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## US funding has failed to deliver counter-terrorism dividends

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Islamabad

Despite many billion of dollars' international assistance to Pakistan, particularly from the US, its largest donor is neither helping in improving the government's performance against 'jihadi' groups nor stabilising its nascent democracy.

'Aid and Conflict in Pakistan', the latest report from the International Crisis Group (ICG), examines how the US focus on military funding has failed to deliver counter-terrorism dividends, instead entrenching the military's control over state institutions and delaying reforms. In order to help stabilise a fragile country in a conflict-prone region, it concludes, the US and other donors should focus instead on long-term civilian assistance to improve the quality of state services, in cooperation with local civil society organisations, NGOs with proven track records and national and provincial legislatures.

Since 2002, the US funding has been heavily lopsided: \$15.8 billion for security purposes compared to \$7.8 billion in economic aid. Because US-Pakistan ties continue to be narrowly defined by counter-terrorism imperatives, many Pakistanis believe that Washington is only interested in short-term security objectives.

"The US support for long-term democracy and civilian capacity building is the best way to guarantee the West's and Pakistan's interests in a dangerous region", said Samina Ahmed, Crisis Group's South Asia project director. "But aid policies must be better targeted, designed and implemented".

All military funding should be rigorously monitored, and the administration should apply Congressional certification requirements that the Pakistan military has ended its support to 'jihadi' groups, holds human rights violators to account and does not subvert the democratic process. Above all, the Congress and the administration should not allow frustrations with the military to restrict economic assistance and support for the democratic transition.

"Without a change of course, U.S. aid to Pakistan since 2001 will leave a legacy of failure", said Paul Quinn Judge, acting Asia Programme director. "In Pakistan, it will be remembered for failing to provide effective support for democratisation, and in the US for failing to deliver on stability and counter-radicalisation".

The ICG, quoting informed observers in Washington, says that the US intelligence community has opposed State Department calls for a clearer, transactional agreement on Nato supply routes, preferring informality and ambiguity to enable greater flexibility in use.

Since Pakistan's closure of the Nato supply routes in November 2011,

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there have been several calls within US policymaking circles to rethink CSF. In May 2012, the Congress passed its National Defence Authorisation for 2013, which included linking Coalition Support Fund (CSF) disbursements to reopening of the routes. Even before the closure, the Congress had demanded that the Defence and State Departments explain how the administration would phase out CSF as it concluded Operation Enduring Freedom. The House of Representatives' version of the National Defence Authorisation bill for 2012 called for recommendations (if any) to create alternatives to CSF or to terminate it, given the transition in Afghanistan. "Once CSF goes away, it will allow more policy flexibility for the U.S.," argued a former Administration official.

By May 2011, the US had paid \$8.9 billion in CSF reimbursements to Pakistan, in addition to military aid channelled through other funding streams such as Foreign Military Financing (FMF) and the Pakistan Counterinsurgency Fund (PCF). Yet, the military continues to support Afghan insurgents.

Officially, the US is not withholding CSF funding, but the money has not been disbursed due to differences over a number of issues.

However, the disbursement has not been made contingent on the military ending such support or that to anti-India oriented Pakistani 'jihadi' groups such as the Lashkar-e-Tayyaba and Jaish-e-Mohammed.

CSF, which the Congress began appropriating in 2002 to reimburse Pakistan and other nations for "their operational and logistic support for the US-led counter-terrorism operations", is the primary source of taxpayers' money to Pakistan.

"As part of a reported review of the aid programme for Pakistan, the Obama administration in mid-2011 adjusted military aid levels. Congressional services confirmed that an indefinite hold had been placed on delivery of about \$440 million worth of counter-insurgency training and equipment due to the reduced military trainer presence in Pakistan, along with obstacles to fulfilling agreements between the two countries. In addition, according to these sources, delays in processing US visa requests had led to the suspension of \$300 million in anticipated CSF reimbursements. The US auditors have approved \$600 million in CSF payments for the first half of FY 2011 but these funds have not been transferred to date".

While CSF was not subject to aid conditions, the US has often withheld or delayed payments on the grounds that receipts were inadequate or still being processed. The sides also tend to differ widely on sums to be disbursed.

With the Pakistani military also seeking alternatives to CSF because of frequent delays in payments, the US officials have described the fund as a "millstone around the neck" of relations.

While the US would be best served by demonstrable redlines for the military, it should de-link military and civilian aid and reinforce its engagement with the elected leadership, representative institutions and civil society. According to a former KPK chief secretary, who now heads a Peshawar-based NGO, aid strategy should clearly state that Washington is not "only interested in investing in a security client", and its sole focus is not merely to extricate itself from Afghanistan as quickly as possible. Some US officials acknowledge this; one said, "the leverage that we hoped for through security assistance did not materialise, but now we want to continue a relationship with the Pakistani people".

Even without these misgivings about the military's intention and priorities, the US and Pakistan already had major differences over how military assistance was disbursed. According to a U.S. government official, "for a while, we were giving \$80-\$100 million a month under CSF, and nobody was asking any questions".

According to a Congressional staffer, "it's laughable that the State Department would certify Pakistan with a straight face .... But now, there is less tolerance in the Congress. Previously they were willing to accept it, but now the message to the State Department is, 'We'll hold your feet to the fire'". Facing such pressure, a US official said there was now less willingness to certify that the Pakistani military was taking effective action against 'jihadi' groups. It is yet to be seen, however, if the military's perceived utility, particularly during the Afghanistan transition, will result in yet another certification, if agreement is reached to allow the supply lines to reopen.

If power is transferred in Pakistan through a free, fair, transparent and democratic election — either when the PPP government completes its full term by March 2013, or calls the elections earlier — the democratic transition will enter its second phase, stabilising the polity.

Democratic institutions and civil society will strengthen and civilian capacity will increase, creating new opportunities for meaningful political and economic reform. If it is to take advantage of those resulting opportunities, the US must not allow short-term security objectives to limit its civilian partnership or programming options, the report said.