Pakistan and ensure that the resulting Foreign Military Financing / Foreign Military Sales process and identified programs being supported are adequately funded and focuses on common U.S. and Pakistan objectives.

2. CENTCOM (b)(1), 1.4(a), (d) [redacted]

CENTCOM (b)(1), 1.4(a), (d) [redacted]

CENTCOM (b)(1), 1.4(a), (d) [redacted]

Management Comments

(U) RESPONSE C.1: DoD partially concurred. They stated that the new administration is conducting an interagency review of its overall strategy for Afghanistan and Pakistan, which will include cooperation with Pakistan. DoD agrees that the U.S. should prioritize U.S. Security cooperation with Pakistan to ensure that the FMF and FMS process are supported, adequately funded, and focus on common U.S.-Pakistani objectives. However, the Department of State, not DoD, has the overall lead for Security Cooperation and interagency coordination on the administration of the FMF/FMS programs. DoD works closely with the Department of State and U.S. Embassy Islamabad as the U.S. and Pakistan work together to identify and prioritize funding needs and program objectives.

(U) RESPONSE C.2: DoD concurred with this recommendation.

~~(C)~~ RESPONSE C.3: CENTCOM: (b)(1), 1.4(a), (d) [redacted]

Our Response

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]

Part D: International Military Education and Training Program (U)

Observations (U)

(U) The International Military Education and Training (IMET) program in Pakistan is a low-cost, key funding component of U.S. security assistance that provides grants for training students. In FY 2008, the IMET program was supporting the training of an estimated 265 Pakistani officers and noncommissioned officers. Specifically, we found that:

- According to ODRP, IMET authorizations do not always provide enough time before the start of the training to select students, process their visas and applications, and make their travel arrangements;

- The IMET program in Pakistan is recovering from an 11-year suspension created by U.S. sanctions, which impacted the education and training for mid- and senior-level officers now serving in the Pakistan military. We could not determine whether these officers were a targeted priority for the IMET program or if when the IMET funds were allocated to Pakistan, this shortfall was considered a priority;

- IMET may have the potential for an immense return on investment in Pakistan. ODRP stated that IMET has major impact when a member of the Pakistan military is exposed to the U.S. military;

- According to ODRP, most Pakistani students do well in the courses that they attend; however, it is difficult to conclude how this training is being employed.

Background (U)

(U) IMET is a DoS-funded program managed by DoD. This program is a low-cost, key component of U.S. security assistance that provides grants for training students from allied and friendly nations. According to ODRP, the IMET program exposes students to the U.S. professional military establishment and the American way of life, including among other things, U.S. regard for democratic values, respect for individual and human rights, and belief in the rule of law. Students are also exposed to U.S. military procedures and the manner in which our military functions under civilian control. The main objectives of the IMET program are to further the goal of regional stability through effective, mutually beneficial military-to-military relations, which culminate in increased understanding and defense cooperation between the United States and foreign countries.

(U) IMET objectives are achieved through a variety of military education and training activities conducted by the DoD for foreign military and civilian officials. IMET has taken on greater importance as an effective means to strengthen military alliances and the international Coalition against terrorism.

IMET Funding for Pakistan (U)

(U) Pakistan received approximately $1.7 million in FY 2006 and again in FY 2007 for the IMET program. For FY 2008, Pakistan received about $2.2 million.

ODRP IMET Process (U)

(U) According to ODRP, selecting and vetting students and processing their applications and travel requirements is a labor-intensive, manual process requiring frequent communications and correspondence with each candidate. ODRP further stated that late release of authorizations and training quotas complicate the timely and efficient accomplishment of the program goals.

Recommendations, Management Comments, and Our Response (U)

D. (U) We recommend that the Commander, U.S. Central Command working in coordination with the Department of State:

1. Establish International Military Education Training allocations during the fiscal year before the execution year to improve program and quota planning, student selection and vetting, application and visa processing, and logistical arrangements.

2. Prioritize International Military Education Training efforts on mid- and senior-level officers affected by the 11-year suspension of the program and increase the priority for allocation of International Military Education Training to Pakistan.

3. Consider increasing International Military Education Training funding for Pakistan to leverage the military-to-military benefits of the program.

4. Consider requesting, through the appropriate channels, that Congress authorize and appropriate International Military Education Training funds for two years rather than for one year in order to improve the planning process for International Military Education Training in Pakistan.

Management Comments

(U) USCENTCOM concurred recommendations D.1 through D.4

Our Response

(U) Commander, USCENTCOM comments were responsive. No additional comments are required.

Part E: Combating Terrorism Fellowship Program (U)

Observations (U)

(U) The CTFP provides targeted education and training in combating terrorism techniques to foreign military and civilian personnel. According to the USD(P) staff, the CTFP goals include building strategies, institutional capacity and partnerships, and are focused above the tactical and operational levels. They also stated while some operational training is provided, it is not the focus of the program. According to the DoD FY 2007 Annual CFTP Report to Congress, the Regional CTFP has become a valuable tool in the global fight against terrorism. For example, an Afghanistan-Pakistan Confidence Building Seminar brought together senior-level participants from Afghanistan and Pakistan on neutral ground to discuss border security and other issues of mutual interest in the war on terrorism. The seminars built confidence and trust among Afghan and Pakistani officers engaged in the fight against terrorism, which in turn supports U.S. operations in Afghanistan.

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

Background (U)

(U) The CTFP is a DoD security cooperation tool that provides education and training to foreign military and civilian security personnel in counterterrorism techniques as part of the U.S. global effort to combat terrorism. The program enables DoD to help partner nations address terrorism threats within their borders more effectively and helps strengthen support for U.S. and Coalition efforts to defeat terrorism. In 2003, CTFP became a permanent program when Congress included it in the National Defense Appropriation Act of FY 2004 (Public Law 108-136). A new section of the U.S. Code (Title 10, section 2249c) gives the DoD the authority to spend up to $35 million per year to pay any costs associated with the education and training "of foreign military officers, ministry of defense officials, or security officials at United States military educational institutions, regional centers, conferences, seminars, or other training programs conducted under the Regional Defense Combating Terrorism Fellowship Program."

According to ODRP, Pakistan had received $714,000 in FY 2006 and $998,000 in FY 2007 for CTFP. According to USD(P) staff, in FY 2008, ODRP received about $1,079,334 for CTFP.

(U) The CTFP is focused on strategic and operational-level education and training in combating terrorism for mid-to-senior-level foreign military officers, ministry of defense officials, and security officials. The Assistant Secretary of Defense for Special Operations and Low Intensity Conflict provides policy oversight and management, and DSCA provides financial management.

(U) The FY 2007 DoD annual report to Congress on CTFP describes the program goals as follows:

- build and strengthen a global network of experts and practitioners in combating terrorism at the operational and strategic levels;
- build and reinforce the capabilities for combating terrorism by partner nations through operational and strategic-level education;
- contribute to efforts to counter ideological support for terrorism; and
- provide the U.S. Military with a flexible and proactive program that can respond to emerging requirements for combating terrorism.

(U) In FY 2007, 55 Pakistani students attended 25 training courses. Details of these training and education activities were detailed in the FY 2007 DoD annual report to Congress on CTFP.

Recommendation (U)

(U) We are not making any recommendations at this time regarding the Combating Terrorism Fellowship Program in Pakistan.

Part F: Counternarcotics Program (U)

Observations (U)

(U) We did not perform a detailed assessment of the operational effects of the Counternarcotics (CN) program; our observations are based on discussions and briefings. However, the DoD OIG Audit is conducting a review of contracts supporting the DoD Counter Narcoterrorism program that includes contracts supporting CN in Pakistan.[25]

(U) ODRP stated that this program has provided positive impacts to the U.S. goals in Pakistan. Specifically, we found that:

- DoD CN funding to Pakistan has increased each fiscal year since 2005, and these funds were used for many of the key initiatives in Pakistan.
- DoD plans showed that all FY 2008 CN funding (estimated at $54.7 million) was earmarked to provide support to the USCENTCOM/ODRP Security Development Plan. We discussed this plan in Part J: DoD Plans for Pakistan.

Background (U)

(U) Opium production in Afghanistan has turned Pakistan into a transit zone for illicit narcotics trafficking to Asia and Europe. This trafficking contributes to the instability in the region and provides funds for the Taliban, Al-Qaeda, and other militants.

(U) DoD CN program funds have been used to increase the capabilities of the Pakistan Security Forces to:

- support the counternarcotics activities between the Afghanistan-Pakistan border and Pakistan's southern coast;
- provide equipment and infrastructure assistance for maritime surveillance and interdiction operations;
- build capacity for the Special Services Group and Frontier Corps in support of the USCENTCOM/ODRP Security Development Plan; and
- improve key security capabilities at selected airports.

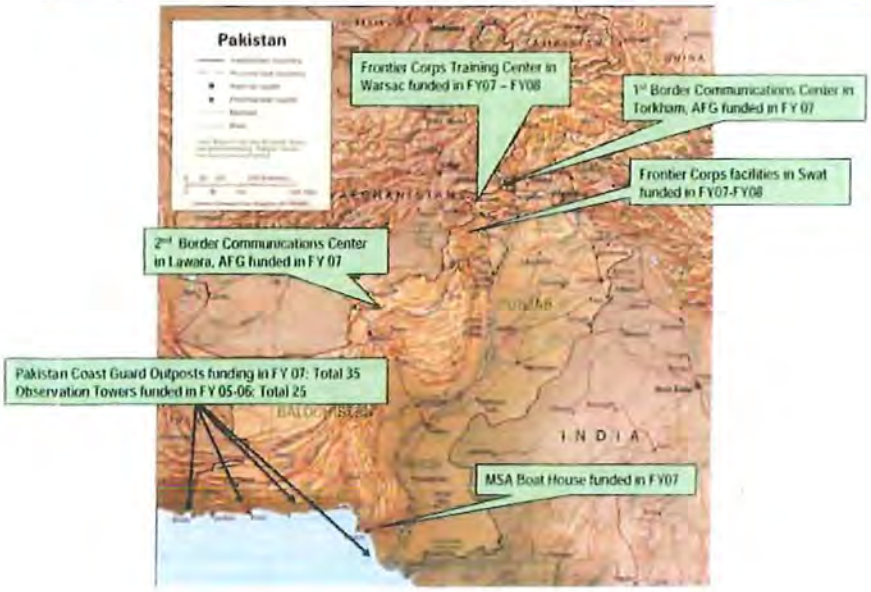
(U) CN funds assist foreign military, law enforcement, intelligence agencies, and domestic law enforcement in the fight against narcotics trafficking. DoD CN efforts in Pakistan have focused along the Makran Coast and along the border between Pakistan

[25] This review is being conducted under project code D2008-D000AS-0255.000.

and Afghanistan with initiatives to help interdict and stop the flow of narcotics trafficking from Afghanistan. From FY 2006 through FY 2007, DoD funded $68 million and in FY 2008 funded about $55 million to support the United States and Pakistan objectives to build the counterterrorism and counternarcotics capacity of the Pakistan Coast Guard, Maritime Security Agency, Frontier Corps, Special Services Group, Anti-Narcotics Force, and Customs Agency. Highlights of the CN program in Pakistan are shown in Figure F-1.

Figure F-1: Counternarcotics Infrastructure Support FY 2005 to FY 2008

FY05-FY08 CN Pakistan Infrastructure Support



Legend: AFG = Afghanistan
MSA = Maritime Security Agency

(U) Source: USD (P).

(U) Support Along the Southern and Makran Coasts The Pakistan Coast Guards, which is responsible for controlling the land area along the coast, falls under the control of the Ministry of Interior. The DoD CN funds have supported infrastructure projects and provided and refurbished equipment, including:

- Phase I: 16 Observation towers
- Phase II: 10 Observation towers
- Refurbish 3 Pakistani Coast Guards patrol boats

- Equipment: forward looking infrared radar systems for refurbished patrol boats
- Refurbish 36 Coast Guards outposts
- Equipment: 12 motorcycles and 6 radar for patrol boats
- Equipment: 2 mobile scanners in Karachi and Uthal

(U) Pakistan's Maritime Security Agency. The 2,500-strong Maritime Security Agency, headquartered in Karachi, is under the operational control of the Pakistan Navy and is responsible for patrolling Pakistan's waters. The Agency is equipped with a former Pakistan Navy destroyer, two coastal patrol craft, and four oceanic patrol craft. CN funds have been used to improve communications, equipment, and infrastructure.

