



United States Government Accountability Office
Washington, DC 20548

July 19, 2011

Congressional Committees

Subject: Pakistan Assistance: Relatively Little of the \$3 Billion in Requested Assistance Is Subject to State's Certification of Pakistan's Progress on Nonproliferation and Counterterrorism Issues

Pakistan is central to U.S. efforts to disrupt, dismantle, and defeat al Qaeda and deny its resurgence in the Afghanistan-Pakistan region. The United States has sought to secure these interests through counterterrorism and counterinsurgency cooperation, as well as through a long-term partnership anchored, in part, by increased civilian and military assistance. Since fiscal year 2002, the U.S. government has provided the Pakistani government almost \$21 billion in assistance and reimbursements toward these goals.¹ However, al Qaeda and other terrorists and violent extremists continue to promote instability and use safe havens in Pakistan's western border region to plan and train for attacks against U.S. interests.² At the same time, the United States continues to be concerned with the ongoing effect of A. Q. Khan's illicit transfer of nuclear technology to Iran, North Korea, and Libya.³

To address these and other concerns, in October 2009, Congress enacted the Enhanced Partnership with Pakistan Act of 2009,⁴ which, among other things, limits certain security-related assistance to Pakistan each fiscal year from 2011 through 2014. Before the United States can provide security-related assistance to Pakistan in each of those fiscal years, the Secretary of State must certify that Pakistan continues to cooperate with the United States on dismantling nuclear networks, Pakistan demonstrated a sustained commitment to and made significant efforts toward combating terrorism in the preceding fiscal year, and Pakistan's security forces are not subverting the political and judicial processes of Pakistan. The Act also allows the Secretary of State, under the direction of the President, to waive the limitations on security-related assistance if the

¹The \$21 billion amount includes about \$12 billion in U.S. assistance and about \$9 billion in reimbursements for Pakistan's counterterrorism efforts in direct support of U.S. military operations.

²See the recent GAO report on terrorist safe havens: GAO, *Combating Terrorism: U.S. Government Should Improve Its Reporting on Terrorist Safe Havens*, [GAO-11-561](#) (Washington, D.C.: June 3, 2011).

³Between the mid-1980s and 2004, A.Q. Khan, a Pakistani nuclear scientist, used an international supplier network to illicitly provide equipment and knowledge needed to enrich uranium for nuclear weapons.

⁴Pub. L. No. 111-73, 123 Stat. 2060 (Oct. 15, 2009), hereafter referred to as the Enhanced Partnership Act or the Act.

Secretary determines that it is important to the national security interests of the United States to do so. The law did not set a specific date during the fiscal year to issue either a certification or a waiver. On March 18, 2011, the Department of State (State) issued its fiscal year 2011 certification.

The Act also required GAO to conduct an independent analysis of the Secretary of State's certification and report to Congress on the results of its analysis. GAO is required to submit its analysis not later than 120 days after the Secretary of State makes the certification. This report responds to the GAO requirement by providing information on the amount of U.S. funding subject to the certification. To address the mandate further, we will issue a separate, classified product evaluating State's justification for certifying Pakistan's cooperation and progress.

We compiled and analyzed data from a number of sources to address these objectives. To determine the statutory requirements, we analyzed the Act and State's certification. To confirm the limitations on security-related assistance contained in the Act, we spoke with attorneys from State's Office of the Legal Adviser, Office of Legislation and Foreign Assistance, and Office of Management. To ascertain the amount of security-related assistance that is contingent upon State's certification, we compiled and analyzed budget data from State's fiscal year 2011 and 2012 congressional budget justifications.

