



## CENTER FOR GLOBAL DEVELOPMENT: PAKISTAN REPORT LAUNCH MEDIA SUMMARY

June 2011

The image shows the front cover of a report. On the left side, there is a vertical blue bar with the text "Center for Global Development" written vertically. The main cover area is white. At the top left, it features the Center for Global Development logo and the tagline "Independent research &amp; practical ideas for global prosperity". To the right of the logo is a blue silhouette of the map of Pakistan with a white crescent moon and star. Below the logo and map, the title "Beyond Bullets and Bombs" is written in a bold, blue font. Underneath the title, the subtitle "Fixing the U.S. Approach to Development in Pakistan" is written in a smaller, black font. Further down, the text "Report of the Study Group on a U.S. Development Strategy in Pakistan" is displayed. At the bottom right, the names of the study group members are listed: "Nancy Birdsall, Chair", "Wren Elhai", and "Molly Kinder". The date "June 2011" is printed at the very bottom right.



Center for Global Development

### **Beyond Bullets and Bombs**

Fixing the U.S. Approach to Development  
in Pakistan

Report of the Study Group on a U.S. Development  
Strategy in Pakistan

Nancy Birdsall, Chair  
Wren Elhai  
Molly Kinder

June 2011

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## **Study: U.S. Should Delay Pakistan Aid**

By Shaun Tandon

June 1, 2011, AFP

<http://www.google.com/hostednews/afp/article/ALeqM5jczU13XTXvygXXengfSf02dVAdaQ?docId=CNG.aa5a24ef4e1dc963ac594b37b97d9d01.271>

The United States should delay much of its multibillion-dollar package to Pakistan pending economic reforms as the aid has led to official inaction and public resentment, a study said Wednesday.

A task force of the Center for Global Development, a private Washington think-tank, said that US assistance to Pakistan has become "muddled" with a lack of clear goals and leadership and pressure "to do too much, too quickly."

The study comes as more US lawmakers question aid to Pakistan -- which has totaled some \$18 billion since the September 11, 2001 attacks -- after US forces killed Osama bin Laden near the country's top military academy.

The United States in 2009 authorized a \$7.5 billion, five-year package named after Senators John Kerry and Richard Lugar and Representative Howard Berman, who hoped to fight anti-Americanism in Pakistan by switching the US focus from backing the military to building the economy and civilian institutions.

But the study, the result of research that began well before the bin Laden raid, said the aid drive had paradoxically soured Pakistani public perceptions of the United States as it raised false hopes for the future.

And with Pakistani leaders now assuming a steady flow of cash from Washington, "it makes sense for them to push for that money rather than to work with their political rivals to move on key reforms," it said.

"For these reasons, we recommend that much of the \$7.5 billion Kerry-Lugar- Berman aid package not be disbursed immediately," it said.

"Especially in sectors where serious flaws in public administration are the binding constraints to success, it would be better to backload the bulk of this extraordinary aid investment, to wait until critical policy questions are resolved."

The study acknowledged that setting conditions to assistance was an "extremely sensitive subject." Pakistan's powerful military raised objections in 2009 that the US aid package was violating its sovereignty.

But the report said that American assistance would be ineffective without reforms in areas such as education, energy and fiscal policy. Pakistan is beset by inadequate power, water and schools to provide for a population that by 2030 is forecast to be the world's fourth largest, the report said.

"Pakistan must make a significant course correction if it is to join the ranks of India, Indonesia and other large Asian countries on a clear path of sustainable growth and transformation," the report said.

The report called for the United States instead to open its markets, a move it called "the single most powerful and inexpensive tool in the US policy arsenal for promoting economic growth and job creation in Pakistan."

The vast majority of Pakistan's exports face duties when entering the United States. Pakistan's key product is textile production, a sector that accounts for more than a third of industrial employment in the developing country.

US lawmakers have proposed allowing duty-free import of certain goods produced along Pakistan's troubled border with Afghanistan. But the bill has been blocked amid concerns in Congress over US trade policy.

The task force recommended that the head of the US Agency for International Development lead the Pakistan effort and urged a look at the British model. While its aid is smaller in scope, Britain has established verifiable goals such as putting four million more Pakistani children in school.

"Currently, the indicator that draws the most attention in Pakistan and in the United States is how much aid money the United States has spent," the study said.

"For a strategy intended to promote long-term development, this is a terrible metric of success."



## **Taliban border attack kills 28 in Pakistan**

By Le haz Ali

June 1, 2011, AFP

<http://www.google.com/hostednews/afp/article/ALeqM5hEeNqbyn39n1gAg7Wi5vMW0IUn9Q?docId=CNG.e4e15b276e518a692ea1ab63da31e514.92>

Hundreds of heavily armed Taliban besieged a Pakistani checkpoint on the Afghan border for a second day Thursday, killing 23 police and five civilians in the deadliest fighting for months.

A senior police official told AFP that 500 militants, including Afghan Taliban from across the border and Pakistani Taliban, took part in the attack which began before dawn on Wednesday and continued more than 24 hours later.

Officials said the militants targeted the Shaltalu checkpoint, surrounded by mountains and forest in the northwestern district of Upper Dir, about six kilometres (four miles) from the border with Afghanistan's Kunar province.

The Pakistani military sent reinforcements to the police checkpoint, deploying helicopter gunships in a bid to quell the attack along the porous border, where Taliban and Al-Qaeda-linked militants are dug in.

"We have regained control of most of the area but fighting is still going on in some parts near the checkpoint, which was attacked by around 500 Pakistani and Afghan Taliban," senior police official Qazi Jamil ur-Rehman told AFP.

He said 28 people were killed in the attack, including 23 policemen and five civilians, among them two women, who died when mortar bombs fired by militants targeting the post landed in nearby houses.

Rehman said more than 20 police personnel were wounded, but he had no information on casualties among the Taliban.

"Frontier Corps (paramilitary) troops, army helicopters and artillery and police personnel are taking part in the operation," said Rehman.

Taliban and other Islamist militants have carved out strongholds on both sides of the porous Afghanistan-Pakistan border, a region that the United States has called one of the most dangerous regions on Earth.

Upper Dir is part of Pakistan's northwestern Khyber Pakhtunkhwa province and borders the region where the military waged a major offensive to put down a local Taliban insurgency in Lower Dir, Buner and Swat in 2009.

Thousands of Pakistanis have died in bomb attacks over the last four years and thousands more soldiers have been killed fighting homegrown militants.

But since US Navy SEALs found and killed Al-Qaeda founder Osama bin Laden in the town of Abbottabad on May 2, Washington has increased pressure on Pakistan to take more decisive steps.



On Wednesday, the commander in Khyber Pakhtunkhwa played down "media hype" over the prospect of an imminent military offensive in North Waziristan, considered the premier militant fortress on the Afghan border.

Local newspaper The News reported this week that Pakistan had decided to launch a "careful and meticulous" military offensive in North Waziristan after US Secretary of State Hillary Clinton's recent visit to Islamabad.

But Lieutenant General Asif Yasin Malik, the corps commander supervising all military operations in the northwestern province of Khyber Pakhtunkhwa, told reporters: "We will undertake operation in North Waziristan when we want to."

The remote, mountainous region has attracted major interest in the United States as a fiefdom of the Haqqani network, one of its most potent enemies across the border in Afghanistan and thought to have a core of 4,000 fighters.

The Al-Qaeda-linked group attacks only across the border in Afghanistan, and is said to have long-standing ties to Pakistan's intelligence services.

A private Washington think tank is now warning that the United States should delay much of a multibillion-dollar package to Pakistan pending economic reforms as the aid has led to official inaction and public resentment.

A report by the Center for Global Development said that US assistance to Pakistan had become "muddled" with a lack of clear goals and leadership and pressure "to do too much, too quickly."

US lawmakers are questioning aid to Pakistan -- which has totalled \$20 billion since the September 11, 2001 attacks -- since the bin Laden debacle.