(U) Improved Security at Selected Airports. The Pakistan Customs Agency is very similar to U.S. Customs in structure and function and is responsible for controlling personnel and cargo leaving or entering the country. CN funds have been used to procure baggage and body scanners and provide equipment, such as dog kennels, VHF radios, and so forth, for airports in Karachi, Islamabad, Quetta, Peshawar, and Lahore.

(U) Anti-Narcotics Force. The Anti-Narcotics Force is under the operational control of the Pakistan Army but has police powers. Its mission is comparable to the U.S. Drug Enforcement Administration mission. CN funding was used to refurbish one Pakistan MI-17 helicopter.

Recommendations (U)

(U) We are not making any recommendations regarding the counternarcotics program.

Part G: End-use Monitoring Program (U)

Observations (U)

(U) Although there are challenges in completing timely inventory reviews, the End-use Monitoring (EUM) program overall accountability was adequate and there were no discrepancies at the time of our visit. Specifically, we found that:

- the shortage of ODRP Security Assistance Office personnel and the frequent turnover were factors that contribute to challenges in maintaining established procedures as inventories increase. We address ODRP staffing in Part H: Office of Defense Representative Pakistan.

- as defined by the DSCA, the items that were covered under the Golden Sentry end-use monitoring Program and delivered to Pakistan under the FMS program consist of night-vision devices, as well as Stinger and Harpoon missiles.

- the past shortcomings in the EUM procedures have been well-documented and clearly addressed in the DSCA Compliance Assessment Visit, completed in November 2007, and subsequent correspondence between ODRP, DSCA, and USCENTCOM.

- the ODRP Security Assistance Office has made significant improvements to address the EUM procedures in Pakistan. ODRP emphasizes the continuing need to educate the Pakistani officials in the underlying reasons why certain sensitive items require a level of accountability and control.

- DSCA, along with the ODRP Security Assistance Office, is providing accountability by monitoring the end-use of defense articles provided to Pakistan.

Background (U)

(U) The EUM program is intended to establish procedures to ensure security and accountability of sensitive items provided to Pakistan. The program defines, through memoranda of agreement, the specific steps that end users must take to ensure compliance with U.S. and DoD policies for safeguarding and controlling sensitive materials. Timely compliance with established policy and procedures and cooperation between U.S. and Pakistani officials are essential for long-term support.

(U) Golden Sentry is the DoD EUM program that monitors the end use of defense articles and services provided to foreign customers or international organizations through government-to-government programs. The goals of the Golden Sentry program include technology security, industrial base protection, and foreign compliance.

(U) The lack of accountability and control procedures for sensitive items in Pakistan may result in the loss of critically sensitive weapons and devices, which gives a tactical advantage on the battlefield. Although items such as Stinger missiles and even larger weapon systems such as Harpoon missiles are relatively straightforward to secure and control, smaller sensitive items, such as night-vision devices present a greater challenge. Night-vision devices are small, portable devices used by individual soldiers or crew members, typically on the front line of combat operations. There are inherent difficulties with securing and controlling these items. Unquestionably, night-vision devices provide a clear tactical advantage to Pakistan Army troops and helicopter crews deployed to border outposts in the FATA. These troops engage frequently in tactical operations against Al Qaeda, Taliban, and other terrorists and extremists. See Table G-1 for a list of EUM items provided to Pakistan. At the time of our visit in April 2008, there were only 682 of the 687 night vision devices in inventory. We observed from records and ODRP staff validated that five were lost in a combat operation.

Table G-1: End-use Monitoring Item in Pakistan (U)

Description	Nomenclature	Quantity
Night Vision Devices	AN/AV-6 AN/PVS-7 AN/PVS-14	132 200 355
Total		**687**
Stinger Missiles	FIM-92 portable surface to air missile	57
Total		**57**
Harpoon Missiles	AGM-ER air launched anti-ship missile RGM-84 surface launched anti-ship missile	40 30
Total		**70**

(U) Source: ODRP, April 18, 2008.

Staffing the Security Assistance Office for End-use Monitoring (U)

(U) During our visit we observed that there was one designated officer assigned to manage the Security Cooperation Information Portal database for the Pakistan EUM program and maintain supporting documentation of sensitive items, such as reports on combat losses, annual and quarterly inventories, letters of offer and acceptance, memoranda of agreement, and relevant DSCA guidance. We address ODRP staffing in Part H: "Office of Defense Representation Pakistan."

Night-Vision Devices (U)

(U) The inventory of 687 night-vision devices was delivered to Pakistan in June 2004. The inventory is maintained by serial number. In the original memorandum of agreement signed in 2004, DSCA required the Pakistan Army to conduct a monthly 100-percent inventory of all night-vision devices. In addition, the agreement required a quarterly 100-percent inventory conducted jointly by U.S. and Pakistan officials.

(U) According to ODRP Security Assistance Office staff, from FY 2004 to FY 2006 the inventories were inconsistently performed and not well-documented. In July 2006, it took 6 months to complete a quarterly 100-percent inventory. In June 2007, the U.S. withheld the issuance of 72 night-vision devices to the Pakistani military units based on noncompliance with the DSCA EUM policies and the agreement. By the second quarter of FY 2007, the EUM program for night-vision devices came into compliance for the first time with the completion of a joint 100-percent inventory. Subsequent quarterly joint inventories have been conducted in a timely manner and in compliance with EUM policies.

(U) In September 2007, DSCA conducted a Golden Sentry Compliance Assessment Visit and found that the overall EUM program for night-vision devices needed improvement. The assessment noted the previous noncompliance with frequency of inventory, lack of adequate records to verify that inventories were being conducted, and lack of availability to inventory many night-vision device units. The DSCA assessment recognized the significant challenges that ODRP faced in complying with DSCA EUM policies. Pakistan has more than 100,000 security forces deployed in western Pakistan, where the use of night-vision devices is critical in the fight against terrorists and extremists.

Impact of Monthly Inventory (U)

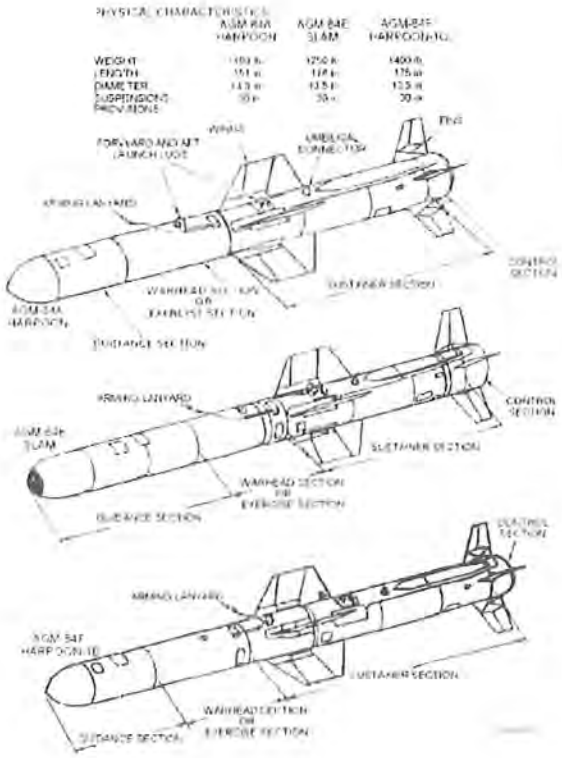
(U) To conduct inventories of night-vision devices in accordance with EUM policies, the devices must be retrieved from the border outposts where they are used in ongoing tactical operations. There are 700 border outposts dispersed over difficult terrain. ODRP requested that DSCA consider changing the frequency of the inventory requirement to an annual 100-percent inventory to accommodate the logistical challenges in conducting 100-percent quarterly inventories. DSCA compliance assessment concluded that "significant improvements have occurred" in the EUM program in Pakistan since 2006, including the ODRP full use of the EUM Security Cooperation Information Portal

database, and the continuing ODRP efforts to educate Pakistan officials on their EUM responsibilities.

(U) Based on our observations, we support the change in flexibility of the method of oversight. We believe that the very procedures implemented to secure and control sensitive items should minimally interfere or disrupt critical combat operations. Several ODRP military officers recounted their belief that recent enemy attacks against Pakistan Army border outposts were deliberately timed to coincide with the monthly or quarterly inventory of night-vision devices, to take advantage of the loss of night-vision capability when the devices were taken off the front lines to be inventoried at rear area locations. Situations such as this should not occur. Changing the inventory method to make it more random should improve this situation. DSCA and ODRP should maintain flexibility in the EUM procedures to accommodate the logistical challenges in administrating a compliance policy during combat operations, while achieving the ultimate goal, that is, preventing the loss, theft, or diversion of sensitive technology.

Stinger Missiles

(U) Stinger missiles were stored at Nowshera Army Depot, Pakistan. DSCA requires an annual 100-percent inventory. At the time of our visit, the last inventory was conducted and completed in September 2007. According to DSCA and ODRP records, the program is in compliance with EUM policies.



Harpoon Missiles

(U) The Harpoon missiles were stored at the Pakistan Navy Missile Complex near Karachi. The missiles had not been deployed, so the inventory process at the time of our assessment was relatively easy. DSCA requires an annual 100-percent inventory.

(U) At the time of our visit, the last inventory was conducted and completed in September 2007. According to DSCA and ODRP records, the program is in compliance with EUM policies.

Recommendations (U)

(U) We are not making any recommendations at this time regarding the end-use monitoring program in Pakistan.

Part H: Office of the Defense Representative Pakistan (U)

Observations (U)

(U) The role of ODRP is growing in size and importance, requiring a change in the organization and staffing of the office. ODRP reports to both the U.S. Ambassador to Pakistan and to the USCENTCOM for its mission in Pakistan. Specifically, we found that:

- the Ambassador and ODRP did not have authorities or funding available to address immediate needs that could be small investments in building the trust of the Pakistani people. In Iraq and Afghanistan, the Commanders' Emergency Response Fund was determined to be effective in building trust among the local population. While those circumstances are different in that the U.S. military personnel are on the ground and able to interact directly with the end-users of the Commanders' Emergency Response Fund, some accommodation in Pakistan would be useful in our effort to legitimize the role of the Frontier Corps and Pakistan Army in border areas where the writ of Pakistani governance is less than in the populated areas. The urgency of establishing such an authority in Pakistan is all that much more important in the context of the current displacement of over 200,000 internally displaced persons resulting from Pakistani military operations in the border region.

- the United States did not have a Status of Forces Agreement with Pakistan to help regulate the military-to-military relationship, which puts increased pressure and responsibility on the ODRP personnel to manage important relationships with the Pakistan military. As additional U.S. military personnel travel to Pakistan in support of train & equip programs and bilateral military exercises, such an Agreement becomes critical to protecting U.S. personnel.

- another difficulty for ODRP in establishing relationships is the staff's short-tour rotations and having the level of experience and correct skill sets to perform duties assigned.

- ODRP provides the initial review of the Pakistan military reimbursement claims for CSF and has a key management role for all funding provided to Pakistan that is for programs covered in this report. In August 2008, the ODRP CSF staff were provided additional training.

- although the USCENTCOM staff reallocated staff to ODRP as a result of analysis of its requirements for security assistance positions across its area of

responsibility, it has not determined the required skill sets and experience needed to perform the ODRP mission. Given the importance of this organization as one of three key roles in the GWOT along with Iraq and Afghanistan, it should have a top priority to stay filled to 100 percent with skill sets, experience, and grades required.

Background (U)

(U) The mission of ODRP, in coordination with the U.S. Embassy Islamabad Country Team and U.S. and North Atlantic Treaty Organization – International Security Assistance Forces in Afghanistan, is to promote and enhance U.S. security interests in Pakistan. ODRP manages security assistance, liaison, and military-to-military engagements in order to improve Pakistan's security and stability. ODRP is also the front-end monitor of the reimbursement claims against the CSF.

(U) Before September 11, 2001, U.S. Defense interests in Pakistan were handled by a four-person Security Assistance Office headed by a colonel, with a separate Defense Attaché Office. After September 11, 2001, military and contractor personnel were added to the U.S. Embassy Islamabad on an ad hoc basis to manage the increased military responsibilities. The ODRP was created to provide an umbrella organization for most DoD elements in Pakistan and in recognition of Pakistan's strategic importance in the war on terrorism.

(U) Although the United States/Pakistan defense relationship has grown in complexity and importance since September 11, 2001, the ODRP has not grown commensurately. ODRP is the DoD organization overseeing and facilitating that relationship and the supporting programs. These multiple programs require the oversight or direct management of multiple programs and CSF reimbursements to Pakistan and, as a recent requirement, the Security Development Plan as discussed in Parts I and J of this report.