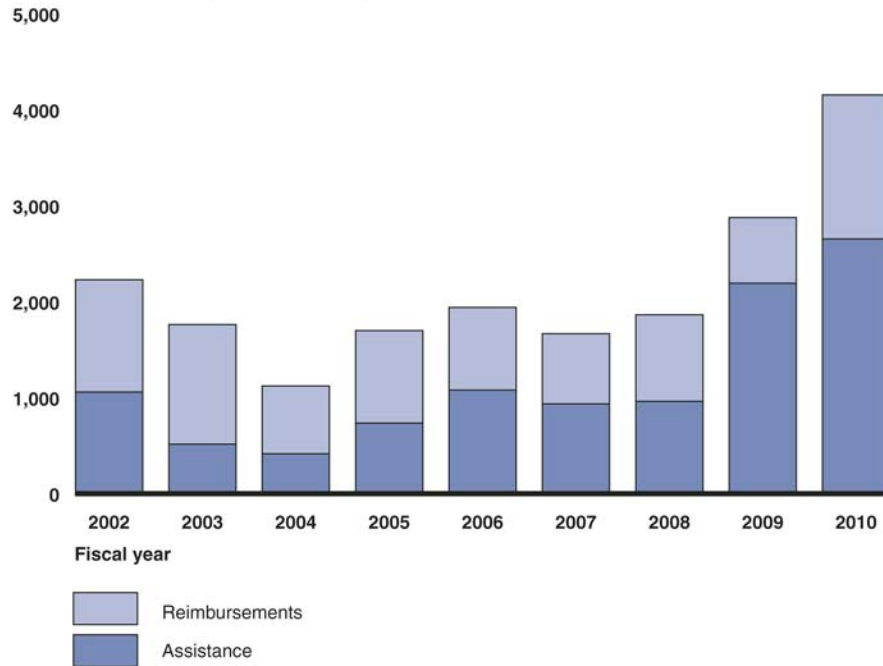
We conducted this work between July 2010 and July 2011 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework required that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data we obtained, and the analysis we conducted, provide a reasonable basis for any findings.

Background

Since 2002, the United States has provided Pakistan with increasing levels of security, democratic, economic, and development assistance, as well as reimbursements. As shown in figure 1, U.S. assistance increased 151 percent, from \$1.06 billion in fiscal year 2002 to \$2.65 billion in fiscal year 2010. In the same period, U.S. reimbursements to Pakistan have increased 28 percent, from \$1.17 billion in fiscal year 2002 to \$1.50 billion in fiscal year 2010. The Act authorizes \$1.5 billion in democratic, economic, and development assistance to Pakistan each year for fiscal years 2010 through 2014. The United States has provided assistance for a broad range of activities. For example, the United States has provided \$4.78 billion through the Economic Support Fund, which is used for projects such as rehabilitating and constructing public schools and improving energy, agricultural, and water infrastructure. The United States has also provided \$2.16 billion in Foreign Military Financing (FMF), which helps develop the professionalism and capabilities of Pakistan's military. The United States also provided Excess Defense Articles to Pakistan between 2002 and 2010; however, this assistance has been provided in the form of equipment rather than funds. Therefore, we did not include it in figure 1.

Figure 1: U.S. Assistance to Pakistan, Fiscal Years 2002-2010 (in millions)

Amount of assistance (dollars in millions)



Source: GAO analysis of State Department and Congressional Research Service data

The Enhanced Partnership Act also authorizes funds as necessary for security assistance and places limitations on certain security-related assistance. The Act defines security-related assistance as (1) grant assistance to carry out section 23 of the Arms Export Control Act⁵ and (2) assistance under chapter 2 of part II of the Foreign Assistance Act of 1961.⁶ According to the Act, security-related assistance does not include (1) assistance authorized to be appropriated or otherwise made available under any provision of law that is funded from accounts within budget function 050 (National Defense),⁷ and (2) amounts appropriated or otherwise available to the Pakistan Counterinsurgency Capability Fund (PCCF) established under the Supplemental Appropriations Act, 2009.⁸ While the Military Assistance Program is subject to the certification, it was discontinued in 1982.

⁵Section 23 of the Arms Export Control Act authorizes FMF.

⁶Chapter 2 of Part II of the Foreign Assistance Act of 1961 authorizes the Military Assistance Program and the Excess Defense Articles Program.

⁷The National Defense function includes the military activities of the Department of Defense, the nuclear-weapons related activities of the Department of Energy, the National Nuclear Security Administration, the national security activities of several other agencies such as the Selective Service Agency, and portions of the activities of the Coast Guard and the Federal Bureau of Investigation.