**Report: U.S. Should Delay Some Aid to Pakistan**

By Nahal Toosi

June 1, 2011

[http://www.forbes.com/feeds/ap/2011/06/01/general-as-pakistan-us-aid\\_8494281.html](http://www.forbes.com/feeds/ap/2011/06/01/general-as-pakistan-us-aid_8494281.html)

ISLAMABAD - The U.S. should hold back much of its \$7.5 billion aid package to Pakistan until it reforms dysfunctional policies related to energy, taxes and other areas, according to a new

report that criticizes the American aid program's focus in a country beset by corruption, poverty and militancy.

The report by the Washington, D.C.-based Center for Global Development is the culmination of months of research and interviews with aid and other experts in Pakistan and the United States. Titled "Beyond Bullets and Bombs: Fixing the U.S. Approach to Development in Pakistan," it also calls for focusing more on trade by giving Pakistani exports easier entry to U.S. markets.

U.S. financial assistance to Pakistan has come under renewed scrutiny since the May 2 raid that killed Osama bin Laden in Pakistan's northwest and further damaged already uneasy Islamabad-Washington relations.

Although Pakistani leaders insist they had no idea the al-Qaida chief was hiding on their soil, some U.S. lawmakers are questioning if it's worth giving billions to a nation long suspected of aiding some Islamist extremist groups. Others say the U.S. must not abandon such a strategic country, and that aid gives Pakistan more incentive to battle militants who use its soil to attack U.S. forces in Afghanistan.

According to the report, the U.S. Agency for International Development spent \$275 million in 2009 and \$676 million in 2010, the first year covered by the \$7.5 billion package, which was approved in 2009.

Although the report largely supports long-term financial assistance to Pakistan, it notes that in certain sectors, spending the money now will do nothing more than provide superficial fixes that keep Pakistani leaders from having to make politically difficult decisions.

For instance, barely 2 percent of Pakistanis pay income tax, and yet the ruling party cannot push through tax reforms.

The country also suffers from severe electricity shortages, but it has been unable to reform its energy sector. Its tariffs and subsidies are still in place despite decades of pleas from international donors and lenders.

"To the extent that Pakistani leaders expect and assume disbursement of aid, it makes sense for them to push for that money rather than to work with their political rivals to move on key reforms," the report said.

"We believe that the pure act of delaying disbursement in certain sectors will benefit both the Pakistani reform process and the ultimate effectiveness of U.S. aid," it says.

The report acknowledges the difficulties of running an aid program in an insecure country where corruption is endemic, poverty is rampant, democratic institutions are weak and basic government services such as education and health care have long taken a back seat to military expenditures.

But it is critical of how the U.S. has approached the challenge.

The aid mission lacks clear goals — and some goals overlap with security and political aims that should be kept separate from the development mission, the report says.

The U.S. AID mission is understaffed, and many of its workers stay for just one year and don't forge solid relationships with Pakistani counterparts, the reports says. It also says too many people are in charge, both in Islamabad and Washington, with no clear lines of authority.

Some of the report's top recommendations are not about aid, but trade. The authors urge Congress and the White House to "extend duty-free, quota-free access to U.S. markets for all Pakistani exports from all of Pakistan for at least the next five years."

That recommendation echoes the pleas of many Pakistani businessmen and political leaders, who say the best way to keep the huge numbers of young people in the nation of 180 million from turning to militancy is to improve the economy and give them jobs.

Textiles and apparel make up the majority of Pakistani exports. Giving them more favorable treatment in the U.S. market is unlikely to pose much competition to American manufacturers, but rather to other countries that export to the U.S., such as China, the report says.

The report's authors are mystified about the difficulty of getting basic information about U.S. AID projects in Pakistan. They note that it took them "several months of persistent requests" to get basic data on how much of the aid money has been spent.

Pakistanis are largely in the dark about what the money is being spent on, so they focus mostly how much money in total is spent, which the report's authors say offers little insight into the true impact of projects funded.

The authors stress that it is better to spend slowly and effectively than to waste money on projects with little long-term impact. Still, "because of a debilitating lack of transparency in the aid program, no one is even sure what the United States is doing," they say.

In a written response to the report, the U.S. Embassy in Islamabad said many of its recommendations have been implemented over the past year.

"USAID is actively engaged in discussing with governmental and non-governmental leaders to assure that the programs meet Pakistani priorities, that adequate accountability and monitoring mechanisms are in place, and that program results match the level of resources being committed," the embassy said.

Pakistan has received more than \$100 billion in development assistance from outside donors since 1960, but it has failed to "secure the fundamental economic and political reforms that would foster self-sustaining progress," the report says.

"Without exaggerating the importance of U.S. money or diplomatic leverage," it says, "the United States should focus its development programs to support the many courageous Pakistanis working toward a better future for their own country."

This article was run by the following news outlets: CNBC, Forbes, Bloomberg Business Week, The Huffington Post, The Washington Post, The Denver Post, ABC News, The Boston Globe, The Seattle Times, The Miami Herald, MSN Money, MSNBC, Newsday.com, Yahoo News, The Dawn, The San Francisco Examiner, Charlotte Observer, India Times, The Herald Tribune, The Fresno Bee, North Korea Times, San-Diego Union Tribune, The Bellingham Herald, Salem Radio News Network, Centre Daily News, 680 News, An Hour Ago, The Wichita Eagle, Syracuse, The Island Packet, KLTv, World News, My San Antonio, The Ledger-Enquirer, Staten Island Live, Connecticut Post, Las Vegas Sun, NBC 29, Channel News Asia, Kansas City Star, Atlanta Journal Constitution, Newstrack India, The Financial Express, Your Daily News Fix (blog), Hindustan Times, News-medical.net, Allvoices.com, Andhranews.com, Taiwan News, and Daily News.

**BBC**

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# NEWS WORLD

BBC World News (Day in Pictures: June 2):  
<http://www.bbc.co.uk/news/world-13628940>

## Day in pictures: 2 June 2011



A Pakistani man runs after his donkeys near Islamabad. A new report by the Center for Global Development, a Washington think tank, says the US should withhold much of its aid to Pakistan until the government there reforms "dysfunctional" policies.

AP



## **Beyond Bombs and Bullets in Pakistan**

By Tim Lister

June 1, 2011, CNN's Global Public Square

<http://globalpublicsquare.blogs.cnn.com/2011/06/01/beyond-bombs-and-bullets-in-pakistan/>

The following is a transcript of my interview with Nancy Birdsall, President of the Center for Global Development. We discussed the Center's latest report: [Beyond Bombs and Bullets: Fixing the U.S. Approach to Development in Pakistan](#). The Center brought together a wide variety of experts and policy-makers from the U.S. and Pakistan to examine how the \$7.5 billion of U.S. aid over five years is being spent - and what the main challenges are.

### **Tim Lister: Would it be fair to say that the overall tone is somewhat gloomy?**

Nancy Birdsall: I would say the overall tone is gloomy about what's happened so far but there is a possibility that it could get better going forward subject to a lot of serious thinking going on inside the government.

There is potential in Pakistan - it is a democratically elected government; there is an independent judiciary and a free press; there's a very large, sophisticated urban middle class...I think in some ways it's ahead of where Egypt is today.

### **The potential is there but the challenges are enormous in terms of demographics.**

Well, the biggest challenge is this youth bulge at a time when the economy is not growing any more. And that's really a problem for job creation. If you are not able to address politically the need for structural reforms, then a youth bulge can be a very dangerous thing, especially in a country where the sense of frustration and injustice is fuel for religious extremism.

### **What about the problem of education in Pakistan?**

The sad thing about Pakistan is that education has been unattended for two decades now. For every 100 children that start school in Karachi (Pakistan's biggest city) only one graduates from secondary school.

There have been some changes - in Punjab, reforms have gone quite deep and there's potential for them elsewhere. In the big cities almost half the children are in private schools, and they are primarily organized and run by women who did manage to get some education a generation ago.

That's a huge change because it shows there's very active demand. At least now there's a situation where families want their children to get to school.

**As for the U.S. role in Pakistan, what are the problems with the way U.S. aid is planned and delivered?**

The USAID program for Pakistan is integrated inside the State Department with the diplomacy and security programs. So it always comes last in a long line of demands. First the focus is on Afghanistan - that maybe gets 80% to 90% of top leaders' attention. And in Pakistan the focus is on the link to Afghanistan and terrorism. So the security issues have eclipsed clear thinking about the long run.