(U) On December 21, 2007, as a Secretary of Defense directed initiative, DoD issued Directive 5105.75 to create the position of Senior Defense Officer as the principal DoD official in U. S. embassies. This directive also established the Senior Defense Officer as the Defense Attaché and Chief of the Security Assistance Organization.

(U) On January 14, 2008, the U.S. Embassy Islamabad and the Chief, ODRP requested assistance in providing additional permanent Security Assistance Office personnel in support of the ODRP. The request for more personnel is to support the growing FMS and the military-to-military support to Pakistan.

(U) On February 15, 2008, DoD initiated the "immediate sourcing" of additional manning to support ODRP.

Request for More Personnel (U)

CENTCOM; (b)(1), 1.4(a), (d)

CENTCOM; (b)(1), 1.4(a), (d)

[redacted]

Challenges to the ODRP Mission (U)

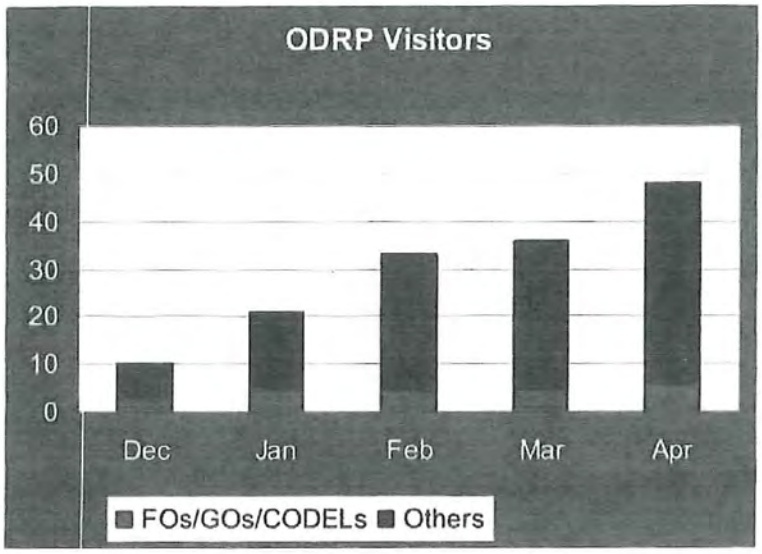
(U) The value of continuity is essential to the work that ODRP conducts with the Pakistan military, but there continues to be a rapid turnover rate with tours of 6 to 12 months. The rapid and unsynchronized personnel turnover causes turbulence in the organization, resulting in loss of institutional knowledge and productive relationships with the Pakistanis. It also hinders conducting a long-term, strategic mission — that of helping forge a successful security relationship with Pakistan.

(U) ODRP personnel did not receive adequate training in the language and customs before starting their tour in Pakistan that would have enabled them to form solid relationships and build trust with the Pakistanis. Although the Defense Attaché Office selects personnel one year out to prepare for language and customs, ODRP personnel did not receive similar training even though they have a similar degree of interaction with host country nationals. There are no ODRP positions that mandate language proficiency. Although all ODRP personnel are supposed to receive training on customs of the area before deployment, this limited training does not prepare them to interact with Pakistanis with ease. We were told that this type of training was too short, is conducted at home stations, and is not formalized.

(U) With the CSF claims growing and the validation of the claims becoming more labor-intensive, as well as the increase in the U.S. assistance by the multiple programs discussed in this report, the proper training to manage these programs is essential. In addition, the ODRP mission has expanded to help manage and implement the USCENTCOM Security Development Plan. Further, according to USD (P) staff, USCENTCOM has established a dedicated asset at ODRP to manage the SDP.

(U) Moreover, as an additional duty and despite not having the resources, ODRP provides the majority of support to the many visitors of the ODRP programs. This support translates into a large burden for ODRP that takes ODRP assets away from important tasks. ODRP visitors have increased from 10 in December 2007 to almost 50 in April 2008 as shown in Chart H-1.

Chart H-1: ODRP Visitors December 2007-April 2008 (U)



(U) Source: ODRP, April 24, 2008.

CENTCOM; (b)(1), 1.4(a), (d)

[redacted] ~~(C)~~

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

Recommendations, Management Comments, and Our Response (U)

H.1. (U) We recommend that the Commander, U.S. Central Command:

a. Consider establishing the Office of Defense Representative Pakistan personnel tour lengths at a minimum of 12 months to form solid relationships with the Pakistanis.

b. Direct that before deployment, Office of Defense Representative Pakistan personnel be trained in the Pakistan customs and have the required skills to perform the mission.

c. Establish an official training program for Office of Defense Representative Pakistan personnel who are tasked with managing, reviewing, and requesting U.S. funding and reimbursements to Pakistan. Further, personnel being staffed at Office of Defense Representative Pakistan in program oversight and execution positions should go through a program management course designed for this assignment.

d. As a high priority, conduct a troop-to-task analysis of Office of Defense Representative Pakistan personnel and adjust as necessary to verify that the organization is authorized sufficient personnel at the proper grade, with the needed experience and skill sets.

Management Comments

(U) USCENTCOM concurred with the following comments:

(U) 1) They agreed with recommendation H1.a, believing the length of tours should be increased to a minimum of 12 months. Pre-deployment training and demobilization will incur roughly two additional months of the tour, as well as requirements for specific on-the-job training during turn-over. Increasing tour length to 15 months will provide a longer contact time for relationships to function and grow, provide more stability by

reducing the number of relationships that have to be rebuilt, and will provide better continuity within each assignment.

(U) 2) In regards to recommendation H1.d, during the USCENTCOM Joint Manning Document (JMD) conference, ODRP presented a request to add billets to their JMD. Through this process, ODRP analyzed their current billets and found they did not have sufficient personnel and in some cases personnel without the proper experience and skill set. In the end, ODRP requested an additional 41 personnel and made changes to grade, experience, and skill sets. This action is currently in staffing at USCENTCOM. In order to make proper projections for their future needs, USCENTCOM J1 continues to work with ODRP in analyzing billets ensuring ODRP is staffed to meet its growing mission.

Our Response

(U) Commander, USCENTCOM comments were responsive. No additional comments or actions are required.

H.2. (U) We recommend that the Secretary of Defense, in coordination with the Secretary of State develop a longer term funding strategy to continue the funding of the Ambassador's request to meet the goals counter-insurgency doctrine by following military operations with humanitarian and economic development and rewarding the tribes who fight militants.

Management Comments

(U) DoD concurred, stating that as mentioned in the Secretary of Defense notification to Congress, DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. Establishing such a new fund and authority would support the multi-year Security Development Plan and would be used to organize, train and equip Pakistani security forces to conduct counterinsurgency operations and defeat the asymmetric threat that they face along the border in the FATA and in the North West Frontier Province. This request includes a humanitarian assistance component that is intended to partly address the Ambassador's request. Further, DoD is engaging the Department of State through the Administration's Afghanistan-Pakistan strategy review process to identify other initiatives that will address issues such as economic development and rewards to tribes that agree to confront militants.

Our Response

DoD comments were responsive. No additional comments or actions are required.

Part I: DoD Plans and Funding for Pakistan (U)

Observations (U)

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

(U) Specifically, we found that:

- funding in FY 2008 for SDP was from the following three sources:

  a. Counternarcotics program ($54.7 million)
  b. Frontier Corps - specific authority ($75 million) and
  c. Section 1206 ($56 million)

- all three funding sources had to be obligated in FY 2008 and some of these funds were not allocated until late in the fiscal year, which significantly limits the time available to obligate these funds.

- there was no funding identified or available for this multi-year plan beyond 2008.

- as noted in Part B of this report, there are challenges to ensuring long-term funding for training and equipping the Pakistan Security Forces.

- at the time of our visit, ODRP did not have enough personnel or other resources necessary to oversee and ensure proper receipt, storage, issuance, and accountability for the significant amount of equipment being purchased and fielded as part of the SDP.

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]

CENTCOM; (b)(1), 1.4(a), (d)

[redacted]

(U) The Chairman, Joint Chiefs of Staff has called for the development of a national strategy for the region and both he and the Secretary of Defense have emphasized that it is vital that the strategy not only be to develop military capability but also strengthen capacity of other governments agencies and our foreign partners.

(U) In November 2008, USCENTCOM undertook a comprehensive strategic review directed toward developing unified strategic-level regional and sub-regional plans for the USCENTCOM area of operations. A Joint Strategic Assessment Team of more than 200 individuals from the DoD, DoS, USAID, Commerce, Treasury, Justice, and key allies convened to initiate this assessment and planning process. However, we were told that the Joint Strategic Assessment Team has been renamed the Commander's Assessment Team with a internal DoD focus. Even with the name change, we support the initial steps taken by the USCENTCOM Commander and believe there is a need for a unity of effort particularly in regard to the support of the Afghanistan efforts with Pakistan.

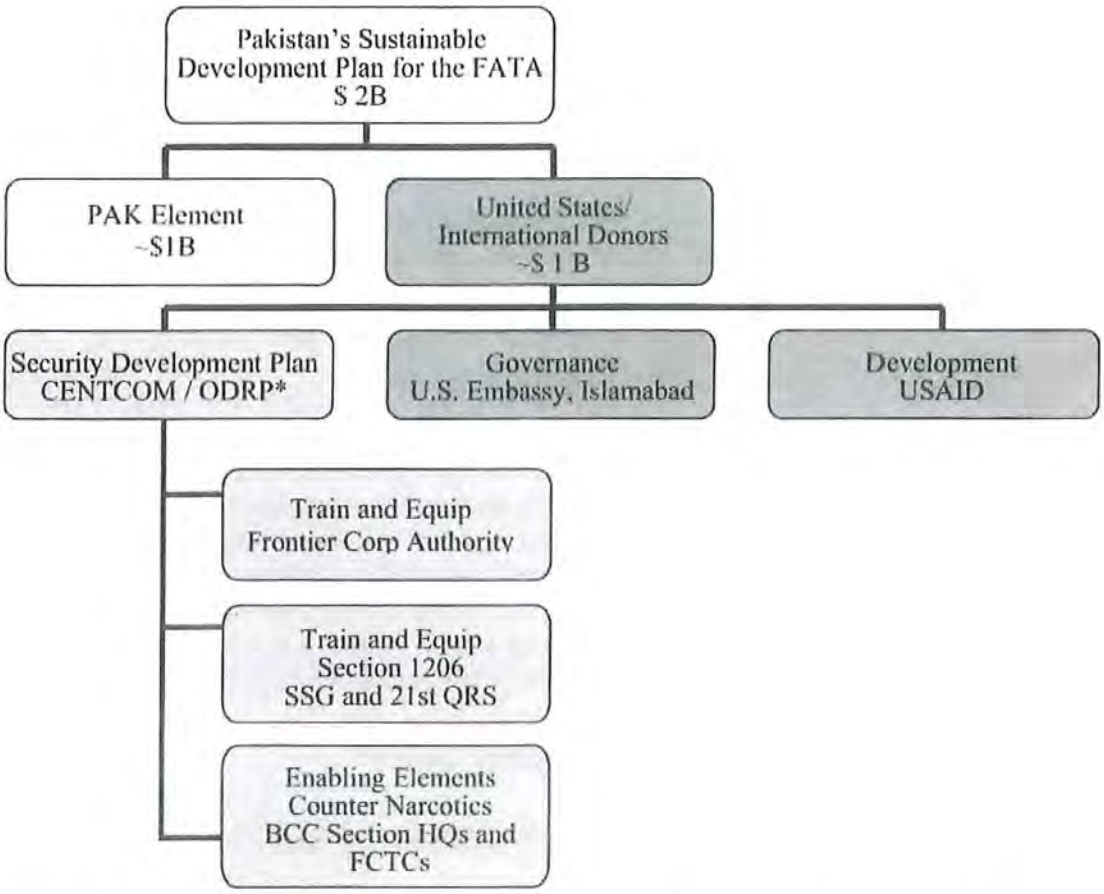
Situation as of Spring/Summer 2008

USCENTCOM Security Development Plan (U)

Background (U)

(U) The SDP is the USCENTCOM-led security element of the U.S. Embassy Islamabad FATA Development Strategy which supports the larger Pakistan Sustainable Development Plan. The SDP is a multi-year plan (originally scoped as FY 2007 to FY 2012) designed to assist Pakistan in: (1) securing the border with Afghanistan; (2) denying safe haven to extremists on Pakistani territory; and (3) creating a security environment for the border population so the U.S. investments in development and governance can yield results. To accomplish these objectives, the SDP has the following programs: (1) train and equip program for the Frontier Corps; (2) train and equip program for special operations units of Pakistan's regular Army; and (3) enabling elements such as Border Coordination Centers, Sector Headquarters facilities and improvements to Pakistan's Army Aviation assets. The SDP also conducts civil-military relations programs and provides counterinsurgency-related training for the Pakistan Army.

