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**Testimony to the House Oversight and Government Reform Subcommittee on**  
**National Security and Foreign Affairs**  
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Chairman Tierney, Congressman Shays, Members of the Committee: Thank you for the opportunity to discuss Pakistan and Coalition Support Funds (CSF). I would like to discuss the evolution of the CSF program, the process for evaluating CSF claims, and why CSF is an important tool in the War on Terror (WOT).

Before doing so, however, it is important to understand Pakistan's place in the region and the world. Pakistan, the second most populous Muslim state and sixth most populous country in the world, is located at the geopolitical crossroads of Central Asia. With nuclear armed neighbors and with a nuclear capability itself, Pakistan lives in a very tough neighborhood. And with Afghanistan and Iran next door, it finds itself in the front lines in the battle against global terrorism. More than ever, our national security is linked to the success, security, and stability of a democratic Pakistan. We acknowledge that Pakistan has made important strides towards democracy in the past several months, but much remains to be done. The elections in February were an important step for Pakistan; we applaud the return of civilian leadership and we remain committed to helping the people of Pakistan achieve stability. Pakistan, however, is facing severe budgetary, energy, and economic crises and must act decisively to eliminate the Al Qaeda and Taliban safe havens in the Federally Administered Tribal Areas (FATA) and North West

Frontier Province (NWFP). The new coalition government has a difficult road to navigate, and requires steadfast support.

### *Evolution of Coalition Support Funds*

Following the tragic events of September 11, 2001, Pakistan became a member of the coalition formed to eliminate Al Qaeda and the Taliban Government of Afghanistan. At the request of the U.S. during the early phases of Operation Enduring Freedom (OEF), Pakistan offered the use of its airspace, four airfields and a seaport, fuel, water, and other utilities at those locations, deployed large numbers of its armed forces to protect deployed U.S. personnel, and later permitted the establishment of air and ground lines of communication through Pakistan into Afghanistan. Today, much of the fuel and dry cargo required to support U.S. and NATO military operations in Afghanistan transit Pakistan, and because of our cooperative relationship with the Pakistani armed forces, we lose very little of the supplies to insurgent activity despite the close proximity of these lines of communication to Al Qaeda and Taliban safe havens.

At the request of the U.S. in 2001, Pakistan deployed its Army for the first time in history into the tribal agencies of the FATA along the border with Afghanistan to assist U.S. operations in Afghanistan by capturing Al Qaeda and Taliban fighters fleeing Tora Bora. Several hundred of these fighters were eventually captured and turned over to U.S. custody. For example, Pakistani forces captured Abu Zubayadah, a senior Al-Qaeda operative and Osama Bin Laden confidant. During a raid on a residence in Rawalpindi, Pakistani forces arrested Al-Qaeda senior leader Khalid Sheikh Mohammad, the alleged

mastermind behind the September 11<sup>th</sup> attacks and wanted by the U.S. for his involvement in the 2002 murder of U.S. journalist Daniel Pearl.

Because Pakistan had only a limited capability to sustain such a high level of military activity in support of OEF, the United States decided it needed a mechanism to reimburse Pakistan and other cooperating nations for the support they were providing in the WOT. This program became known as Coalition Support Funds.

It is important not to confuse CSF with military assistance or development programs to Pakistan. CSF is not bilateral assistance and it is not intended as a mechanism to build capability or capacity in other nation's defense forces. It is an authority Congress granted to the Department of Defense (DoD) to reimburse Pakistan and other key cooperating nations for logistical, military, and other support they provide to the United States in support of the WOT. To date, the authority has been used to reimburse Pakistan and 26 other nations for contributions to U.S. military operations.

In 2002, Congress authorized and appropriated \$390M in the FY2002 Emergency Supplemental "for payments to reimburse Pakistan, Jordan, and other key cooperating nations for logistical and military support provided to United States military operations in connection with the Global War on Terrorism." This program has been reauthorized and funds appropriated every year since FY2002. These payments are made only when the Secretary of Defense determines that documents provided to justify reimbursement requests "...adequately account for the support provided..." and upon concurrence of the Secretary of State and in consultation with the Office of Management and Budget. The DoD is required to report CSF reimbursements quarterly to the four Defense oversight

committees and has regularly briefed these Committees, and to the House Oversight and Government Reform Subcommittee on National Security and Foreign Affairs, to answer questions and provide details related to the CSF program.