There's also a lack of transparency about the way the money is spent - which has led to skepticism and conspiracy theories in Pakistan about what the money is spent on. And the U.S. has to clarify that the goal is not just to disperse money - the goal is to be helpful. The accounting requirements nowadays often make projects impossible.

**But in a country where corruption is rife there has to be a balance between getting the money to those who can use it and accounting for the way aid is spent.**

Absolutely. Richard Holbrooke (who was President Obama's special envoy to Pakistan and Afghanistan) introduced a big change in channeling more money through governments and local organizations rather than U.S. contractors. That makes sense but it took about 18 months to 2 years to make a list of some 100 NGOs in Pakistan that were eligible. You wonder whether the balance is right. There has to be a sense of humility - that the U.S. can't accomplish that much. If the Pakistanis aren't ready politically, we can't expect miracles overnight.

Add to that: the devastating floods last year meant that the (Obama) Administration had to take about one-third of its aid money and redirect it to the flood response, so USAID staff on the ground said that it disrupted their whole program.

**Given the rising tide of anti-U.S. sentiment in Pakistan, would U.S. aid be more effective if it was delivered anonymously.**

I think it would be more effective if it was delivered through multi-lateral institutions. It wouldn't have the handicaps that USAID suffers from and it would benefit from the experience of local staff. When the U.S. brands a bag of rice or says, "This is the school we built", it conveys to Pakistanis that the U.S. is doing something your government should be doing.

There is a reasonable idea behind the U.S. program - that more Pakistanis should understand that the U.S. is committed to their long-term prosperity and security. And the way to do that is by helping to make better institutions that will serve them.

**How much impact can aid have compared with trade and investment?**



In the long-run trade and investment are much more important. For example trade with India could make a huge difference, as could the elimination of quotas and tariffs for Pakistani textile imports to the U.S. and Europe. And these are the things the U.S. is really good at - trade and investment.

**CNN** World

### **U.S. Aid to Pakistan Muddled and Lacks Leadership, Says Report**

By Tim Lister, CNN

June 1, 2011

<http://www.cnn.com/2011/WORLD/asiapcf/06/01/us.pakistan.aid/>



(CNN) -- The United States provides Pakistan with \$1.5 billion in aid annually, but this ambitious program lacks transparency, has muddled goals and is hampered by conflicting instructions from Washington.

Those are some of the conclusions of a study from the Center for Global Development, a Washington-based group. The report paints a somber and at times alarming picture of the situation in Pakistan.

By 2030, Pakistan will have the fourth-largest population in the world, but the millions of young Pakistanis who enter the workforce every year are poorly prepared to compete. For every 100 students who start school in Karachi, only one graduates from secondary school. Power cuts and water shortages are common.

"The prospects for a positive outcome in Pakistan seem bleak....but there are reasons to believe Pakistan can turn the corner," the report says.

"The overall tone is gloomy about what's happened so far but there is a possibility that it could get better going forward, subject to a lot of serious thinking going on inside the government," says Nancy Birdsall, president of the Center and formerly a senior executive at the World Bank.

"There is potential in Pakistan -- it is a democratically elected government, there is an independent judiciary and a free press, there's a very large sophisticated urban middle class."

But the Center's report says U.S. aid to Pakistan "cannot yet boast a coherent set of focused development priorities," with the main development agency -- the U.S. Agency for International Development (USAID) -- neither empowered nor equipped to succeed.

"When Pakistan is addressed, security dominates," the report says. "Trade, investment and aid lose out." And trade could play a much greater role if import quotas and duties for Pakistani textiles and other products were reduced. The trouble is U.S. investment in Pakistan has declined sharply as instability there has grown.

But the report also acknowledges that U.S. aid faces another huge obstacle: the rising tide of anti-Americanism in Pakistan.

Despite the stated goal of the multi-year aid program to "demonstrate the true friendship of the American people," anti-American sentiment has only worsened in the past two years. In an opinion piece for CNN.com this week, former Pakistani leader Pervez Musharraf argues that "there is an acute deficit of trust and confidence between the United States and Pakistan at all levels of government, the military and intelligence."

Security issues mean that the movements of staff involved with U.S. aid programs are restricted and they are typically stationed in Pakistan for just one year. The report argues that is nowhere long enough to establish meaningful relationships with Pakistani partners.

The Center's report also says there's a disconnect between Washington's expectations and what can be done on the ground.

"Congress and the administration demand local ownership, rigorous oversight and speedy results," it says. But that's not possible in a country where corruption is rife and government institutions weak.

There's also too much emphasis on how much money is being spent, rather than its impact. "For a strategy intended to promote long-term development, this is a terrible metric of success," the report says.

"USAID needs to be liberated from the pressures from Capitol Hill, the White House, the State Department," Birdsall told CNN. "USAID is not responsible for the overall strategy; it's seen as an implementing agency. So where does the strategy come from? We don't know. The strategy seems to be changing over the last year and a half."

Too often, the report says, aid for Pakistan is also seen in terms of a regional approach that includes Afghanistan. But the needs of the two countries are entirely different.

The Center says USAID should be put in charge of planning and delivering a development strategy in Pakistan, with staff that are dedicated to the country for five-year assignments. There should be greater efforts to recruit talented local staff and give them real responsibility, and

much more transparency about what's being spent and where. And the U.S. should support and engage with Pakistan's reformers.

But the report also acknowledges that ultimately U.S. aid to Pakistan can play a modest role at best, given prevailing economic and social conditions. Regional changes can make a much greater difference.

"Cross-border Indo-Pakistani trade has more potential to spur economic growth in Pakistan than practically any intervention in the U.S. arsenal," the report says.



### **U.S. Pakistan Ties: Uneasy and Essential**

By Deborah Jerome, Council on Foreign Relations

June 17, 2011

<http://www.cfr.org/pakistan/us-pakistan-ties-uneasy-essential/p25299>



Pakistanis shout anti-American slogans during a rally in favor of Osama bin Laden in Lahore May 15, 2011. (Mohsin Raza/Courtesy Reuters)

The already fractious relationship between the United States and Pakistan has been further strained in recent days by a series of developments: Pakistan's reported arrest of several citizens for allegedly assisting the May 1 raid by U.S. forces that killed Osama bin Laden; a surge in U.S. drone attacks that have killed suspected militants in Pakistan (*BostonGlobe*); and reports that intelligence shared by U.S. authorities with Pakistani counterparts about bomb-making factories resulted in a tip-off to the bombmakers (UPI), helping them elude capture.

Heightened tensions between the two countries come as Washington is due to announce new details on a timetable for withdrawal of troops from Afghanistan, which starts next month, and continues to want Pakistan's help in killing or capturing the remainder of al-Qaeda that fled to Pakistan; this could well include al-Qaeda's new leader, Ayman al Zawahiri (*CSMonitor*). The United States also wants Pakistan's acquiescence in the drone attacks the United States has increasingly used to target militants in Pakistan's tribal areas. Islamabad's tacit support for such methods is now looking increasingly in doubt (*Telegraph*).

White House spokesman Jay Carney insists that the two countries continue to work together (*USAToday*). And Defense Secretary Robert M. Gates, along with Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, say the relationship between the United States and Pakistan (*NYT*) contributed to stability in the region. But voices of skepticism are being heard in Congress. The House Appropriations Committee on June 14 approved a defense spending bill that would withhold 75 percent of the \$1.1 billion in U.S. aid to Pakistan (AP) until the Obama administration informs Congress how it would spend the money. Last week, the CIA's deputy director, Michael J. Morell, told the Senate Intelligence Committee that Pakistan's level of cooperation on counterterrorism (Bloomberg) was "three" on a scale of one to ten.

It seems unlikely that the relationship will be repaired anytime soon. Regional expert Bruce Reidel points out that Pakistan's army has been humiliated and embarrassed (CNN) by the bin Laden killing and recent terrorist attacks in Pakistan. He also says the United States is justified in its concerns that Pakistan continues to support "various parts of the Jihadist Frankenstein that it has created over the last quarter of a century even as it fights other parts of that Frankenstein monster." Many analysts have noted that the Pakistani army wishes to maintain links to militant groups like Lashkar-e-Taiba and the Afghan Taliban.