⁸PCCF funds equipment, training, and other support for Pakistani forces engaged in eliminating insurgent sanctuaries in Pakistan.

The Enhanced Partnership Act Limits Certain Assistance to Pakistan unless State Certifies Pakistan's Cooperation or Waives the Limitation

The Act limits the provision of security-related assistance to Pakistan through the Military Assistance Program, the Excess Defense Articles Program, and FMF for fiscal years 2011-2014 and arms transfers to Pakistan for fiscal years 2012-2014 unless the Secretary of State, under the direction of the President, certifies to Congress that for each fiscal year:

- (1) The government of Pakistan is continuing to cooperate with the United States in efforts to dismantle nuclear supplier networks, such as providing relevant information from or direct access to Pakistani nationals associated with such networks.
- (2) The government of Pakistan has demonstrated a sustained commitment to and has made significant efforts toward combating terrorist groups during the preceding fiscal year, including taking into account progress made on matters such as
 - a. ceasing support, including by any elements within the Pakistani military or its intelligence agency, to extremist and terrorist groups;
 - b. preventing al Qaeda, the Taliban, and associated terrorist groups, such as Lashkar-e-Taiba and Jaish-e-Mohammed, from operating in the territory of Pakistan; and
 - c. strengthening counterterrorism and anti-money-laundering laws.
- (3) Pakistan's security forces are not materially and substantially subverting the political or judicial processes of Pakistan.

On March 18, 2011, the Secretary of State signed a certification attesting that Pakistan continues to cooperate with the United States on dismantling nuclear networks; Pakistan demonstrated a sustained commitment to and made significant efforts towards combating terrorism in the preceding fiscal year; and Pakistan's security forces are not subverting the political and judicial processes of Pakistan (see enc. I). State transmitted the certification to Congress with a classified memorandum of justification to support the certification on March 29, 2011. We will further assess the certification and the accompanying memorandum of justification in a separate, classified product. Our classified report will evaluate State's justification for making the certification.

As a result of State's certification, the United States can provide security-related assistance to Pakistan in fiscal year 2011.⁹ State originally requested \$296 million in fiscal

⁹Congress appropriated \$50 million in FMF for Pakistan in the Supplemental Appropriations Act, 2010. State did not provide these funds to Pakistan prior to the beginning of fiscal year 2011 and therefore could not provide these funds until it issued the certification.

year 2011 in FMF for Pakistan.¹⁰ Enclosure II provides additional information on U.S. assistance to Pakistan for fiscal year 2011. After fiscal year 2012 begins, State cannot provide security-related assistance—regardless of when the funds were appropriated—until it issues a certification for fiscal year 2012.