Chart I-1: Pakistan's Sustainable Development Plan (U)



(U) * The USCENTCOM/ODRP Security Development Plan is one element of the Government of Pakistan Sustainable Development Plan for the FATA.
(U) Source: ODRP, April 17, 2008.

(U) Blue = United States
(U) Yellow = Pakistan

(U) On April 17, 2008, the Government Accountability Office (GAO) issued report GAO-08-622, "The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas." This report reviewed Pakistan's Sustainable Development Plan. The report recommended that the National Security Advisor and the Director of the National Counterterrorism Center, in consultation with the Secretaries of Defense and State, and the Administrator of U.S. Agency for International Development, the intelligence community and other executive departments as deemed appropriate, implement the congressional mandate to develop a comprehensive plan using all elements of national power to combat the terrorist threat and close their safe haven in Pakistan's FATA region.

(U) DoD agreed with the recommendation to develop a comprehensive plan to close safe havens in the FATA and responded: "In November 2007 and February 2008, DoD provided to the State Department inputs for a comprehensive strategy."

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1) [redacted]

Plan Phases (U)

(U) The Security Development Plan for Pakistan's Western Border Region is an effort by USCENTCOM, in coordination with the Government of Pakistan, to improve Pakistan Security Force (military and paramilitary) capabilities. The SDP is a multi-year multi-faceted program with a comprehensive counterinsurgency approach to enhance Pakistan's ability to secure its border with Afghanistan.

(U) The SDP initiatives include the following:

- Two training centers for the Frontier Corps; one in Warsak and the other in Balochistan;
- Two Frontier Corps Intelligence Battalions;
- Sixteen new Frontier Corps Wings (Battalion equivalent) and four Sector Headquarters established in the FATA/Northwest Frontier Province;

- Six Border Coordination Centers to share intelligence, develop a common operational picture on both sides of the Durand line,[26] and help coordinate the activities of the U.S., Afghanistan, and Pakistani armies in the area;

- Training of special operations forces and thereby improving the capability of night air assault missions; and

- Pakistan Army and Aviation Enhancements to provide sustainable air mobility and fire support to the Army and Frontier Corps counterinsurgency operations.

Resources and Funding (U)

(U) The SDP is the DoD key program to build the Pakistan's counterinsurgency capabilities, and is currently funded by three main sources (authorizations/appropriations): Section 1206, Frontier Corps Authority, and DoD counternarcotics, each with its own constraints and limitations, which makes it difficult to manage and designate funds.

Challenges (U)

(U) Although SDP is a multi-year program, it receives single-year funding. Further, appropriations historically have not been allocated until late in the fiscal year. For example, as of July 2008, the Special Operations Command Central was awaiting the allocation of $75 million under the authority to build the capacity of the Frontier Corps and another $56 million under its Section 1206 authority to build the capacity of foreign military forces. Given that all funding sources must be obligated in the current fiscal year, this significantly limits the time available to obligate these funds. Also, Section 1206 funds cannot be used for paramilitary force and can not be used in forward budgeting since they are allocated via a competitive selection process each year.

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

(U) Further, ODRP is not manned to receive, store, issue, and account for the significant amount of equipment being purchased and fielded as part of the USCENTCOM SDP. As a result, there is a potential risk of losing accountability as we have noted in our

[26] (U) The Durand Line, the western border between Pakistan and Afghanistan, was delineated in 1893 as the boundary between then British India and Afghanistan. The international community has recognized the Durand line since the creation of Pakistan in 1947.

assessments in Iraq and Afghanistan. Also, see further discussion of ODRP in Part H: "Office of the Defense Representative Pakistan."

Situation as of December 2008

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

~~(S)~~

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

Proposed Funding Plan

CENTCOM: (b)(1), 1.4(a), (g)

~~(S)~~

CENTCOM: (b)(1), 1.4(a), (g)

[redacted]

CENTCOM: (b)(1), 1.4(a), (g)

~~(S)~~

CENTCOM: (b)(1), 1.4(a), (g)

[redacted]

(U) Further, in its report Highlights of a Forum: Enhancing U.S. Partnerships in Countering Transnational Terrorism (GAO-08-887SP, July 2008) GAO reported that participants identified strategies for addressing key challenges. One of these challenges was the lack of flexible funding. The report noted: "It was suggested that funds for counterterrorism programs and activities be made flexible so that funding could be best allocated where needed and therefore, have the most impact." DOD OIG supports the need to provide as flexible funding as possible but also to have the necessary management controls and oversight that are reasonable, effective, and transparent.

Recommendations, Management Comments, and Our Response (U)

I.1. (U) We recommend that the Secretary of Defense, in coordination with the Secretary of State:

a. Request funding for the implementation of the Security Development Plan in a single Title 10, fund request rather than from multiple separate funding sources as in the current situation. Ensure that this authority is flexible and applicable to both military and paramilitary forces and that it is disaggregated from the Department of State's Foreign Military Financing program. We believe this separation is important because under the Foreign Military Financing program, we observed that Pakistan influences the selection of items to be funded and these items have not always been in sync with the DoD identified needs for improving the Pakistan Security Forces. Further, we believe this funding approach will also allow the U.S. Central Command Combatant Commander greater influence to target the development of Pakistan's counterinsurgency capabilities in support of operations in Afghanistan.

b. Request authorization from Congress to carry over unobligated funds from fiscal year to fiscal year in order to provide maximum flexibility in a very uncertain operating environment.

c. Create a Security Development Plan operational program of record that includes budgeting in the Future Years Defense Plan.

d. Establish a long-term Foreign Military Financing or other funding plan that identifies the resources needed to ensure sustainment of the Section 1206 equipment and programs, Foreign Military Sales Cases, and resources required for executing the Security Development Plan.

Management Comments

~~(C)~~ RESPONSE I.1.a: CENTCOM: (b)(1), 1.4(a), (d) [redacted]
CENTCOM: (b)(1), 1.4(a), (d)

(U) RESPONSE I.1.b: The Under Secretary of Defense for Policy partially concurred. They stated that DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. Such a request would be designed to allow adequate time to obligate the funds so there would not be a need for no year funding. DoD will consider requesting

authorization from Congress to carry over unobligated funds from fiscal year-to-fiscal year or that the funds provided be designated no-year funds if additional flexibility is required in future budget requests. The Joint Chief of Staff did not concur with the need for no-year funding.

(U) RESPONSE I.1.c: DoD concurred. They stated that as mentioned in the Secretary of Defense notification to Congress, DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. DoD is also examining options for longer term planning and budgeting for such a program.

(U) RESPONSE I.1.d: DoD concurred. They stated that as mentioned in the Secretary of Defense notification to Congress, DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. That authority would include sufficient flexibility to provide the Combatant Commander and his representative in Islamabad the tools necessary to improve the counterinsurgency capabilities of Pakistan's security forces. The PCCF will complement, not replace, other sources of funding for Pakistan – including Foreign Military Financing.

Our Response

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d), (g)

CENTCOM: (b)(1), 1.4(a), (d), (g)

[redacted]

1.2. (U) We recommend that the Defense Security Cooperation Agency in coordination with the U.S. Embassy Islamabad and Office of the Defense Representative Pakistan identify and include in the Letters of Offer and Acceptance charges for the costs associated with accountability and control and use these funds to pay for the articles and services necessary to provide security for delivery, storage, and distribution of urgently needed equipment to the Pakistan Security Forces.

Management Comments

(U) DoD concurred with comment. DoD stated that this recommendation should be revised by replacing the phrase "devote adequate resources for accountability and control and" with the phrase "include in the Letters of Offer and Acceptance charges for the costs associated with accountability and control and use these funds to pay for the articles and services necessary to ..."

Our Response

(U) We revised the language in the recommendation as requested by DoD since the revised recommendation language meets the intent of the actions we initially recommended. No additional comments are needed.

Part J: DoD Management of Pakistan Programs (U)

Observations (U)

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1) [redacted]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1) [redacted].

(U) We did not identify an overall program manager for the DoD programs in Pakistan nor did we identify any one office in DoD responsible to ensure that there was a unity of effort among the programs. Although ODRP was in Pakistan as a USCENTCOM activity, we determined that it was not the operational program office responsible for the planning and execution of the multiple DoD programs in Pakistan. In fact, we observe that there were many others that plan the various DoD and U.S. programs, others that determined how much funding would go to those programs. In fact, we found that ODRP did not always participate in the decision process.

Program Management (U)

(U) As noted in Part A, in May 2008, DoD had not established an operational program manager for the Pakistan CSF program. We briefed the USD(C)/CFO on our preliminary observations and recommendations, the USD(C)/CFO stated that there should be a program manager for CSF but that the USD(C)/CFO should not be the organization to have the operational program manager. Currently, many participants in the management process consider USD(C)/CFO as the program management office because it is the only office that has issued guidance on the CSF program. However, we consider the reimbursement to Pakistan of about $6.3 billion to be a significant sum that should have an operational program manager and agree with the USD (C)/CFO it should not be the USD(C)/CFO.

(U) Further, while the ODRP carried out the execution of programs in Pakistan, multiple offices within USCENTCOM performed as monitors of the individual programs. As

noted, there was no overall program manager for the DoD Pakistan programs. The purpose of a program manager is to oversee the management and operations to ensure that the goals of the U.S. and DoD are being achieved. We believe that a program manager would have overall responsibility of the DoD programs in Pakistan, prepare the DoD budget request, develop the policies, and provide oversight that would ensure that ODRP and other support teams have consistent operations with enough trained personnel. The program manager would also be the DoD office to coordinate the unity of effort among all the U.S. Government programs from the DoD perspective. However, the U.S. Government unity of effort policies should be above this office and coordinated with the U.S. Ambassador to Pakistan.

Defense Consultative Group

(U) The Defense Consultative Group (DCG), led by USD(P), is the senior-most Defense bilateral meeting between the United States and Pakistan. The DCG brings together defense leaders from the United States and the Government of Pakistan to discuss issues of concern to both countries. According to USD(P) staff, the DCG is not a standing body but a bilateral meeting that is supposed to occur annually at alternating capitals with the USD(P) and Pakistan's Secretary of Defense as presiders. Currently, the DCG serves as a primary forum for exchanging ideas and coordinating defense policy discussions to facilitate cooperation of the bilateral defense relationship. The DCG is scheduled to meet annually; however, it has not met since May 2006 because of a series of political and security developments, including the November 2007 imposition of a State of Emergency in Pakistan.

(U) The joint statement following the 2006 meeting stated that the DCG meeting was a strategic discussion about the U.S.-Pakistan long-term strategic relationship, during which the two sides exchanged views about the importance of the relationship and how they could build upon an already robust defense partnership to ensure that it continues to grow stronger. The DCG also discussed counterterrorism strategies along the Pakistan border but has not discussed CSF.

(U) According to the Defense Security Cooperation Agency Desk Officer for Pakistan, the DCG also has three working groups that are bilateral and meet semi-annually. These three working groups are:

- Military Consultative Committee,
- Security Assistance Working Group, and
- Counterterrorism/Counterinsurgency Working Group.

(U) We believe the DCG meetings may be the ideal forum to discuss issues such as CSF and other bilateral interests. We also believe, however, with so many pressing issues between the United States and the Government of Pakistan when we are fighting as allies

in the war on terror, that the DCG or some more appropriate mechanism should meet more than once a year, periodically as conditions warrant.

Challenges of Planning and the Importance of High Level U.S. Commitment

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

CENTCOM: (b)(1), 1.4(a), (g); JS: (b)(1)

[redacted]

Recommendations, Management Comments, and Our Response (U)

J.1. (U) We recommend that the Secretary of Defense direct the establishment of a Program Office with the responsibility to oversee the DoD programs in Pakistan to ensure that these programs are meeting the U.S. national security goals. We further recommend that this office work with a similar office for Afghanistan to ensure that the U.S. investment in the region is working as a unity of effort to achieve common overall goals.