Still, a number of experts support continued U.S. funding for Pakistan for development and security, saying even a flawed Pakistani state is vital to U.S. interests. A CFR-sponsored Independent Task Force report from late last year says while "militants in Pakistan and Afghanistan pose a direct threat to the United States and its allies [and] jeopardize the stability of Pakistan," the United States should continue current levels of funding in Pakistan and pushes for "continued and expanded training, equipment, and facilities for police, paramilitaries, and the

army." A recent Center for Global Development report urges a development-centered agenda in Pakistan -- one of the world's poorest countries -- to supplement the focus on security.

And in this new Policy Innovation Memorandum, CFR's Daniel Markey argues that the United States should adopt an indirect approach that leverages the power of influential Pakistanis, the credible threat of curtailed U.S. assistance to Pakistan and U.S. sanctions, pressure from Pakistan's closest allies, and the hard edge of U.S. military force in Afghanistan.

### **Selected Analysis:**

Lawrence Wright looks at the unintended consequences of U.S. funding in Pakistan, in this *New Yorker* article.

Hassan Abbas explains in this CFR interview why the United States and Pakistan have reached a new low in their relations.

In this CFR expert roundup, E. Candace Putnam, Isobel Coleman, Hassan Abbas, and Marvin G. Weinbaum debate whether the United States should continue its funding to Pakistan.



### **U.S. Report Advocates Trade, Not Aid, for Pakistan**

By Anwar Iqbal, The Dawn

June 1, 2011

<http://www.dawn.com/2011/06/02/us-report-advocates-trade-not-aid-for-pakistan.html>

The United States needs to substantially revamp its approach to Pakistan, focusing on trade and investment, not aid, says a new study released on Wednesday.

The report by the Centre for Global Development, Washington, also urges the US administration to delay much of its multi-billion-dollar aid to Pakistan because it believes the aid has failed to bring prosperity to the nuclear-armed nation.

Instead, the report advocates providing duty- and quota-free access for all Pakistani exports to the US market for at least five years and to increase incentives for investment in that country.

Suggested incentives include new forms of risk insurance and credit programmes for Pakistan's small and medium enterprises.

“The United States is way off course in Pakistan,” says CGD president Nancy Birdsall, who convened the study group and is the lead author of the report. “It’s heavily focused on security while neglecting low-cost, low-risk investments in jobs, growth, and the long haul of democracy building.” She also advises “a sense of humility”, acknowledging that “the US can’t accomplish that much. If the Pakistanis aren’t ready politically, we can’t expect miracles overnight”.

The report says that the administration’s integrated “Af-Pak” approach — lumping Pakistan together with Afghanistan — has “muddled” the Pakistan development mission. Similarly, “the integration of development, diplomacy and defence has left the programme without a clear, focused mandate”.

The report offers five procedural recommendations to get the US development programme on track:

1. Clarify the mission: separate the Pakistan development programme from the Afghanistan programme and from the Pakistan security programme.

2. Name a leader: put one person in charge of the development programme in Washington and in Islamabad.

3. Say what you are doing: set up a website with regularly updated data on US aid commitments and disbursements in Pakistan by project, place, and recipient.

4. Staff the USAID mission for success: allow for greater staff continuity, carve out a greater role for programme staff in policy dialogue, and hire senior-level Pakistani leadership.

5. Measure what matters: track not just the outputs of US aid projects, but Pakistan’s overall development progress.

Three of these recommendations are on better ways to deploy aid resources — including paying for verified outcomes and co-financing with other donors for established education programmes that are already working.

Two recommendations focus on the largely untapped potential of trade policy and private investment.

In 2009, the US Congress authorised a \$7.5 billion package for Pakistan, hoping that it will help fight anti-Americanism by switching the focus from the military to building the economy and civilian institutions.

“We recommend that much of the \$7.5 billion Kerry-Lugar-Berman aid package not be disbursed immediately,” the report says.

The report concedes that setting conditions to assistance is an “extremely sensitive subject” but warns that US assistance would be ineffective without reforms in areas such as education, energy and fiscal policy.

“Pakistan must make a significant course correction if it is to join the ranks of India, Indonesia and other large Asian countries on a clear path of sustainable growth and transformation,” the report says.

## THE ECONOMIC TIMES

### **Make Pakistan Aid Development Oriented**

June 2, 2011

<http://economictimes.indiatimes.com/news/politics/nation/make-pakistan-aid-development-oriented-experts/articleshow/8694004.cms>

Noting that America's efforts are heavily focused on security in nuclear-armed Pakistan, a group of eminent US experts have called for a substantial revamp of the country's approach towards Islamabad to make aid development oriented.

"The United States is way off course in Pakistan. It's heavily focused on security while neglecting low-cost, low-risk investments in jobs, growth, and the long haul of democracy building," said Nancy Birdsall, president of the Washington-based Centre for Global Development, which released a report on Pakistan prepared by eminent US and Pakistani development experts.

The report says that the administration's integrated 'Af-Pak' approach - lumping Pakistan together with Afghanistan in policy deliberations and bureaucratic lines of authority - has "muddled" the Pakistan development mission.

Similarly, "the integration of development, diplomacy, and defence has... left the programme without a clear, focused mandate."

The 42-page report urges a revamp of the US strategy toward the country, starting with greater reliance on trade--offering duty-free, quota-free access for all Pakistan exports to the US market for at least five years--and increased incentives for investment, such as new forms of risk insurance and credit programs for Pakistan's small and medium enterprises.

Much of the report focuses on how to improve the US aid programme in the country.

"After two years, the new US approach cannot yet boast a coherent set of focused development priorities or the organisation and tools to manage and adjust those priorities as conditions require," it said.

"If we are serious about the importance of economic growth in Pakistan, aid alone is not a solution," says Robert Mosbacher Jr, a study group member and former president of the Overseas Private Investment Corporation.



"Helping the Pakistani private sector compete is an investment in a healthy Pakistani middle class that will pay taxes and hold their government accountable for spending them wisely," he said.

Shuja Nawaz, a study group member who has written extensively on Pakistani civil-military relations, adds: "We have seen quite clearly how American and Pakistani security interests are intertwined, if not always identical. But over the long run, the security of both nations will only be ensured if Pakistan can develop economically and politically.

"The United States must keep one eye on this prize - even at moments, like now, when short-term crises seem more important."



### **Pakistan Does Not Wish to be Aid Dependent: Haqqani**

June 2, 2011, AP of Pakistan/International Tribune Express

<http://tribune.com.pk/story/180771/pakistan-does-not-wish-to-be-aid-dependent-haqqani/>

Pakistan has no desire to depend on foreign assistance forever but seeks greater trade for its sustainable development, and US providing easy access for the country's products would both spur economic progress and serve common security interests, Islamabad's envoy to the United States said.

Ambassador Hussain Haqqani also asked Pakistan's critics not to confine their discourse to aid results but view the important US-Pakistan relationship in a holistic perspective.

"If the United States opens its market for Pakistan more, it would be a much better way of helping Pakistan," Haqqani stated, explaining that job creation through greater economic activity would foil extremists' designs to exploit the unemployed youth.

US assistance should be seen part of a broader partnership, he argued, addressing a gathering of experts at the launch of a report "Beyond Bullets and Bombs: Fixing the US Approach to Development in Pakistan" which was released by Center for Global Development on Wednesday. He said change in Pakistan will come from within.

The Pakistani diplomat noted that an aid-centered approach creates political problems. "The role of aid should be that of catalyst for us to accomplish that change on our own. Aid it is not going to be the main basis on which Pakistan will find prosperity, our prosperity will come from

Pakistanis unleashing their potential in trade, opening up of Pakistan to investment and making it possible for our neighboring countries to trade with us,” he remarked.

Pakistan, Haqqani said, appreciates the US assistance and understands that the American taxpayers should know about transparency and accountability in its use but took issue with the notion that each there is an issue between the two nations; the knee-jerk reaction on the Capitol Hill should be threats to cut off aid.

“Pakistan is a nation of 180 million people, it has a lot of diversity and there are problems too. Discussion on Pakistan-US relations should not be aid-centered but on partnership.”

Haqqani welcomed the recommendation that development assistance should be separated from security issues.

“There is no begging bowl. Pakistan and the United States are partners, trying to help each other.”