CSF payments are reimbursements for actual expenses incurred in support of the WOT operations. It is a means to reimburse countries that have incurred *incremental* costs to provide logistical, military, and other support to U.S. military operations. If the country would have incurred certain costs in the normal course of its activities, those costs will not be reimbursed. Moreover, the cost of reimbursing nations for these costs is far less expensive than if we had carried out these operations ourselves.

### ***Reimbursable Costs***

DoD reimburses costs associated with the movement and sustainment of forces engaged in providing support to the WOT. Typical categories of reimbursable support include strategic air and sea lift for deployment, troop rotation (for long-term commitments), and redeployment. Resupply flights may be approved for reimbursement on a case-by-case basis, though prior coordination with Combatant Commanders and the Office of the Secretary of Defense is strongly recommended. Reimbursable sustainment costs include expenditures for food; bulk and personal water; appropriate lodging; laundry; waste removal; base operations support; petroleum, oil, and lubricants (POL) for support of both vehicles and personnel (for heaters, air conditioners, and generators); medical consumables; selected inoculations; and planning conferences to facilitate support to operations. Countries may also incur reimbursable costs when providing

services such as security for transiting or deployed forces. Additional costs that may be reimbursed include those for increased use of equipment or aircraft, additional employment of personnel, operation of a field hospital, incremental activities to manage flight operations, costs incurred to coordinate operations in support of U.S. operations, or incremental costs associated with actual provision of a specific unit. Reimbursement will not be approved for costs associated with salaries for troops, hazardous or overseas duty pay, insurance for equipment or personnel, depreciation of equipment used in operations, spare parts beyond those needed for the mission, or stipends for troops, such as those normally associated with missions undertaken on behalf of the United Nations.

### *Evaluation and Processing of CSF Claims*

The Department of Defense has a multi-step approval process before releasing reimbursements to a coalition country. The guidelines DoD uses to review each claim were established in 2003 in concert with the Office of the DoD Inspector General (OIG).

The current DoD process for reviewing CSF claims is as follows:

- A country incurs logistical, military, and other expenses in support of the WOT and submits a claim for reimbursement of those expenses to the U.S. Embassy in that country. (Typically, the Defense Attaché or other defense representative in the Embassy receives the claim for reimbursement.)
- The Office of the Defense Representative- Pakistan (ODRP), in the U.S. Embassy endorses that the country incurred the expenses in support of U.S. military operations in the WOT and submits the request for reimbursement to the Combatant Command.
- The Combatant Command evaluates the claim and recommends reimbursement of those items it deems reasonable and supportable and validates that the support was provided in connection with U.S. WOT operations.

- The Under Secretary of Defense for Comptroller evaluates the claim to ensure the reimbursement is based on adequate documentation and that expenses incurred are reasonable and credible.
- DoD obtains the concurrence of the Department of State and OMB for the proposed reimbursement.
- The Under Secretary of Defense for Policy and the Department of State confirms that reimbursements are consistent with USG national security strategy and do not unfavorably affect the balance of power in the region.
- The Under Secretary of Defense for Policy and the Under Secretary of Defense for Comptroller recommend to the Deputy Secretary of Defense that payment to the country is reimbursement for support to the WOT and that the payment is based on adequate documentation or a comparison with potential U.S. costs for execution of a similar mission or activity.
- The Deputy Secretary of Defense notifies Congress of the intent to reimburse the country with CSF.
- DoD reimburses the country 15 days after the congressional defense committees are notified.

The Department seeks to improve its CSF reimbursement process, reviews it regularly, and has issued revised guidelines that implements recommendations from the GAO and DoD OIG.

Consequently, the Office of the Under Secretary of Defense for Policy, the Office of the Under Secretary of Defense for Comptroller, CENTCOM, and the Office of the Defense Representative, Pakistan (ODRP) agreed last year to request greater documentation from Pakistan. As a result, ODRP increased its oversight of the claims and recommended that a significant number of Pakistani requests for reimbursement be deferred pending receipt of additional documentation, or denied altogether. To ensure a completely impartial and thorough assessment of these changes, the Under Secretary of

Defense for Policy – with the strong concurrence of the U.S. Ambassador to Pakistan – asked the DoD IG to conduct a management review of the CSF program in April. We will continue to work closely with the DoD OIG and others to address their recommendations and suggestions on how to improve this important program.

***Importance of Pakistan to U.S. National Security Interests***

Since 2002 Congress has appropriated \$7.3B for the entire CSF program and Pakistan has been the largest single recipient, receiving approximately \$6B in reimbursements following a \$373M reimbursement this week. CSF reimbursements to Pakistan have been a significant factor in Pakistan’s ability to assist U.S. operations in the WOT. The key question that Congress has raised over the last several months is, “What are the U.S. taxpayers getting from Pakistan for this \$6B?”