Management Comments

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

[redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

[redacted]

~~(C)~~ CENTCOM; (b)(1), 1.4(a), (g)

CENTCOM; (b)(1), 1.4(a), (g)

[redacted]

CENTCOM: (b)(1), 1.4(a), (g)

[redacted]

Our Response

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

J.2 (U) We recommend that the Under Secretary of Defense for Policy as the Chair of the Defense Consultative Group:

a. Meet on a regular basis and conduct meetings at least twice per year; and more if required

b. Discuss the Coalition Support Fund as an agenda item at each meeting when appropriate.

Management Comments

(U) RESPONSE J.2.a: DoD partially concurred. They stated that USD(P) is committed to a long-term relationship between the U.S. and Pakistan based on mutual trust and common interests. Although the Defense Consultative Group (DCG) is one vehicle to build upon this relationship, it is only one of many ongoing efforts to maintain and grow relations between the U.S. and Pakistan. While limited time and resources, as well as geopolitical circumstances both in the U.S. and in Pakistan, constrain the frequency with which these meetings can occur, USD(P) is committed to regular meetings of the DCG.

(U) RESPONSE J.2.b: DoD partially concurred. They stated that the agenda for a given DCG should be dictated by the topics that are most relevant to DoD and most appropriate for resolution via the USD(P). When Coalition Support Funds is a topic warranting DCG discussion, DoD concurs that it should be placed on the agenda. But to place it on the agenda as a requirement is not an appropriate presumption for the DCG.

Our Response

(U) DoD comments are responsive to the intent of the recommendations. Based on DoD comments, we amended our recommendation J.2.b and added when appropriate. No additional actions or comments are required.

J.3. (U) We recommend that the Commander, U.S. Central Command:

a. Establish an operational program manager for the DoD programs in Pakistan including the Coalition Support Funds claims by Pakistan. This program manager should have the overall responsibility to oversee the management and operations to ensure that the goals of the United States and DoD are being achieved. This program manager should also be responsible for developing the policies that will assist with having a consistent operation of the program, develop a budget for future expected reimbursements to Pakistan, as well as, creating a funding plan for all the DoD programs in Pakistan, and ensure that the Office of Defense Representative Pakistan has enough personnel to run this critical mission. and that they are well trained and updated on all program matters.

Management Comments

(U) USCENTCOM concurred with recommendation J3.a. USCENTCOM recommends SAO provide oversight of Coalition Support Funds with a "cost based model." USCENTCOM is currently preparing travel to Pakistan to establish the model and propose the way ahead to reduce paperwork requirements, while ensuring that U.S. goals and objectives are met. The program manager, residing in the Office of Defense Representative to Pakistan will ensure greater situational awareness of ongoing Pakistan Military Operations in and along the western border.

Our Response

(U) USCENTCOM comments were responsive to the intent of the recommendations, and no additional comments are required.

Appendix A. Scope, Methodology and Acronyms (U)

(U) We conducted this assessment from April 15, 2008, through January 30, 2009, and visited sites in Pakistan from April 18, 2008, through April 26, 2008. We planned and performed the assessment to obtain sufficient and appropriate evidence to provide a reasonable basis for our observations and conclusions based on our assessment objectives. We believe that the evidence obtained provides a reasonable basis for our recommendations based on our assessment objectives.

(U) We reviewed documents such as Federal laws and regulations, including the National Defense Authorization Act, National Defense Appropriations Act, Emergency Supplemental, Bridge Supplemental, Financial Management Regulation, and the Security Assistance Management Manual. In addition, we evaluated the adequacy of the USD(C)/CFO guidance and processes for evaluating requests to reimburse Coalition Support Funds to the Government of Pakistan.

(U) We also interviewed key managers and appropriate staff responsible for the management, oversight, and execution of the reviewed programs. Our interviews included discussions on the adequacy of the:

- processes and procedures used to reimburse Coalition Support Funds to the Government of Pakistan,
- accountability and control of sensitive items provided to the Frontier Corps of Pakistan, and
- use of training and equipment funding.

(U) We interviewed personnel in the following organizations:

- Office of Management and Budget
- U.S. Department of State
- U.S. Embassy Islamabad
- Under Secretary of Defense (Comptroller)/Chief Financial Officer
- Under Secretary of Defense for Policy

- Department of Defense Office of the General Counsel
- Office of the Assistant Secretary of Defense-Legislative Affairs
- Joint Chiefs of Staff
- US Central Command
- Office of the Defense Representative Pakistan
- U. S. Joint Forces Command
- Defense Security Cooperation Agency

~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d); JS: (b)(1)

[redacted]

(U) Scope Limitations. We limited our review to DoD funded programs supporting the Government of Pakistan.

(U) Use of Computer-Processed Data. The OUSD(C)/CFO obtained data from the Department's Contingency Operation Support Tool model for use in validating whether the costs in the Pakistan claims were reasonable. We evaluated the assessments made by the USD(C)/CFO using the data from the model, but, we did not test the accuracy or currency of the data.

(U) Use of Technical Assistance. We did not use Technical Assistance to perform this assessment.

(U) Acronyms Used in this Report The following is a list of the acronyms used in this report.

CN	Counternarcotics
COIN	Counterinsurgency
CSF	Coalition Support Funds
CTFP	Combating Terrorism Fellowship Program
DCG	Defense Consultative Group
DoS	Department of State
DSCA	Defense Security Cooperation Agency
EUM	End-use Monitoring
FATA	Federally Administered Tribal Areas
FMF	Foreign Military Financing
FMS	Foreign Military Sales
GAO	Government Accountability Office
GoP	Government of Pakistan
GWOT	Global War on Terror
ISAF	International Security Assistance Force
NDAA	National Defense Authorization Act
ODRP	Office of Defense Representative Pakistan
OEF	Operation Enduring Freedom
SDP	Security Development Plan
USCENTCOM	United States Central Command
USD (C)/CFO	Under Secretary of Defense (Comptroller)/Chief Financial Officer
USD (P)	Under Secretary of Defense for Policy

Appendix B. Summary of Prior Coverage (U)

(U) During the last 5 years, the Government Accountability Office (GAO) and the Department of Defense Inspector General (DoD IG) have issued 10 reports discussing U.S. efforts in Pakistan. Unrestricted GAO reports can be accessed over the Internet at http://www.gao.gov. Unrestricted DoD IG reports can be accessed at http://www.dodig.mil/audit/reports.

GAO (U)

(U) GAO-08-932T, "COMBATING TERRORISM: U.S. Oversight of Pakistan Reimbursement Claims for Coalition Support Funds," June 24, 2008

(U) GAO-08-875T, "COMBATING TERRORISM: Guidance for State Department's Antiterrorism Assistance Program Is Limited and State Does Not Systematically Assess Outcomes," June 4, 2008

(U) GAO-08-830R, "DEFENSE MANAGEMENT: Assessment of the Reorganization of the Office of the Under Secretary of Defense for Policy," May 30, 2008

(U) GAO-08-820T, "COMBATING TERRORISM: U.S. Efforts to Address the Terrorist Threat in Pakistan's Federally Administered Tribal Areas Require a Comprehensive Plan and Continued Oversight," May 20, 2008

(U) GAO-08-806, "COMBATING TERRORISM: Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims for Coalition Support Funds," June 24, 2008

(U) GAO-08-735R, "Use and Oversight of Coalition Support Funds," May 6, 2008

(U) GAO-08-622, "COMBATING TERRORISM: "The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas," April 17, 2008

(U) GAO-07-827T, "Stabilizing and Rebuilding Iraq: Coalition Support and International Donor Commitments," May 9, 2007

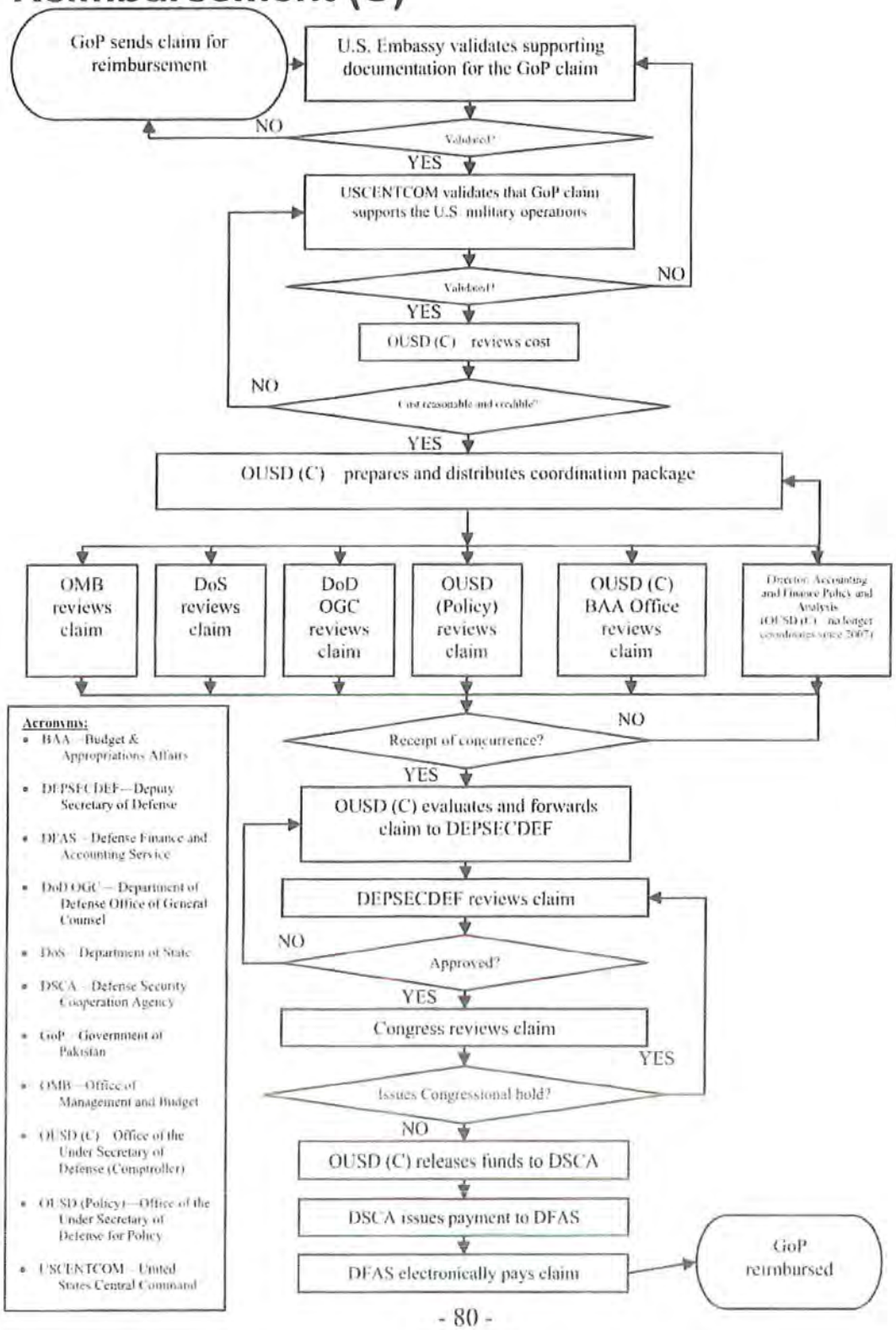
(U) GAO-07-416R, "Section 1206 Assistance," February 28, 2007

DoD IG (U)

(U) DoD IG Secret Report No. D-2004-045, "Financial Management: Report on the Coalition Support Funds," January 16, 2004

(U) DOD IG Secret Report No. SPO-2008-001, "Assessment of the Accountability of Arms and Ammunition Provided to the Security Forces of Iraq," July 3, 2008

Appendix C. Validation Process for CSF Reimbursement (U)



(U) This is the process that was being followed during our assessment.

(U) Government of Pakistan. The Government of Pakistan through its Defense Ministry Department submits its request for reimbursement to the Office of the Defense Representative to Pakistan at the U.S. Embassy Islamabad and includes:

- services or missions performed, by whom, and mission objectives,
- types of costs incurred and a discussion of how costs were computed,
- spreadsheets of cost elements and costs incurred by Pakistan in support of the military operation, and
- copies of invoices.

(U) U.S. Embassy Islamabad. The Office of the Defense Representative to Pakistan at the U.S. Embassy Islamabad reviews Pakistan's requests for reimbursement, gets clarification or additional information from Pakistan as required, and forwards the request with the Embassy's endorsement to the USCENTCOM and USD(C)/CFO. The U.S. Embassy Islamabad sends Pakistan's reimbursement claim to USCENTCOM for their validation. In addition, the Embassy sends a cable or other type of communication such as a memorandum, to the:

- Secretary of State, and
- Secretary of Defense.