The ambassador also asked critics to resist the short-sighted tendency to measure outcome of aid in a simplistic manner, by judging results from just a short period. Assistance yields full results upon completion of projects, which is a multi-year process, he pointed out.

In this respect, the ambassador cited the example of a popular Pakistani orange and said its seeds were first provided by the United States way back and now it is a successful fruit of partnership that provided unconditional aid without any noise.

Similarly, he added, US assistance helped establish some of the very successful institutions of higher learning like Lahore University of Management Sciences and Karachi’s Institute of Business Administration.

He said Pakistan should determine its development priorities and also told the gathering that non-governmental organizations cannot supplant the government in any country.

“Pakistan does not wish to be an aid-dependant country. At the same time, we do not want the aid to be the focus of our partnership. Pakistan and the United States are working hand in hand to plan US assistance program.”



## A New Strategy for Aid to Pakistan

By Nancy Birdsall, Wren Elhai, and Molly Kinder

June 1, 2011, Foreign Policy

[http://afpak.foreignpolicy.com/posts/2011/06/01/a\\_new\\_strategy\\_for\\_aid\\_to\\_pakistan](http://afpak.foreignpolicy.com/posts/2011/06/01/a_new_strategy_for_aid_to_pakistan)



For nearly two years, the United States has been trying something completely new in Pakistan. In 2009, with President Obama's backing, Congress passed a bold piece of legislation that committed the United States to support Pakistan's people and its economy, as opposed to focusing almost exclusively on the country's military. The United States would try to help Pakistanis entrench the transition to democracy they won in 2008, and -- for the first time -- it seemed the United States would place an equal emphasis on long-term development and short-

term stability in Pakistan.

So far, however, this new approach has not lived up to its potential. During a recent trip to Pakistan, [we listened](#) to dozens of Pakistanis in and out of government tell us of their frustrations with the U.S. aid program and American inaction on trade and investment policies (just look at the ongoing debate about lifting tariffs on the Pakistani [textile trade](#) with the United States) that would naturally complement aid. Over the past year, [a study group](#) of American and Pakistani experts convened by the Center for Global Development have gathered to figure out what's amiss -- and how to put it right. In [a report released today](#), we sum up the problem this way:

No one is sure what the United States is trying to accomplish in the development space. Because of a debilitating lack of transparency in the aid program, no one is even sure what the United States is doing. With an approach to foreign policy in Washington that emphasizes integrating development and diplomacy, lines of authority over planning and implementing development policy are blurred. Long-term and short-term objectives compete for the same resources, and suspicion abounds in Pakistan that the United States' aid spending is driven more by security concerns and objectives than by development best practice. On the ground in Pakistan, an aid mission already asked to instantly scale up its operations is hampered by shifting (and often conflicting) instructions from Washington and by burdensome oversight and bureaucracy that limit flexibility, innovation, and risk taking.

No reasonable analyst could expect the United States to fundamentally change Pakistan's future. Pakistan is too large and the key obstacles to progress there are often problems of domestic politics, not a lack of aid. And just as aid [cannot purchase military cooperation](#), it cannot buy sound economic policies. Those will come only with courageous and sustained effort on the part of Pakistani reformers inside and outside government. However, reform efforts in Pakistan are more likely to succeed with America's support, in the form of carefully spent aid as well as trade and investment policies designed to spur private sector growth.

First, the bureaucratic muddle that is the U.S. development program must be cleaned up. One person should be charged with crafting and implementing a development strategy, one with clear priorities, separated institutionally from the Afghanistan strategy and from U.S. security policy in Pakistan. We recommend being clear and transparent about what the United States is doing (including by [finally sharing useful information](#) on how much aid has been disbursed). We also suggest ways to improve the USAID staffing system in Pakistan-increasing staff continuity and

making better use of Pakistan's own pool of talent.

Second, the United States needs to deploy the trade and investment tools that can contribute to the growth of the Pakistani private sector and middle class. It must also make better use of aid (starting by *not spending it* where it might do more harm than good). We suggest rewarding success by expanding programs (including ones started by other donors) that are working and increasingly paying for verified progress in expanding access to education, healthcare and clean water. Finally, the United States should support the efforts of Pakistani advocates for reform by asking the Pakistani government to include them in policy discussions and by financing small but meaningful upgrades to Pakistan's democratic system -- for example, a quality national census, open budgets, and independent policy research.

Very little in the U.S.-Pakistan relationship is free of contention or controversy--except for one thing. More so than is the case with other nations, Pakistan's stability and prosperity are intertwined with the United States' own. If the United States can support Pakistan's gradual transformation into a place where more young people have economic opportunities, more companies can do business, and the government can better enforce its laws, the American people will benefit. Investing in that future is the way U.S. development policies can promote American national security and prosperity -- not through futile efforts to pay individual Pakistanis to renounce violence or to bribe the Pakistani security establishment to hand over Taliban or al-Qaeda leaders.

While our relationship with Pakistan is often seen within the context of the war in Afghanistan, it is time the common "AfPak" pairing, now out of fashion in policy circles, be broken apart in the minds of policymakers for good. A better comparison for understanding what is at stake in Pakistan is Indonesia, the country Pakistan will soon pass to become the most populous Muslim nation in the world.

In 1970, when a young Barack Obama attended school in Jakarta, the average Pakistani made twice as much as the average Indonesian. But today, that statistic is **exactly reversed**. Much of that divergence has taken place just in the last ten years. Indonesia's economy has taken off,

while Pakistan's growth has slowed. Meanwhile, Indonesia has successfully transitioned from autocratic rule to establish a well-rooted, federal democratic system. Now, that nation is mentioned in the same breath as Brazil and India as an emerging power on the world stage and a force for regional security. Fundamentally, few threats to American interests and American lives now emanate from Indonesia. That is the hope and the promise of development in Pakistan, a promise the United States has a role to play in fulfilling.



## A Strong Civilian Assistance Strategy for Pakistan

By: J Alexander Thier

June 1, 2011, Foreign Policy

[http://afpak.foreignpolicy.com/posts/2011/06/01/a\\_strong\\_civilian\\_assistance\\_strategy\\_for\\_pakistan](http://afpak.foreignpolicy.com/posts/2011/06/01/a_strong_civilian_assistance_strategy_for_pakistan)



Since passage of the **Enhanced Partnership with Pakistan Act** in October 2009 (aka the Kerry-Lugar-Berman Act, or KLB), the United States has worked with a variety of Pakistani partners to begin to put programs in place that address the Act's objective -- improving the living conditions of the people of Pakistan through sustainable economic development, strengthening democracy

and the rule of law, and combating the extremism that threatens Pakistan and the United States. For example, the United States is helping to complete and rehabilitate power facilities that will add over 500MW to Pakistan's power grid by the end of this year, easing power shortages that cripple the economy and reduce the quality of life for ordinary Pakistanis. A dramatic U.S. assistance program helped save the winter wheat crop -- averting a food crisis for millions of Pakistanis --after the devastating floods of 2010. Since the KLB Act was passed, the U.S. government has disbursed \$1.7 billion of civilian assistance funds in Pakistan.

At the United States Agency for International Development (USAID), the impact and transparency of our efforts in Pakistan and elsewhere is the core of our mission. We welcome the launch today of a report on assistance to Pakistan by the Center for Global Development (CGD) in Washington, DC. I am pleased to see that the report identifies several challenges that USAID has addressed in seeking to maximize the impact of U.S. development assistance in Pakistan. (Full disclosure, I was a proud member of the study group until I assumed my official position with USAID in June 2010).

Many of the recommendations in the CGD report, for example, to prioritize efforts to engage reformers and to encourage investment have already been implemented by USAID in Pakistan over the last year. Indeed, USAID has avoided a rush to spend in Pakistan, instead moving deliberately to assure that the programs meet Pakistani priorities, that adequate accountability and monitoring mechanisms are in place, and that program results match the level of resources being committed.

The report highlights the importance of supporting job creation and private sector growth in Pakistan. Perhaps one of the most distinctive features of USAID's program in Pakistan is the priority it places on stimulating economic growth. USAID is achieving this by working to help Pakistan solve its energy crisis, by completing dams, upgrading power plants, and seeking structural and policy reforms. USAID's total energy program is designed to add 540 MW to Pakistan's power grid by 2012, which will help ensure that critical businesses don't have to shut down operations every day. We estimate that Pakistan is losing hundreds of millions of dollars and tens of thousands of jobs each year from under-production of textiles alone.