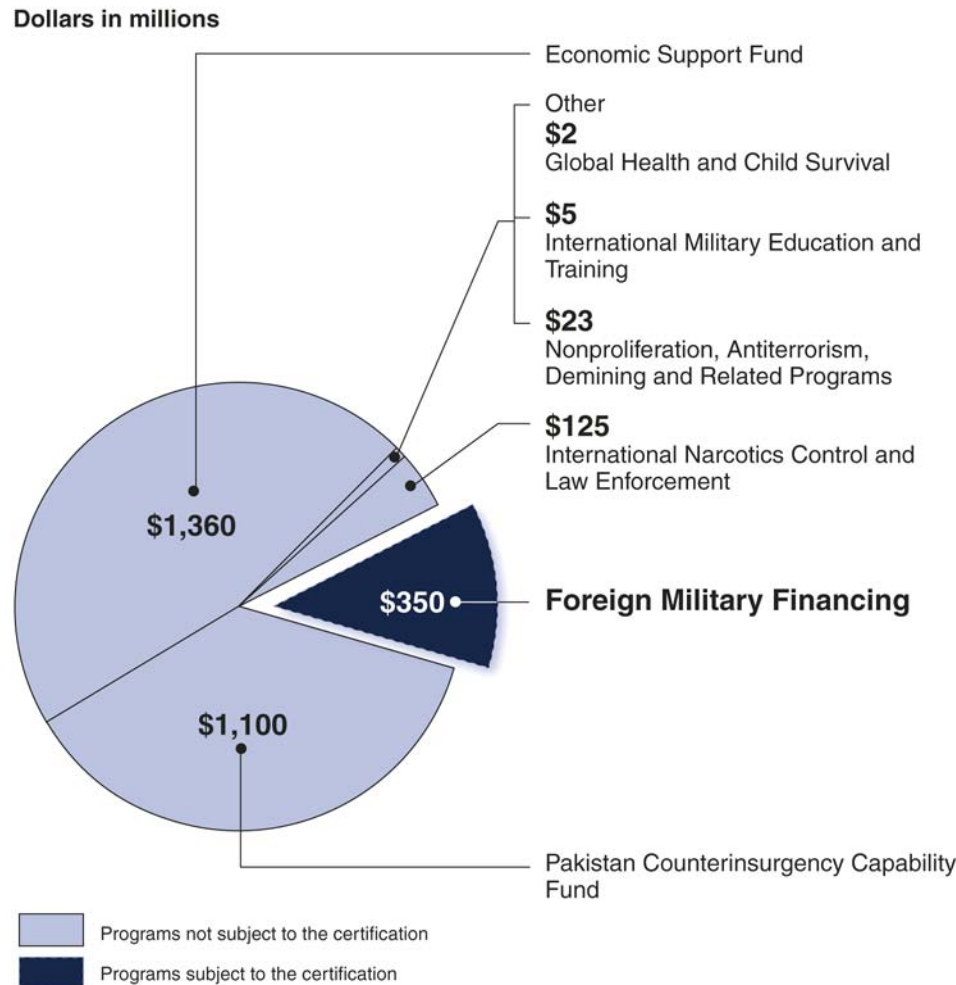
In Fiscal Year 2012 the Act Could Limit 12 Percent of State’s Request for U.S. Assistance to Pakistan

According to discussions with State Department officials and our review of the law and State budget requests, the Enhanced Partnership Act could limit about \$350 million in FMF that State requested for Pakistan in fiscal year 2012.¹¹ That is approximately 12 percent of the administration’s fiscal year 2012 request of \$3 billion for total foreign assistance to Pakistan (see fig. 2). This leaves about 88 percent, or \$2,615 million that is not limited. The FMF program provides grants for Pakistan’s acquisition of U.S. defense articles, services, and training, primarily for activities related to counterinsurgency and counterterrorism operations. In the past, Pakistan had used these grants to refurbish or upgrade defense articles that the United States had provided under the Excess Defense Articles program, including Cobra helicopters, armored personnel carriers, and the frigate USS *McInerney*. Enclosure III provides additional information on items Pakistan purchased with FMF grants through December 31, 2010.

¹⁰State said in its technical comments, that as of July 14, 2011, it had not notified Congress of the specific fiscal year 2011 FMF amount for Pakistan.

¹¹In technical comments, State noted that FMF from prior years might also be available in fiscal year 2012.

Figure 2: U.S. Foreign Assistance to Pakistan That State Requested for Fiscal Year 2012 and the Amount Potentially Affected by the Certification



Source: GAO analysis of the State Department's Congressional Budget Justification for fiscal year 2012.

The Act does not limit the provision of assistance for programs funded by the other 88 percent of State's request for Pakistan in fiscal year 2012. This includes about \$1.36 billion in Economic Support Funds \$1.10 billion for the PCCF, and \$155 million in four other programs. State plans to use Economic Support Funds for democratic governance, economic growth, and humanitarian assistance programs in Pakistan. PCCF is used to build and maintain the capability of Pakistan's security forces to conduct operations along the border with Afghanistan. The other four programs provide a variety of assistance, including building the capacity of civilian law enforcement and increasing women's and children's access to health care.

In legislation introduced on April 2, 2009, Congress considered subjecting PCCF funds to the certification. However, the final Act excluded PCCF as a part of security-related assistance subject to the certification. The PCCF funds equipment, training, and

other support for Pakistani forces engaged in eliminating insurgent sanctuaries in Pakistan.