(U) In addition, U.S. Embassy Islamabad also sends an information cable or another type of communication to the:

- American Consulate in Karachi,
- American Consulate in Lahore,
- American Consulate in Peshawar,
- USCENTCOM Intelligence Office in MacDill Air Force Base in Florida,
- Commander in Chief, USCENTCOM in MacDill Air Force Base in Florida,
- Joint Staff, and the
- Central Intelligence Agency.

(U) Further, besides the above main recipients, the information cable or another form of communication is sent to more than 100 recipients.

(U) USCENTCOM. USCENTCOM validates requests for reimbursement from Pakistan. USCENTCOM should obtain detailed documentation that sufficiently supports the reimbursement request, and then forwards the information to the office of the USD(C)/CFO. The following information should be included in the documentation provided to the USD(C)/CFO:

- identification of who requested the service and for what period of time,
- validation that the support or service was provided,
- narrative description of the types of costs incurred and descriptions of how the costs for each were computed, and
- copies of invoices for the support provided.

(U) In addition, the Joint Staff Force Structure, Resources, and Assessment Directorate, (CCJ-8) coordinates with the Joint Staff Operations Directorate (CCJ-3) and the Joint Staff Plans Directorate (CCJ-5) at USCENTCOM, prior to the CCJ-8 sending the documentation to the USD(C)/CFO.

(U) USD(C)/CFO. The USD(C)/CFO is responsible for evaluating the claim and determining that the reimbursement is reasonable and credible. In addition, the USD(C)/CFO must also fulfill its fiduciary obligation of ensuring that claims for reimbursements of costs incurred are reasonable before it authorizes payment. Prior to payment, the USD(C)/CFO should analyze the claim for reasonableness by:

- comparing, at a macro level, costs claimed by Pakistan to the U.S. costs that would be required;
- evaluating the reasonableness of the individual categories of costs for which the reimbursement is requested;
- comparing representative U.S. costs for a sub-set of items (where similar comparisons can be made); and if applicable;
- assessing that the claimed costs are consistent with previous costs claimed.

(U) In addition, the USD(C)/CFO coordinates a package with the DoS; Office of Management and Budget , USD(P), DoD Legislative Affairs; Director, Budgets and Appropriations Affairs; and the DoD Office of General Counsel. The package includes the following documents:

- memorandum to the Deputy Secretary of Defense.
- congressional notifications of the Pakistan claim,

- USCENTCOM validation of claim, and the
- Comptroller evaluation of the claim.

(U) Budget and Appropriations Affairs. The Budget and Appropriation Affairs Office reviews the Pakistan claims by evaluating the reasonableness of the costs based on the USD(C)/CFO guidance, assessing the level of congressional interest, and verifying that the notifications of the claims are addressed to the appropriate congressional committees.

(U) Director, Accounting and Finance Policy and Analysis. The USD(C)/CFO discontinued coordination with the Director, Accounting and Finance Policy and Analysis USD(C)/CFO in September 2006.

(U) DoD Office of General Counsel. The DoD Office of General Counsel reviews what's being claimed, compares it against the Comptroller guidance, reviews the numbers for accuracy against the claim, and contacts USD(C)/CFO on any costs that appear to deviate from the guidance.

(U) Department of State. Department of State reviews relied mostly on the DoD review and validation.

(U) Office of Management and Budget. Office of Management and Budget (OMB) reviews the Pakistan claims to identify any trends that look problematic and follows up with USD(C)/CFO for clarification, if needed. OMB's review and validation processes include evaluations by its international assistance and intelligence activities. Upon completion of its review and validation processes, OMB forwards its approval or disapproval to the USD(C)/CFO.

(U) USD(P). The USD(P) verifies that the Pakistan claim is consistent with U.S. foreign policy goals and has no impact on the balance of power in the region.

(U) Deputy Secretary of Defense. The Deputy Secretary of Defense reviews and approves claims, then sends letters to congressional committees for review of the Pakistan claim.

(U) Congress. Congress has 15 days to implement a congressional hold on the payment. If they do not issue a hold, USD(C)/CFO sends a funding document to the DSCA that authorizes funds to pay the claims.

(U) Defense Security Cooperation Agency. DSCA receives the authorization to pay the claims via a Funding Authorization Document from the USD(C)/CFO. Next, DSCA sends an SF 1034, "Public Voucher for Purchases Other Than Personal," by fax to the Defense Finance Accounting Service office in Indianapolis.

(U) Defense Finance Accounting Service. The Defense Finance Accounting Service-Indianapolis then sends an electronic payment to Pakistan.

Appendix D. Pakistan Operations ~~(C)~~

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

Appendix E. Management Comments ~~(C)~~

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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
2700 DEFENSE PENTAGON
WASHINGTON, DC 20301-2700

ASIAN & PACIFIC SECURITY AFFAIRS

MAR 11 2009

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: DoD Inspector General Report "Assessment of DoD- Managed Programs in Support of the Government of Pakistan (Project No. D2008-D000IG-0184.000)," dated January 30, 2009.

The proposed DoD response to the subject report is attached. My point of contact for this matter is [redacted], 703-695-[redacted], or e-mail: [redacted]@osd.mil.

Sincerely,

David S. Sedney
Deputy Assistant Secretary of Defense
(East Asia)
Performing the Duties of the Assistant Secretary of Defense (Asian and Pacific Security Affairs)

Attachment:
As stated

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DoD Inspector General Report – Dated 30 January 2009
Project No. D2008-D000LG-0184.000

ASSESSMENT OF DOD-MANAGED PROGRAMS IN SUPPORT OF THE GOVERNMENT OF PAKISTAN

DoD COMMENTS TO THE RECOMMENDATIONS

(U) **RECOMMENDATION A.1:** We recommend that the Secretary of Defense ensure that the United States formally communicates to the Government of Pakistan (GOP) its expectations about types of operations and results and transparency to validate claims for Coalition Support Funds reimbursement.

~~(C)~~ **RESPONSE A.1:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

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~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

CENTCOM: (b)(1), 1.4(a), (d)

- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

(U) RECOMMENDATION A.2: We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with Under Secretary of Defense (Policy):

(U) RECOMMENDATION A.2.a: Improve the process and reduce the time to reimburse the GoP for services rendered.

~~(C)~~ **RESPONSE A.2.a:** CENTCOM: (b)(1), 1.4(a), (d), (g)
CENTCOM: (b)(1), 1.4(a), (d), (g)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d), (g)

- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d), (g)
- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d), (g)
CENTCOM: (b)(1), 1.4(a), (d), (g)

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- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]
- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]
- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]
  CENTCOM: (b)(1), 1.4(a), (d) [redacted]
- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]
- ~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]
CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) RECOMMENDATION A.2.b: Improve the DoD guidance to clarify what constitutes a valid claim from both operational and financial justifications. This guidance should also answer the following questions.

~~(C)~~ **RESPONSE A.2.b:** CENTCOM: (b)(1), 1.4(a), (d) [redacted]
CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) RECOMMENDATION A.2.b(1): What is the DoD definition of incremental cost for Pakistan?

~~(C)~~ **RESPONSE A.2.b(1):** CENTCOM: (b)(1), 1.4(a), (d) [redacted]
CENTCOM: (b)(1), 1.4(a), (d) [redacted]

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(U) **RECOMMENDATION A.2.b(2):** Clarify by formal documentation that Coalition Support Funds can not be used to replace or repair equipment lost or damaged as a result of combat operations.

(U) **RESPONSE A.2.b(2):** The legislation appropriating CSF does not prohibit replacing or repairing equipment lost or damaged in combat operations. As a matter of policy, DoD prioritizes CSF to reimburse typical operation and maintenance-type expenses and recommends countries first consider using Foreign Military Financing to replace equipment. However, DoD prefers to retain the flexibility provided by law to use CSF in the manner necessary to achieve the greatest success in operations. Such use may require replacing equipment that is lost or damaged in combat operations.

(U) **RECOMMENDATION A.2.b.(3):** Identify alternative funding that could be used for this purpose to be consistent in reimbursing incremental costs as defined by DoD Financial Management Regulation Volume 12, Chapter 23, Section 2309 (K) dated September 2007, incremental costs include replacement costs of attrition losses directly attributable to support of the operation.

~~(S)~~ **RESPONSE A.2.b.(3):** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

(U) **RECOMMENDATION C:** We recommend that the Under Secretary of Defense for Policy:

(U) **RECOMMENDATION C.1:** Lead an interagency effort to prioritize U.S. cooperation with Pakistan and ensure that the resulting Foreign Military Financing (FMF)/Foreign Military Sales (FMS) process and identified programs being supported are adequately funded and focus on common U.S. and Pakistan objectives.

(U) **RESPONSE C.1:** Partially concur. The new administration is conducting an interagency review of its overall strategy for Afghanistan and Pakistan, which will include cooperation with Pakistan. DoD agrees that the U.S. should prioritize U.S. Security cooperation with Pakistan to ensure that the FMF and FMS process are supported, adequately funded, and focus on common U.S.-Pakistani objectives. However, the Department of State, not DoD, has the overall lead for Security Cooperation and interagency coordination on the administration of the FMF/FMS programs. DoD works closely with the Department of State and U.S. Embassy Islamabad as the U.S. and Pakistan work together to identify and prioritize funding needs and program objectives.

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~~(C)~~ **RECOMMENDATION C.2:** CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) **RESPONSE C.2:** Concur.

~~(C)~~ **RECOMMENDATION C.3:** CENTCOM: (b)(1), 1.4(a), (d) [redacted]

~~(C)~~ **RESPONSE C.3:** CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) **RECOMMENDATION E:** We are not making any recommendations at this time regarding the Combating Terrorism Fellowship Program in Pakistan.

(U) **RESPONSE E:** While there are no formal recommendations regarding the Combating Terrorism Fellowship Program (CTFP), DoD makes the following comments for DoD IG information and clarity.

- (U) CTFP goals include building strategies, institutional capacity and partnerships, and are focused above the tactical and operational levels. While some operational training is provided, it is not a focus of the program.
- (U) The report's suggestion that "CTFP should be a valuable resource that benefits both the U.S. and Pakistan in the fight against terrorism," is correct, but probably less important in the tactical/operational context in which the report casts its assessment of Pakistan requirements.
- (U) DoD is authorized to use up to $35M per year for CTFP versus the $20M per year referenced in the report.
- (U) Title 10 U.S.C. Sec. 2249e, referenced in the report, has been amended by Congress.
- (U) The IG report understates the CTFP contribution to Pakistan. While the report notes an expenditure of $765,000 in CTFP for FY 2008, the FY08 report to Congress notes that CTFP Pakistan activities amounted to $1,079,334.

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(U) **RECOMMENDATION H.2:** We recommend that the Secretary of Defense, in coordination with the Secretary of State develop a longer term funding strategy to continue the funding of the Ambassador's request to meet the goals of counter-insurgency doctrine by following military operations with humanitarian and economic development and rewarding the tribes who fight militants.

~~(S)~~ **RESPONSE H.2:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

(U) **RECOMMENDATION I.1:** We recommend that the Secretary of Defense, in coordination with the Secretary of State:

~~(S)~~ **RECOMMENDATION I.1.a:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

~~(S)~~ **RESPONSE I.1.a:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

(U) **RECOMMENDATION I.1.b:** (U) Request authorization from Congress to carry over unobligated funds from fiscal year to fiscal year or request that funds provided by Congress in support of the Security Development Plan be no-year funds.

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(U) **RESPONSE I.1.b:** Partially concur. DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. Such a request would be designed to allow adequate time to obligate the funds so there would not be a need for no-year funding. DoD will consider requesting authorization from Congress to carry over unobligated funds from fiscal year-to-fiscal year or that the funds provided be designated no-year funds if additional flexibility is required in future budget requests.

(U) **RECOMMENDATION I.1.c:** Create a Security Development Plan operational program of record that includes budgeting in the Future Years Defense Plan.

(U) **RESPONSE I.1.c:** Concur. As mentioned in the Secretary of Defense notification to Congress, DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. DoD is also examining options for longer term planning and budgeting for such a program.

(U) **RECOMMENDATION I.1.d:** Establish a long-term Foreign Military Financing or other funding plan that identifies the resources needed to ensure sustainment of the Section 1206 equipment and programs, Foreign Military Sales cases, and resources required for executing the Security Development Plan.