USAID is also working to stimulate economic growth, create jobs, and raise incomes in the



agriculture sector. Pakistan's agriculture sector provides 21 percent of GDP and currently employs 44 percent of the national labor force. Work in this sector has become even more critical in the aftermath of unprecedented flooding that swept the country last year, which affected over 20 million Pakistanis.

Following the floods, USAID provided emergency seeds, tools, and livestock to restored lands, ensuring continued livelihoods for 25 percent of the flood-affected population. Due to the improved wheat seed varieties provided by USAID, preliminary average yields per acre are currently 60 percent higher than the traditional country-wide average. Under current yield rates and market prices, the value of the 2011 spring wheat is expected to be approximately \$190 million.

CGD's report also points out that there is a need for USAID's work to be better understood in Pakistan. This point is well-taken. While communications is an integral part of everything USAID does -- every USAID project comes with an associated communications strategy, nearly everything is branded, and USAID staff interact with Pakistani press on a weekly basis -- we recognize the need to further improve understanding of our work in Pakistan.

The study group's most valuable contribution is that it exposes the difficult path that lies between policy formulation and implementation. Working in Pakistan has many challenges -- if it was easy, our contribution would not be so robust or urgent. The importance of getting development right in Pakistan has forced USAID to rethink the way it does business. For example, USAID is working to improve governance in every aspect of its work in Pakistan, so that our contributions and Pakistan's democratic reforms will be durable. We are working closely with Pakistani government bodies at the national and provincial level to build their capacity and ensure they can manage U.S. assistance responsibly and effectively. Pakistani ministries are rigorously evaluated for their accounting and management capabilities, accountants and technical advisers are embedded where necessary, spending and implementation plans are jointly drawn, and third-party monitoring arrangements are specified.

With the exception of a few years, USAID has been working in Pakistan continuously since our creation in the 1960s. Pakistan's Green Revolution, Lahore University of Management Sciences

(LUMS), and Tarbela Dam are all part of USAID's legacy. With continued humility, patience, and clarity of mission, USAID looks forward to working with the Government of Pakistan and the Pakistani people to build on our past successes.

*J Alexander Thier is Assistant to the Administrator for Afghanistan and Pakistan Affairs at USAID.*



**Aid Talks in US could Affect Ties: Haqqani**

June 2, 2011, Geo Television Network

<http://www.geo.tv/6-2-2011/82011.htm>



WASHINGTON: Pakistani Ambassador to Washington Hussain Haqqani has said that talks of ending Pakistan's aid could affect ties between Pakistan and United States.

While addressing from Centre for Global Development in Washington Haqqani said that Pakistan and America were each other's strategic partners, adding that it is necessary that Pakistan's political issues would be kept alone from its aid because both the countries are committed to eliminate terrorism collectively.

He said the US should help Pakistan in trade instead of aid. Job opportunities in ally countries would help reducing terrorism from Pakistan, he added.

### **Aid to Pakistan: America's Headache**

By Virginia M. Moncrieff, Huffington Post

June 9, 2011

[http://www.huffingtonpost.com/virginia-moncrieff/post\\_2101\\_b\\_873674.html](http://www.huffingtonpost.com/virginia-moncrieff/post_2101_b_873674.html)

Since the killing of Osama bin Laden and the shakeup in Defense and CIA personnel, aid to Pakistan -- never far off the list of ulcer-inducing topics in Washington -- has been causing the usual double doses Maalox to seem not quite enough to treat the pain.

Given the huge rifts and schisms of power in Pakistan -- an elected government, a powerful intelligence agency that often seems to side with the darkest forces of humanity, a military that runs its own agenda, and the assorted jihadists, militants, yahoos, illiterates, the Taliban and everything in between running riot in lawless territories assessing not only needs but effectiveness and performance is the hardest task.

Pakistan's economy is a basket case. Development banks ring alarm bells that the country is virtually running on empty. Add to the economic and governance woes, polls consistently show that across the board in Pakistan, the US is not regarded kindly -- by anyone, regardless of a concerted hearts and minds campaign stretching back decades.

USAID alone has spent over \$5 billion in civilian aid since 2005, which makes Pakistan one of its largest recipients. (The sum total of US aid to Pakistan is close to \$20 billion over a decade). President Obama wants to increase that aid through Pakistani government departments and non government organizations. But Islamabad has proven to be ill prepared and ill equipped to handle such large amounts, and local NGOs often possess even less capacity to work, are riddled with inefficiencies and are often open to outright exploitation.

(The scrupulous and highly regarded British based Oxfam has started investigating financial irregularities in their 2010 flood funds -- not from their own employees but from Pakistani charities working as partners.)

Last week a US official told the *Financial Times* that the US would slash its funded projects by two-thirds (down from 160 to 50) with a renewed emphasis on countering anti-American sentiment.

The radical option of cutting out and cutting all aid to Pakistan is gaining some favor in surprising quarters (though entirely unlikely to happen). The theory goes that cold turkey will drag the country out of its aid dependency and it will learn -- quickly -- how to organize its finances, deny the ascendancy of the dangerous crackpots and depend more on a highly mobile and committed middle class. Oh if that would be so.

Washington's Center for Global Development recognizes the power of the middle class but rather than abandon them to fight on behalf of the good guys the CGD suggests supporting them even

more by not only creating the obvious educational and health opportunities but by developing incentives for investment, and development of small and medium private enterprises.

"They could be the best advocates for a U.S.-Pakistani relationship that goes beyond security issues -- but only if they feel like the United States is listening to them and being open and honest about what U.S. development programs are doing," Wren Elhai, a CGD policy analyst who worked on the recent Pakistan study, told the Huffington Post via email. "That said winning hearts and minds should not be the primary goal of US aid to Pakistan. Expanding Pakistan's middle class matters most because they will play a key role in building a strong economy and healthy democratic system there."

But with the majority of Pakistan's population skeptical at best and hostile at worst towards the US, there is also a deep vein of suspicion that aid comes with strings attached -- an unspoken demand to influence and shape Pakistan's political process and outcomes.

"There is no evidence that aid has the ability to make Pakistan's military or civilian leaders to act against what they perceive as their interests," says Wren Elhai. "Pakistan's history offers plenty of examples of donor programs that sought to leverage aid to secure economic reforms -- many of them the same reforms currently under discussion -- with nothing to show for it. The United States cares about the outcomes of Pakistan's political processes, (h)owever, it has to be more nuanced in how it tries to nudge those processes forward.

CGD also emphasizes the commitment that USAID has towards education -- spending more money in Pakistan last year than in any other country. Successful, broad based and long term education funding is necessary.

"What's important is to make sure that budget is spent in ways most likely to achieve the desired outcome, namely more kids learning more in school," says Wren Elhai.

And in the end, despite calls to 'get out of Pakistan' and 'leave them to their own devices,' this does matter to global security, and not just because of Pakistan's expanding nuclear capability. Setting performance goals for the government would strengthen its position, and create achievable conditions. Common humanity would also wish that with Pakistan on track to be the fourth largest country in the world, its citizens should live in a stable and prosperous society, no longer looking outside its borders for blame and revenge.

### **The Peace Process that Matters the Most**

By Stanley Weiss

June 13, 2011, Huffington Post

[http://www.huffingtonpost.com/stanley-weiss/the-peace-process-that-matters-the-most\\_b\\_875754.html](http://www.huffingtonpost.com/stanley-weiss/the-peace-process-that-matters-the-most_b_875754.html)

When asked how he envisioned India and Pakistan's relationship developing after their bloody partition in 1947, Pakistan founder Mohammad Ali Jinnah would tell the story of two brothers who clashed over the division of their inheritance. Eventually, they went to court, and Jinnah represented one of the brothers through the bitter proceeding. Two years later, Jinnah met with his client and asked how he was getting along with his brother. He replied, "Oh, once the case was decided, we became the greatest friends."