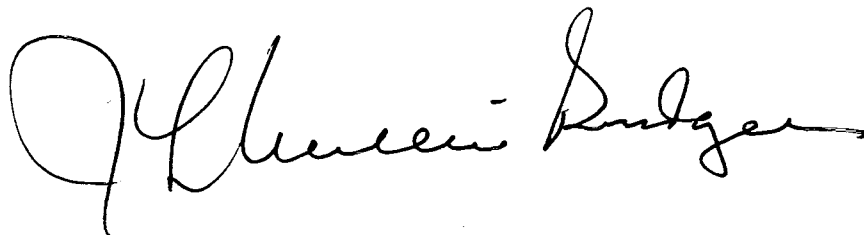
Similarly, the Act does not limit the provision of Coalition Support Funds (CSF), which the Department of Defense has provided to Pakistan as reimbursements for its efforts to combat terrorism along the border with Afghanistan. Since fiscal year 2002, the United States has reimbursed Pakistan about \$8.9 billion under CSF.¹² The Department of Defense provides CSF to partner countries for costs incurred in direct support of U.S. military operations.

We are not making any recommendations in this report.

We provided the Department of State a draft of this report. State provided technical comments on our draft, which we have incorporated as appropriate.

We are sending copies of this report to the Secretary of State and congressional committees specified in the Enhanced Partnership with Pakistan Act of 2009. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact Charles Michael Johnson, Jr., at (202) 512-7331 or johnsoncm@gao.gov or Joseph A. Christoff at (202) 512-8979 or christoffj@gao.gov. Contacts for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO contacts and staff acknowledgments are listed in enclosure IV.



Jacquelyn L. Williams-Bridgers, Managing Director
International Affairs and Trade

Enclosures: 4

¹²Congressional Research Service, *Pakistan: U.S. Foreign Assistance*, R41856, (Washington, D.C.: June 2011).

List of Committees

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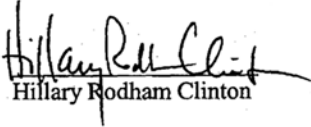
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Enclosure I: The Secretary of State's Certification Relating to Pakistan, March 18, 2011

This enclosure shows the Secretary of State's signed certification.