(U) **RESPONSE I.1.d:** Concur. As mentioned in the Secretary of Defense notification to Congress, DoD is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. That authority would include sufficient flexibility to provide the Combatant Commander and his representative in Islamabad the tools necessary to improve the counterinsurgency capabilities of Pakistan's security forces.

(U) **RECOMMENDATION I.2:** We recommend that the Defense Security Cooperation Agency in coordination with the U.S. Embassy Islamabad and Office of the Defense Representative Pakistan identify and devote adequate resources for accountability and control and provide security for delivery, storage, and distribution of urgently needed equipment to the Pakistan Security Forces.

(U) **RESPONSE I.2:** Concur with comment. This recommendation should be revised by replacing the phrase "devote adequate resources for accountability and control and" with the phrase "include in the Letters of Offer and Acceptance charges for the costs associated with accountability and control and use these funds to pay for the articles and services necessary to . . ." The new recommendation will read:

> We recommend that the Defense Security Cooperation Agency in coordination with the U.S. Embassy Islamabad and Office of the Defense Representative Pakistan identify and include in the Letters of Offer and Acceptance charges for the costs associated with accountability and control and use these funds to pay for the articles and services necessary to provide security for delivery, storage, and distribution of urgently needed equipment to the Pakistan Security Forces.

(U) **RECOMMENDATION J.1:** We recommend that the Secretary of Defense direct the establishment of a Program Office with the responsibility to oversee the DoD programs in Pakistan to ensure that these programs are meeting the U.S. national security goals. We further recommend that this office work with a similar office for Afghanistan to ensure that the U.S. investment in the region is working as a unity of effort to achieve common overall goals.

~~(S)~~ **RESPONSE J.1:** CENTCOM: (b)(1), 1.4(a), (d) [redacted]
CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) As one element of U.S. support to Pakistan, DoD is proposing to establish a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. In an effort to ensure that this authority has the appropriate organizational structure to support the anticipated increase in activity, funding and urgency, DoD is working to establish a management structure that will:

- ~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted];
- ~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]
- ~~(S)~~ CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) **RECOMMENDATION J.2:** We recommend that the Under Secretary of Defense for Policy as the Chair of the Defense Consultative Group:

(U) **RECOMMENDATION J.2.a:** Meet on a regular basis and conduct meetings at least twice per year; and more if required.

(U) RESPONSE J.2.a: Partially concur. USD(P) is committed to a long-term relationship between the U.S. and Pakistan based on mutual trust and common interests. Although the Defense Consultative Group (DCG) is one vehicle to build upon this relationship, it is only one of many ongoing efforts to maintain and grow relations between the U.S. and Pakistan. While limited time and resources, as well as geopolitical circumstances both in the U.S. and in Pakistan, constrain the frequency with which these meetings can occur, USD(P) is committed to regular meetings of the DCG.

(U) RECOMMENDATION J.2.b: (U) Discuss the Coalition Support Fund as an agenda item at each meeting.

(U) RESPONSE J.2.b: Partially concur. The agenda for a given DCG should be dictated by the topics that are most relevant to DoD and most appropriate for resolution via the USD(P). When Coalition Support Funds is a topic warranting DCG discussion, DoD concurs that it should be placed on the agenda. But to place it on the agenda as a requirement is not an appropriate presumption for the DCG.

THE JOINT STAFF
WASHINGTON, DC

Reply ZIP Code:
20318-0300

DJSM 30095-09
16 March 2009

MEMORANDUM FOR THE PRINCIPAL DEPUTY INSPECTOR GENERAL

Subject: Assessment of DOD-Managed Programs in Support of the Government of Pakistan (Project No. D2008-D000IG-0184.00) (U)

1. Thank you for the opportunity to review and comment on the subject assessment report dated 30 January 2009.

2. Enclosure A is the coordinated OSD (P) and Joint Staff response to report recommendations.

3. Enclosure B is USCENTCOM's response to report comments and recommendations that are specific to the Command.

4. The Joint Staff point of contact is JS: (b)(6) [redacted] USMCR; J-5/CASA; JS: (b)(6) [redacted].

STANLEY A. MCCHRYSTAL
Lieutenant General, USA
Director, Joint Staff

Enclosures

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DoD Inspector General Report – Dated 30 January 2009
Project No. D2008-D000IG-0184.000

ASSESSMENT OF DOD-MANAGED PROGRAMS IN SUPPORT OF THE GOVERNMENT OF PAKISTAN

DoD COMMENTS TO THE RECOMMENDATIONS

(U) RECOMMENDATION A.1: We recommend that the Secretary of Defense ensure that the United States formally communicates to the Government of Pakistan (GOP) its expectations about types of operations and results and transparency to validate claims for Coalition Support Funds reimbursement.

~~(C)~~ **RESPONSE A.1:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
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~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

(U) RECOMMENDATION A.2: We recommend that the Under Secretary of Defense (Comptroller)/Chief Financial Officer, in coordination with Under Secretary of Defense (Policy):

(U) RECOMMENDATION A.2.a: Improve the process and reduce the time to reimburse the GoP for services rendered.

~~(C)~~ **RESPONSE A.2.a:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

~~(C)~~ CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

(U) RECOMMENDATION A.2.b: Improve the DoD guidance to clarify what constitutes a valid claim from both operational and financial justifications. This guidance should also answer the following questions.

~~(C)~~ RESPONSE A.2.b: CENTCOM: (b)(1), 1.4(a), (d)

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

(U) RECOMMENDATION A.2.b(1): What is the DoD definition of incremental cost for Pakistan?

~~(C)~~ RESPONSE A.2.b(1): CENTCOM: (b)(1), 1.4(a), (d)

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

(U) RECOMMENDATION A.2.b(2): Clarify by formal documentation that Coalition Support Funds can not be used to replace or repair equipment lost or damaged as a result of combat operations.

(U) RESPONSE A.2.b(2): The legislation appropriating CSF does not prohibit replacement or repair of equipment lost or damaged in combat operations. As a matter of policy, DoD prioritizes CSF to reimburse typical operation and maintenance-type expenses and recommends countries first consider using Foreign Military Financing to replace equipment. However, DoD prefers to retain the flexibility provided by law to use CSF in the manner needed to achieve the greatest success in operations. Such use may require replacement of equipment that is lost or damaged in combat operations on an exceptional basis.

(U) **RECOMMENDATION A.2.b.(3):** Identify alternative funding that could be used for this purpose to be consistent in reimbursing incremental costs as defined by DoD Financial Management Regulation Volume 12, Chapter 23, Section 2309 (K) dated September 2007, incremental costs include replacement costs of attrition losses directly attributable to support of the operation.

~~(C)~~ **RESPONSE A.2.b.(3):** CENTCOM: (b)(1), 1.4(a), (d) [redacted]

(U) **RECOMMENDATION C:** We recommend that the Under Secretary of Defense for Policy:

(U) **RECOMMENDATION C.1:** Lead an interagency effort to prioritize U.S. cooperation with Pakistan and ensure that the resulting Foreign Military Financing / Foreign Military Sales process and identified programs being supported are adequately funded and focus on common U.S. and Pakistan objectives.

(U) **RESPONSE C.1:** Partially concur. DoD agrees that the U.S. should prioritize U.S. Security cooperation with Pakistan to ensure that the Foreign Military Financing (FMF) and the Foreign Military Sales (FMS) process are supported, adequately funded, and focus on common U.S.-Pakistani objectives. However, the Department of State, not DoD, has the overall lead for Security Cooperation and interagency coordination on the administration of the FMF/FMS programs. DoD works closely with the Department of State and U.S. Embassy Islamabad as the U.S. and Pakistan work together to identify and prioritize funding needs and program objectives.

~~(C)~~ **RECOMMENDATION C.2:** CENTCOM: (b)(1), 1.4(a), (d), (g) [redacted]

(U) **RESPONSE C.2:** Concur.

~~(C)~~ **RECOMMENDATION C.3:** CENTCOM: (b)(1), 1.4(a), (d), (g) [redacted]

~~(C)~~ **RESPONSE C.3:** CENTCOM: (b)(1), 1.4(a), (d), (g) [redacted]

CENTCOM: (b)(1), 1.4(a), (d), (g)

[redacted]

(U) **RECOMMENDATION E:** We are not making any recommendations at this time regarding the Combating Terrorism Fellowship Program in Pakistan.

(U) **RESPONSE E:** While there are no formal recommendations regarding the Combating Terrorism Fellowship Program (CTFP), DoD makes the following comments for DoD IG's information and clarity. First, CTFP goals include building strategies, institutional capacity and partnerships, and are focused above the tactical and operational levels. While some operational training is provided, it is not a focus of the program. Second, the report's suggestion that "CTFP should be a valuable resource that benefits both the U.S. and Pakistan in the fight against terrorism," is correct, but probably less important in the tactical/operational context in which the report casts its assessment of Pakistan requirements. Third, DoD is authorized to use up to $35 million per year for CTFP versus the $20 million per year referenced in the report. Fourth, Title 10 U.S.C. Sec. 2249c, referenced in the report, has been amended by Congress. Finally, the IG report understates the CTFP contribution to Pakistan. While the report notes an expenditure of $765,000 in CTFP for FY 2008, the FY08 report to Congress notes that CTFP Pakistan activities amounted to $1,079,334.

(U) **RECOMMENDATION H.2:** We recommend that the Secretary of Defense, in coordination with the Secretary of State develop a longer term funding strategy to continue the funding of the Ambassador's request to meet the goals of counter-insurgency doctrine by following military operations with humanitarian and economic development and rewarding the tribes who fight militants.

~~(C)~~ **RESPONSE H.2:** CENTCOM: (b)(1), 1.4(a), (d)

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

(U) **RECOMMENDATION I.1:** We recommend that the Secretary of Defense, in coordination with the Secretary of State:

~~(C)~~ **RECOMMENDATION I.1.a:** CENTCOM: (b)(1), 1.4(a), (d)

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

~~(C)~~ **RESPONSE I.1.a:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)

[redacted]

(U) RECOMMENDATION I.1.b: (U) Request authorization from Congress to carry over unobligated funds from fiscal year to fiscal year or request that funds provided by Congress in support of the Security Development Plan be no-year funds.

(U) RESPONSE I.1.b: Non-concur. The Department is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. Such a request would be designed to allow adequate time to obligate the funds so there would not be a need for no-year funding.

(U) RECOMMENDATION I.1.c: Create a Security Development Plan operational program of record that includes budgeting in the Future Years Defense Plan.

(U) RESPONSE I.1.c: Concur. As mentioned in the Secretary of Defense's notification to Congress, the Department is considering requesting a dedicated funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. The Department is also looking into options for longer term planning and budgeting for such a program.

(U) RECOMMENDATION I.1.d: Establish a long-term Foreign Military Financing or other funding plan that identifies the resources needed to ensure sustainment of the Section 1206 equipment and programs, Foreign Military Sales cases, and resources required for executing the Security Development Plan.

(U) RESPONSE I.1.d: Concur. As mentioned in the Secretary of Defense's notification to Congress, the Department is considering requesting a dedicated

funding authority to build Pakistan's counterinsurgency capability as part of the FY 2009 Supplemental War Request. That authority would include sufficient flexibility to provide the Combatant Commander and his representative in Islamabad the tools necessary to improve the counterinsurgency capabilities of the Pakistan security forces. The PCCF will complement, not replace, other sources of funding for Pakistan – including Foreign Military Financing.

(U) **RECOMMENDATION I.2:** We recommend that the Defense Security Cooperation Agency in coordination with the U.S. Embassy Islamabad and Office of the Defense Representative Pakistan identify and devote adequate resources for accountability and control and provide security for delivery, storage, and distribution of urgently needed equipment to the Pakistan Security Forces.

(U) **RESPONSE I.2:** Concur with comment. This recommendation should be revised by replacing the phrase "devote adequate resources for accountability and control and" with the phrase "include in the Letters of Offer and Acceptance charges for the costs associated with accountability and control and use these funds to pay for the articles and services necessary to . . ." The new recommendation will read:

> We recommend that the Defense Security Cooperation Agency in coordination with the U.S. Embassy Islamabad and Office of the Defense Representative Pakistan identify and include in the Letters of Offer and Acceptance charges for the costs associated with accountability and control and use these funds to pay for the articles and services necessary to provide security for delivery, storage, and distribution of urgently needed equipment to the Pakistan Security Forces.