Jinnah believed, as later recalled by Hastings Ismay, then-chief of staff to the Indian Viceroy, "that once partition had been decided upon... all troubles would cease, and they would live happily ever after." Sadly, it was not meant to be. Jinnah died within a year of partition. And "happily ever after" dissolved into three wars that left 15,000 dead, a blood feud in Kashmir that has claimed up to 100,000 lives, and nearly three decades of dispute over a Himalayan glacier.

In the latest chapter, just five weeks after U.S. troops killed Osama bin Laden in Pakistan, testimony from the trial of a Chicago businessman charged in the deadly 2008 terrorist attacks in Mumbai seems to confirm India's suspicions: that Pakistan's intelligence agency supported terrorists operating on its soil, and helped plan the attacks that killed 164 people while wounding 300. Until the Mumbai attackers are brought to justice, said Indian Home Minister P. Chidambaram last week, relations between India and Pakistan "could not improve."

While international attention remains focused on the Israeli-Palestinian peace process, when it comes to global security, resolving the crisis between India and Pakistan may be the peace process that matters most. In the wake of bin Laden's death, there have been numerous proposals for what Pakistan must do next. Four that I support include: arrest all jihadist groups; place military and intelligence services under civilian rule; drastically reduce the nuclear arsenal; and invest more in health and secular education.

But underlying these difficult tasks is the most monumental challenge of all: Pakistan must learn to love itself more than it hates India.

"What Pakistanis desperately need is a new narrative by their leaders -- a narrative that does not blame India and the U.S. for all the country's ills," says Pakistani journalist Ahmed Rashid.

Nobody has played the India card more effectively than the Pakistani military. Empowered in the 1980s by massive aid from a U.S. government intent on preempting a repeat of the Soviet invasion of Afghanistan in Pakistan, Pakistani generals took control of the nation's defense and foreign policy programs -- and never gave it back. Today, Pakistan's military claims 16 percent

of the nation's budget (while education gets 1.2 percent). The generals claim that the funding is necessary, not to fight extremism -- but to fight India.

"The Pakistan military spends its time thinking about how to defend itself against the non-existent threat of an Indian invasion (hence defense in depth involving Afghanistan), how to prevent India encircling Pakistan through its development programs in Afghanistan (hence the support for the Taliban), and how it can tie up the Indian military by making it fight in Kashmir (hence the support for Kashmiri insurgents and terrorists)," former U.S. Ambassador Peter Galbraith, a lifelong friend and advisor to the late Pakistani Prime Minister Benazir Bhutto, tells me. "In reality, beyond the fear of terror, Pakistan looms about as large in India's thinking as Canada or Mexico does in the U.S. thinking."

It is hard to say which is more dangerous: a Pakistani military that manipulates public fears to preserve its power -- or one that actually lives in an alternative universe where India is plotting Pakistan's demise. In truth, the last thing that the Hindu-majority India wants -- with 133 million Indian Muslims -- is to invade a country that would bring another 180 million Muslims.

"But," as Maleeha Lodhi, the former Pakistani Ambassador to the U.S. and High Commissioner to the United Kingdom, writes me, "with 60 million Pakistanis under the age of 24, there is great potential in Pakistan waiting to be unlocked -- if it can find the means to govern itself better."

This is an economic challenge as much as it is a military one. As Brahma Chellaney, one of India's top strategic thinkers, said to me, "The road to Pakistan-India cooperation lies not through Kashmir but through Washington." Since 2001, Pakistan has received \$20.7 billion worth of U.S. assistance, about two-thirds of it military aid. That balance is shifting. In 2009, Congress committed \$7.5 billion in civilian assistance to Pakistan through 2014.

Bin Laden's death within 30 miles of Islamabad has put a spotlight on the Pakistani military. The U.S. should take advantage of this moment to continue re-crafting the relationship from a short-term military alliance to a sustained economic and social partnership, in four ways:

First, root the relationship in trade, not aid. Hussain Haqqani, Pakistan's ambassador to the U.S., recently called for Washington to "move beyond the begging bowl." A new [report](#) from the Center for Global Development provides a good starting point: offer duty-free, quota-free access for all Pakistan exports to the U.S. market for at least five years. As Haqqani says, it would create economic opportunity and foil extremists' designs to exploit unemployed Pakistani youth;

Second, increase U.S. incentives for investment, including credit programs for Pakistan's small and medium-sized businesses;

Third, publicize the many economic benefits that would accrue to both nations if India and Pakistan were to normalize relations, an idea a top Indian official told me is "supported at the highest levels of the Indian government."

Fourth, use leverage from the recent U.S.-India nuclear deal to nudge India, as former Indian Foreign Secretary M. Rasgotra suggested to me, "to create a final settlement on the existing line

of control in Kashmir, but then soften it by turning both sides of Kashmir into a Free-Trade Area."

September 11th brought tragedy in Pakistan before anywhere else -- for it was September 11, 1948, that Mohammad Ali Jinnah died before his vision for Pakistan was realized. Perhaps his great-grandchildren will find a way to create the "happily ever after" he long craved.



### **Mend Aid Program, Don't End it, Says Study**

By Jim Lobe

June 1, 2011, Inter Press Service

<http://ipsnews.net/news.asp?idnews=55890>

Amid a spate of calls by U.S. lawmakers to slash aid to Pakistan in the aftermath of Osama bin Laden's death, an influential think tank is calling for greater patience, precision, transparency and humility in implementing Washington's 1.5-billion-dollar-a-year development aid programme.

"Mend it; don't end it," said Molly Kinder, the project director of a blue-ribbon study group convened last year by the [Center for Global Development](#) (CGD) which released the 40-page report at its headquarters here Wednesday.

The [report](#), "Beyond Bullets and Bombs: Fixing the U.S. Approach to Development in Pakistan," nonetheless calls for major changes in Washington's approach to development assistance to the South Asian country, beginning with its separation from Washington's development efforts in neighbouring Afghanistan and from its military and security assistance programme in Pakistan itself.

In addition, it urges that the administration of President Barack Obama appoint one person to be in charge of the U.S. aid programme in Pakistan; set up a website with regularly updated information about aid disbursements; hire more senior-level Pakistan staff to administer the aid and engage more with local civil society leaders to help design it; and resist pressure to spend the money too quickly.

The report also urged the administration and Congress to approve new legislation that would spur private investment and enterprise in Pakistan by, among other measures, extending duty-free access to U.S. markets for all Pakistani exports, including textiles, and offering credit and

new forms of risk insurance for both foreign and domestic companies that want to invest there.

"While effective aid is essential for strengthening public sector institutions in Pakistan, a strong private sector will play a far greater role in Pakistan's transition toward prosperity and stability," according to the study group, which was chaired by CGD President Nancy Birdsall and included nearly two dozen development and South Asia experts.

The report was released amid continuing controversy over U.S. policy towards Islamabad in the wake of the May 2 killing by U.S. Navy Seals of Al-Qaeda chief Osama bin Laden in Abbottabad, Pakistan, a hill town not far from Islamabad that is also home to Pakistan's premier military academy.

The fact that he had apparently been living there for as long as six years raised strong suspicions here that Pakistan's powerful military intelligence, the Inter-Services Intelligence (ISI) unit, must have known of his presence, although both Defence Secretary Robert Gates and Secretary of State Hillary Clinton, who visited Islamabad earlier this week, have insisted that Washington has no concrete evidence of high-level Pakistani complicity.

Despite those denials, many lawmakers have called for the administration to sharply cut or even eliminate Washington's 3.2- billion-dollar-a-year aid package.

"Right now, there's a pushback against assistance (in Congress), some against the development (assistance), some against military (aid)," noted Michael Phelan, a top staffer for Senate Foreign Relations Committee Chairman John Kerry, Thursday.

Of the total bilateral aid package, 1.5 billion dollars has been earmarked for non-military assistance since 2009 when Congress passed the Enhanced Partnership for Pakistan Act, better known as the Kerry- Lugar-Berman Act after its main Congressional sponsors. It tripled non-military aid for Islamabad.

The bill, which provides 7.5 billion dollars in development and economic assistance over five years, was designed to rebalance the U.S. bilateral aid programme, which, since the 9/11 attacks on New York and the Pentagon, had gone almost exclusively to Pakistan's army; to bolster support for the new civilian government headed by President Asif Ali Zardari; and to reassure the Pakistani public that Washington was committed to supporting the country's development over the long term and not just because it needed Islamabad's cooperation to defeat the Taliban in Afghanistan.