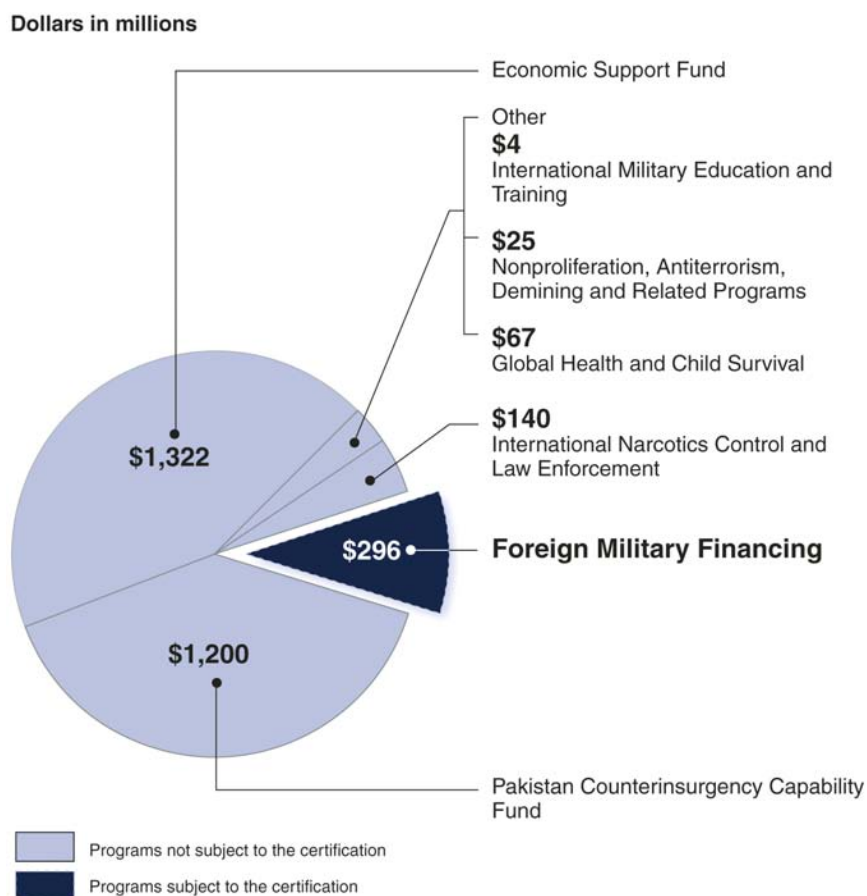
<p style="text-align: center;">CERTIFICATION RELATING TO PAKISTAN UNDER SECTION 203 OF THE ENHANCED PARTNERSHIP WITH PAKISTAN ACT OF 2009 (P.L. 111-73)</p> <p>Pursuant to the authority vested in me as Secretary of State, including by section 203 of the Enhanced Partnership with Pakistan Act (Public Law 111-73), I hereby certify that:</p> <p>(1) the Government of Pakistan is continuing to cooperate with the United States in efforts to dismantle supplier networks relating to the acquisition of nuclear weapons-related materials, such as providing relevant information from or direct access to Pakistani nationals associated with such networks;</p> <p>(2) the Government of Pakistan during the preceding fiscal year has demonstrated a sustained commitment to and is making significant efforts towards combating terrorist groups consistent with the purposes of assistance described in section 201, including taking into account the extent to which the Government of Pakistan has made progress on matters such as:</p> <p>(A) ceasing support, including by any elements within the Pakistan military or its intelligence agency, to extremist and terrorist groups, particularly to any group that has conducted attacks against United States or coalition forces in Afghanistan, or against the territory or people of neighboring countries;</p> <p>(B) preventing al Qaeda, the Taliban, and associated terrorist groups, such as Lashkar-e-Taiba and Jaish-e-Mohammed, from operating in the territory of Pakistan, including carrying out cross-border attacks into neighboring countries, closing terrorist camps in the Federally Administered Tribal Areas, dismantling terrorist bases of operations in other parts of the country, including Quetta and Muridke, and taking action when provided with intelligence about high-level terrorist targets; and</p> <p>(C) strengthening counterterrorism and anti-money laundering laws; and</p> <p>(3) the security forces of Pakistan are not materially and substantially subverting the political or judicial processes of Pakistan.</p> <p><u>03/18/11</u> Date</p> <p> Hillary Rodham Clinton</p>

Source: State Department.

Enclosure II: U.S. Assistance to Pakistan that State Requested for Fiscal Year 2011

This enclosure provides information on the administration’s request for assistance to Pakistan in fiscal year 2011.¹³ As shown in figure 3, the administration requested about \$296 million for FMF, almost 10 percent of the \$3 billion in assistance that State requested for Pakistan in fiscal year 2011. State could provide FMF funds to Pakistan on March 18, 2011, when the Secretary of State certified that (1) Pakistan cooperated with the United States on dismantling nuclear networks, (2) Pakistan had demonstrated a commitment to and made efforts toward combating terrorism in the preceding fiscal year, and (3) Pakistan’s security forces had not subverted political and judicial processes.

Figure 3: U.S. Assistance to Pakistan That State Requested for Fiscal Year 2011



Source: GAO analysis of the State Department’s Congressional Budget Justification for fiscal year 2011.

¹³We use State’s congressional budget justification for fiscal year 2011 because State has not notified Congress of its specific fiscal year 2011 amount for Pakistan.

The remaining amounts—which are not limited by the certification requirement in the Act—included about \$1.3 billion in Economic Support Funds, \$1.2 billion for the Pakistan Counterinsurgency Capability Fund and about \$236 million for four other programs.

Enclosure III: Items Purchased by Pakistan with FMF Grants

This enclosure provides information on Pakistan's purchases using FMF grants since fiscal year 2001. As we reported in February 2011, Congress had appropriated \$2.11 billion for FMF grants to Pakistan since fiscal year 2002.¹⁴ Pakistan used about \$1.86 billion of the \$2.11 billion to acquire various defense articles, services, or training, as of December 31, 2010.¹⁵ Figure 4 provides a list of items purchased by Pakistan with FMF grants.