(U) **RECOMMENDATION J.1:** We recommend that the Secretary of Defense direct the establishment of a Program Office with the responsibility to oversee the DoD programs in Pakistan to ensure that these programs are meeting the U.S. national security goals. We further recommend that this office work with a similar office for Afghanistan to ensure that the U.S. investment in the region is working as a unity of effort to achieve common overall goals.

~~TS~~ **RESPONSE J.1:** CENTCOM: (b)(1), 1.4(a), (d)
CENTCOM: (b)(1), 1.4(a), (d)
[redacted]

(U) RECOMMENDATION J.2: We recommend that the Under Secretary of Defense for Policy as the Chair of the Defense Consultative Group:

(U) RECOMMENDATION J.2.a: Meet on a regular basis and conduct meetings at least twice per year; and more if required.

(U) RESPONSE J.2.a: Partially concur. USD(P) is committed to a long-term relationship between the U.S. and Pakistan based upon mutual trust and common interests. Although the Defense Consultative Group (DCG) is one vehicle to build upon this relationship, it is only one of many ongoing efforts to maintain and grow relations between the U.S. and Pakistan. While limited time and resources, as well as geopolitical circumstances both in the U.S. and in Pakistan, constrain the frequency with which these meetings can occur, USD(P) is committed to regular meetings of the DCG.

(U) RECOMMENDATION J.2.b: (U) Discuss the Coalition Support Fund as an agenda item at each meeting.

(U) RESPONSE J.2.b: Partially concur. The agenda for a given DCG should be dictated by the topics that are most relevant to DoD and most appropriate for resolution via the USD(P). When Coalition Support Funds is a topic warranting DCG discussion, DoD concurs that it should be placed on the agenda. But to place it on the agenda as a requirement is not an appropriate presumption for the DCG.

~~CONFIDENTIAL~~
Unclassified when separated from classified attachment

UNITED STATES CENTRAL COMMAND
OFFICE OF THE CHIEF OF STAFF
7115 SOUTH BOUNDARY BOULEVARD
MACDILL AIR FORCE BASE, FLORIDA 33621-5101

27 February 2009

TO: DEPARTMENT OF DEFENSE, INSPECTOR GENERAL

SUBJECT: Assessment of DoD-Managed Programs in Support of the Government of Pakistan Project No. D2008-D000IG-0184.000. Report date January 30, 2009 (U)

1. (U) Thank you for the opportunity to respond to the recommendations presented in the DoDIG draft report.

2. (U) Attached is the CENTCOM consolidated response to the recommendations.

3. (U) The Point of Contact is CENTCOM: (b)(6) [redacted] USCENTCOM Inspector General, CENTCOM: (b)(6) [redacted].

JAY W. HOOD
Major General, U.S. Army

Attachment:
TAB A: CENTCOM Consolidated Response

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Unclassified when separated from classified attachment

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DODIG DRAFT REPORT DATED 30 January 2009 (U)
DODIG Project No. D2008-D000JG-0184.000 (U)

"Assessment of DoD-Managed Programs in Support of the Government of Pakistan (U)"

CENTCOM COMMENTS TO THE FINAL REPORT (U)

RECOMMENDATION 1. (D, page 36)
(U) Recommend that the Commander, U.S. Central Command, working in coordination with the Department of State

1. (U) Establish International Military Education Training allocations during the fiscal year before the execution year to improve program and quota planning, student selection and vetting, application and visa processing, and logistical arrangements.
2. (U) Prioritize International Military Education Training efforts on mid- and senior level officers affected by the 11-year suspension of the program and increase the priority for allocation of International Military Education Training to Pakistan.
3. (U) Consider increasing International Military Education Training funding for Pakistan to leverage the military-to-military benefits of the program.
4. (U) Consider requesting, through the appropriate channels, that Congress authorize and appropriate International Military Education Training funds for 2 years rather than for one year in order to improve the planning process for International Military Education Training in Pakistan.

CENTCOM RESPONSE: CENTCOM concurs with recommendations 1.1 – 1.4 above provided in this DODIG Report.

RECOMMENDATION 2 (H.1, page 51)
(U) DODIG recommends that the Commander, U.S. Central Command

a. (U) Consider establishing the Office of Defense Representative Pakistan personnel tour lengths at a minimum of 12 months to form solid relationships with the Pakistanis.
b. (U) Direct that before deployment, Office of Defense Representative Pakistan personnel be trained in the Pakistan customs and have the required skills to perform the mission.
c. (U) Establish an official training program for Office of Defense Representative Pakistan personnel who are tasked with managing, reviewing, and requesting U.S. funding and reimbursements to Pakistan. Further, personnel being staffed at Office of Defense Representative Pakistan in program oversight and execution positions should go through a program management course designed for this assignment.
d. (U) As a high priority, conduct a troop-to-task analysis of Office of Defense Representative Pakistan personnel and adjust as necessary to verify that the organization is authorized sufficient personnel at the proper grade, with the needed experience and skill sets.

CENTCOM RESPONSE: CENTCOM concurs with the following comments:

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1) We agree with recommendation 2a above, believing the length of tours should be increased to a minimum of 12 months. Pre-deployment training and demobilization will incur roughly two additional months of the tour, as well as requirements for specific on-the-job training during turn-over. Increasing tour length to 15 months will provide a longer contact time for relationships to function and grow, provide more stability by reducing the number of relationships that have to be rebuilt, and will provide better continuity within each assignment.
2) RE: recommendation 2d above, during the CENTCOM Joint Manning Document (JMD) conference, ODR-P presented a request to add billets to their JMD. Through this process, ODR-P analyzed their current billets and found they did not have sufficient personnel and in some cases personnel without the proper experience and skill set. In the end, ODR-P requested an additional 41 personnel and made changes to grade, experience, and skill sets. This action is currently in staffing at CENTCOM. In order to make proper projections for their future needs, CENTCOM J1 continues to work with ODR-P in analyzing billets ensuring ODR-P is staffed to meet its growing mission.

RECOMMENDATION 3: (J3: page 62)
(U) DODIG: recommends that the Commander, U.S. Central Command:
a. (U) Establish an operational program manager for the DoD programs in Pakistan including the Coalition Support Funds claims by Pakistan. This program manager should have the overall responsibility to oversee the management and operations to ensure that the goals of the United States and DoD are being achieved. This program manager should also be responsible for developing the policies that will assist with having a consistent operation of the program, develop a budget for future expected reimbursements to Pakistan, as well as, creating a funding plan for all the DoD programs in Pakistan, and ensure that the Office of Defense Representative Pakistan has enough personnel to run this critical mission and that they are well trained and updated on all program matters.

CENTCOM RESPONSE: CENTCOM concurs with recommendation 3a above. CENTCOM recommends Security Assistance Office (SAO) provide oversight of Coalition Support Funds with a "cost based model." CENTCOM is currently preparing travel to Pakistan to establish the model and propose the way ahead to reduce paperwork requirements, while ensuring that U.S. goals and objectives are met. The program manager, residing in the Office of Defense Representative to Pakistan will ensure greater situational awareness of ongoing Pakistan Military Operations in and along the western border.

Appendix F. Report Distribution (U)

(U) Department of State

Secretary of State
U.S. Ambassador to Pakistan*
Assistant Secretary of State for Political-Military Affairs
Inspector General, Department of State

(U) Office of the Secretary of Defense

Secretary of Defense*
Deputy Secretary of Defense*
Chairman, Joint Chiefs of Staff*
Under Secretary of Defense for Acquisition, Technology and Logistics
Under Secretary of Defense (Comptroller)/Chief Financial Officer*
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Policy*
Under Secretary of Defense for Intelligence
Vice Chairman of the Joint Chiefs of Staff*
Assistant Secretary of Defense (Legislative Affairs)
Assistant Secretary of Defense (Public Affairs)
Director, Program Analysis and Evaluation
Director, Defense Procurement and Acquisition Policy
Director, Joint Staff
  Director, Operations (J-3)*
  Director, Strategic Plans and Policy (J-5)*
  Director, Force Structure, Resources, and Assessment (J-8)*

(U) Department of the Army

Auditor General, Department of the Army
Inspector General of the Army

(U) Department of the Navy

Auditor General, Department of the Navy
Naval Inspector General

(U) Department of the Air Force

Auditor General, Department of the Air Force
Inspector General of the Air Force

(U) Combatant Commands

Commander, U.S. Central Command*
Inspector General, U.S. Central Command*

(U) Other Non-Defense Federal Organization

United States Comptroller General
Office of Management and Budget

(U) Congressional Committees and Subcommittees, Chairman and Ranking Minority Member

Senate Committee on Appropriations
  Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Foreign Relations
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations
  House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Oversight and Government Reform
  House Subcommittee on Government Management, Organization, and Procurement
  House Subcommittee on National Security and Foreign Affairs
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* Recipients of the draft report

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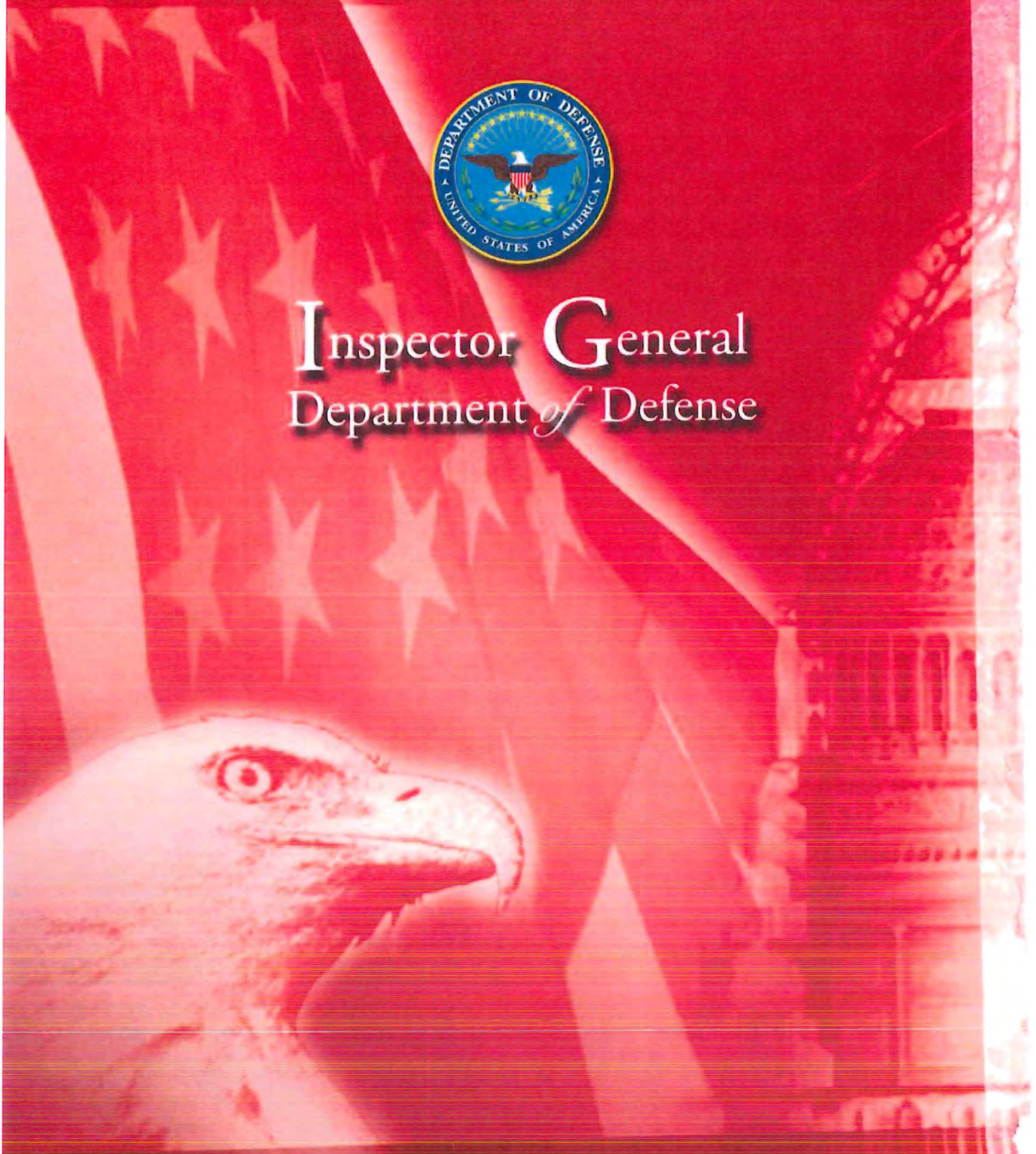
Inspector General
Department of Defense



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