Pakistan is a key partner in the WOT and plays a major role in our long-term efforts to build a stable Afghanistan. Without CSF reimbursements Pakistan could not afford to deploy and maintain 100,000 military and paramilitary forces in the Federally Administered Tribal Areas (FATA). Since 2001, the Pakistan Army has conducted 91 major and countless small operations in support of the WOT, and it has captured or killed more Al Qaeda and Taliban than any other coalition partner. Following Pakistan’s decision in July 2007 to remove by force a group of religious extremists that had taken over the Red Mosque in Islamabad, the number of retaliatory suicide bombings and ambushes of Pakistani military and police personnel increased dramatically. Since September 11, 2001, has taken efforts to combat extremists in the FATA, resulting in the

death or capture of a number of Taliban leaders in the past year. In the past five years, Pakistani soldiers have sustained more than 1,400 combat deaths—700 just since July 2007—and more than 2,400 wounded in action.

### *The Federally Administered Tribal Areas (FATA)*

On a final note, the security of the border between Afghanistan and Pakistan has been the subject of increasing interest and concern to the Administration, Congress, and the International Community, including the governments of Afghanistan and Pakistan. The FATA border region with Afghanistan is now and has historically been a largely ungoverned space. This area—approximately the size of Maryland—was identified in the July 2007 National Intelligence Estimate (NIE) on the Terrorist Threat to the U.S. Homeland and the Country Reports on Terrorism 2007 as a safe haven where Taliban and Al Qaeda forces recruit, train and equip fighters and infiltrate them into Afghanistan. The FATA has always had a special constitutional status in Pakistan. Normal federal or provincial laws do not apply, and the area is only loosely governed under the provisions of the century-old Frontier Crimes Regulations. Operating there is challenging even for the non-Pashtun Pakistanis who are generally considered to be outsiders and interlopers by the fiercely independent Pashtun tribesman. The tribes of the FATA have a long history of military resistance and success in preventing foreign armies from entering and conquering their tribal areas.

It is only by working with Pakistani military and security elements, such as the Frontier Corps and the Special Services Group (SSG), that security is possible in the FATA and NWFP. Neither the Government of Pakistan (GoP) nor a large majority of



Pakistan's population support a U.S. troop presence in the country. The U.S. cannot afford to lose the hearts and minds of the Pakistani people. The United States is committed to stopping Al Qaeda, the Taliban, and other terrorist groups that threaten the stability and development of the FATA and the NWFP as well as Pakistanis' freedom and the open, democratic, and economically prosperous society that Pakistan is working to achieve. Consequently, the U.S. is assisting Pakistan with equipping and training of the Frontier Corps and supporting the government's frontier development strategy.

The U.S. is deeply concerned about reports of ceasefire negotiations and other agreements in South Waziristan and other locations in the FATA and North West Frontier Province (NWFP). Previous attempts by the GoP to negotiate ceasefires and other agreements with the tribes in the FATA and NWFP were deeply flawed. After similar agreements were signed in 2005 and 2006, cross-border operations by extremist groups against U.S. and NATO forces increased substantially, due in part, we believe, to the provisions of the agreements. The United States recognizes that there is no purely military solution to insurgency, but we have made it clear to the GoP that any agreement should be enforceable and backed up by the credible threat of force. Also, any agreement should include a commitment to deny a safe haven to foreign terrorists and prevent attacks against U.S., Coalition, Afghan, or Pakistani forces in either Afghanistan or Pakistan. Finally, it is equally important that Pakistani military forces remain in the FATA and NWFP in order to enforce agreements. This message has been delivered to all levels of Pakistan's government over the past two months and the Government of

Pakistan has told us it will not approve any agreement that does not contain all of these conditions.

In conclusion, there are no easy answers or easy solutions in the FATA and the NWFP. We will need all the tools available to us to be successful. CSF is one of the most useful tools we have in this effort. It enables the United States to reimburse the logistic costs of Pakistan's enormous military deployment and operations in this key region. The new civilian government in Islamabad is currently struggling to balance the requirement to alleviate poverty and illiteracy; deal with nationwide shortages of food, fuel, and energy; contain the spread of religious extremism, and maintain large military forces along the Pakistan-Afghanistan border. CSF, therefore, is critical to our eventual success in Afghanistan and the WOT. Thank you. I look forward to your comments.