¹⁴GAO, *Department of State's Report to Congress and U.S. Oversight of Civilian Assistance to Pakistan Can Be Further Enhanced*, [GAO-11-310R](#) (Washington, D.C.: Feb. 17, 2011).

¹⁵The term "used" indicates that the United States and Pakistan signed an agreement and deposited the initial payment for defense articles, services, and training.

Figure 4: Items Purchased by Pakistan with FMF Grants as of December 31, 2010

Description and (quantity)	Year(s) ^a	Value (dollars in millions)
P-3C avionics maritime patrol aircraft upgrades and related support (7 aircraft)	2003, 2005, 2006, 2008	\$507.6
F-16 mid-life updates (35 jets)	2006	476.4
TOW IIA anti-tank missile launchers and missiles (121 launchers, 6,212 missiles)	2005, 2007, 2010	215.5
Harris radios (2,335 radios)	2004, 2005, 2007, 2010	213.1
TPS-78 radar systems (6 systems)	2004	96.9
Technical support team at Shahbaz Air Force Base	2010	82.1
C-130E transport aircraft refurbishments (6 aircraft)	2003	75.9
USS <i>McInerney</i> frigate refurbishment	2010	58.8
Cobra helicopter refurbishments and support (12 helicopters)	2003, 2004	53.5
Self-propelled M-109A5 howitzers (115 howitzers)	2006	52.5
Aircraft training	2002	7.6
Frigate training	2010	6.0
20 mm ammunition (600,000 cartridges)	2009, 2010	5.2
Helicopter spare parts	2004	2.6
Electronic warfare equipment (signal jammers, expendable chaff, flares, etc.)	2002	1.9
PVS-7 night vision devices (300 devices)	2004	1.5
Aircraft spare parts	2003 ^b	1.3
Total committed		\$1,858.4



Source: GAO analysis of Department of Defense data.

^aThis represents the year(s) officials from both the U.S. and Pakistani governments signed the agreement and the initial payment was deposited for the defense articles, services, and training.

^bThis case was initially implemented in 1984 and was amended in 2003.

Enclosure IV: GAO Contacts and Staff Acknowledgments

GAO Contacts

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Joseph A. Christoff, (202) 512-8979 or Christoffj@gao.gov

Staff Acknowledgments

Major contributors to this report were Judith McCloskey, Assistant Director; Jeffrey Phillips, Assistant Director; Eugene Beye, Rhonda Horried, William Horton, Brandon Hunt, Alicia Loucks, Michael Rohrback, and Adam Vogt.

Related GAO Products

Department of State's Report to Congress and U.S. Oversight of Civilian Assistance to Pakistan Can Be Further Enhanced. [GAO-11-310R](#). Washington, D.C.: February 17, 2011.

Accountability for U.S. Equipment Provided to Pakistani Security Forces in the Western Frontier Needs to Be Improved. [GAO-11-156R](#). Washington, D.C.: February 15, 2011.

Combating Terrorism: Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to Be Improved. [GAO-10-289](#). Washington, D.C.: April 15, 2010.

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Securing, Stabilizing, and Developing Pakistan's Border Area with Afghanistan: Key Issues for Congressional Oversight. [GAO-09-263SP](#). Washington, D.C.: February 23, 2009.

Combating Terrorism: Increased Oversight and Accountability Needed over Pakistan Reimbursement Claims for Coalition Support Funds. [GAO-08-806](#). Washington, D.C.: June 24, 2008.

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Combating Terrorism: U.S. Efforts to Address the Terrorist Threat in Pakistan's Federally Administered Tribal Areas Require a Comprehensive Plan and Continued Oversight. [GAO-08-820T](#). Washington, D.C.: May 20, 2008.

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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. [GAO-08-622](#). Washington, D.C.: April 17, 2008.

Nonproliferation: U.S. Efforts to Combat Nuclear Networks Need Better Data on Proliferation Risks and Program Results. [GAO-08-21](#). Washington, D.C.: October 31, 2007.

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