"Two years later, the U.S. development program is not yet on course," according to the new report, which noted a number of flaws in the programme's implementation, beginning with the unrealistically high expectations it created both here and in Pakistan when it was approved.

Indeed, seen in perspective, the 1.5 billion dollars comes to less than one percent of Pakistan's gross domestic product and only about five percent of Islamabad's federal budget. The U.S. military spends that amount in just five-and-half-days in Afghanistan, according to the report.



Moreover, the U.S. Agency for International Development (USAID) was not ready to manage such a large aid programme, with the result that less than 700 million dollars was disbursed under the programme in 2010, the first year it took effect.

Moreover, to the degree that aid has been seen as part of an integrated "Af-Pak strategy", its effectiveness in promoting development in Pakistan has been seriously undermined, according to the report.

Given the much heavier focus by the administration on security issues in Afghanistan and increasingly in Pakistan, as well, long-term development assistance in Pakistan has gotten relatively short shrift, even under the Partnership Act, which lists 11 different objectives of U.S. policy, including such aims as countering extremism and improving the standing of the United States among Pakistanis.

As a result, "aid decisions are politicized and subject to short-term pressures," and lines of authority are often muddled as different bureaucracies compete for attention and resources.

Adding to these problems is the lack of transparency with which the aid programme has been carried out, an issue which Kerry himself warned about in a May 10 letter. The lack of clear information, he wrote, "...creates confusion and unnecessary speculation in Pakistan and limits the potential of the policy community and allies at home."

Besides addressing these problems, Washington should be both more patient and selective in its approach to long-term aid in Pakistan, according to the report.

"Indeed, spending quickly without lasting impact would only confirm Pakistanis' suspicions that the United States is not a credible long-term partner, suspicions that are based on the history of American assistance to Pakistan," noted the report, stressing its recommendation that the Partnership Act aid "not be disbursed immediately", lest it be wasted or reduce the urgency of key policy reforms, such as in Pakistan's energy sector.

The report suggests a possible portfolio of long-term investments that take advantage of USAID's strengths and avoid the worst risks of doing harm.

Such initiatives include providing support for one or two major infrastructure projects, such as investing the Diamer-Basha hydropower project; co-financing innovations in education with the World Bank and the British aid agency (DfID); making health or agriculture a signature priority; and providing small-scale assistance to institutions and civil society groups that promote democratic reforms.

\*Jim Lobe's blog on U.S. foreign policy can be read at <http://www.lobelog.com>.



## U.S. GLOBAL HEALTH POLICY

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Kaiser Daily Global Health Policy Report

### **US Should Delay and Reform Pakistan Report Says**

June 02, 2011

<http://globalhealth.kff.org/Daily-Reports/2011/June/02/GH-060211-Pakistan.aspx>

U.S. aid efforts in Pakistan have become "muddled" and should be delayed until reforms are implemented, a [report](#) (.pdf) compiled by a Center for Global Development (CGD) task force, [said](#) on Wednesday, [Agence France-Presse](#) reports (Tandon, 6/1).

The report "calls for major changes in Washington's approach to development assistance to the South Asian country, beginning with its separation from Washington's development efforts in neighbouring Afghanistan and from its military and security assistance programme in Pakistan itself," [Inter Press Service](#) writes (Lobe, 6/1). According to the report, there is "too much emphasis on how much money is being spent, rather than its impact," [CNN](#) writes (6/1). The study comes as Congress questions aid to Pakistan, which totals about \$18 billion since the September 11, 2001, attacks, [AFP](#) reports (6/1). [CNN](#) interviewed CGD President Nancy Birdsall regarding the report (Lister, 6/1).

The Nation on Web

# The Nation

## **Don't Cut Pakistan Aid, Fix It**

By Nancy Birdsall, Wren Elhai and Molly Kinder

June 3, 2011 , The Nation

<http://nation.com.pk/pakistan-news-newspaper-daily-english-online/International/03-Jun-2011/Dont-cut-Pakistan-aid-fix-it>

Originally published in Foreign Policy

For nearly two years, the United States has been trying something completely new in Pakistan. In 2009, with President Obama's backing, Congress passed a bold piece of legislation that committed the United States to support Pakistan's people and its economy, as opposed to focusing almost exclusively on the country's military. The United States would try to help Pakistanis entrench the transition to democracy they won in 2008, and - for the first time - it seemed the United States would place an equal emphasis on long-term development and short-term stability in Pakistan.

So far, however, this new approach has not lived up to its potential. During a recent trip to Pakistan, we listened to dozens of Pakistanis in and out of government tell us of their frustrations with the US aid program and American inaction on trade and investment policies (just look at the ongoing debate about lifting tariffs on the Pakistani textile trade with the United States) that would naturally complement aid.

Over the past year, a study group of American and Pakistani experts convened by the Centre for Global Development have gathered to figure out what's amiss - and how to put it right. In a report released Thursday, we sum up the problem this way:

No one is sure what the United States is trying to accomplish in the development space. Because of a debilitating lack of transparency in the aid program, no one is even sure what the United States is doing. With an approach to foreign policy in Washington that emphasises integrating development and diplomacy, lines of authority over planning and implementing development policy are blurred. Long-term and short-term objectives compete for the same resources, and suspicion abounds in Pakistan that the United States' aid spending is driven more by security concerns and objectives than by development best practice. On the ground in Pakistan, an aid mission already asked to instantly scale up its operations is hampered by shifting (and often conflicting) instructions from Washington and by burdensome oversight and bureaucracy that limit flexibility, innovation, and risk taking.

No reasonable analyst could expect the United States to fundamentally change Pakistan's future. Pakistan is too large and the key obstacles to progress there are often problems of domestic politics, not a lack of aid. And just aid cannot buy sound economic policies.

Those will come only with courageous and sustained effort on the part of Pakistani reformers inside and outside government. However, reform efforts in Pakistan are more likely to succeed with America's support, in the form of carefully spent aid as well as trade and investment policies designed to spur private sector growth.

First, the bureaucratic muddle that is the US development program must be cleaned up. One person should be charged with crafting and implementing a development strategy, one with clear priorities, separated institutionally from the Afghanistan strategy and from US security policy in Pakistan. We recommend being clear and transparent about what the United States is doing (including by finally sharing useful information on how much aid has been disbursed). We also suggest ways to improve the USAID staffing system in Pakistan-increasing staff continuity and making better use of Pakistan's own pool of talent.

Second, the United States needs to deploy the trade and investment tools that can contribute to the growth of the Pakistani private sector and middle class. It must also make better use of aid (starting by not spending it where it might do more harm than good). We suggest rewarding success by expanding programs (including ones started by other donors) that are working and increasingly paying for verified progress in expanding access to education, healthcare and clean water. Finally, the United States should support the efforts of Pakistani advocates for reform by asking the Pakistani government to include them in policy discussions and by financing small but meaningful upgrades to Pakistan's democratic system - for example, a quality national census, open budgets, and independent policy research.

Very little in the US-Pakistan relationship is free of contention or controversy-except for one thing. More so than is the case with other nations, Pakistan's stability and prosperity are intertwined with the United States' own.

If the United States can support Pakistan's gradual transformation into a place where more young people have economic opportunities, more companies can do business, and the government can better enforce its laws, the American people will benefit. Investing in that future is the way US development policies can promote American national security and prosperity - not through futile

efforts to pay individual Pakistanis to renounce violence or to pay the Pakistani security establishment to hand over Taliban or Al-Qaeda leaders.

While our relationship with Pakistan is often seen within the context of the war in Afghanistan, it is time the common “AfPak” pairing, now out of fashion in policy circles, be broken apart in the minds of policymakers for good. A better comparison for understanding what is at stake in Pakistan is Indonesia, the country Pakistan will soon pass to become the most populous Muslim nation in the world.

In 1970, when a young Barack Obama attended school in Jakarta, the average Pakistani made twice as much as the average Indonesian. But today, that statistic is exactly reversed. Much of that divergence has taken place just in the last ten years. Indonesia’s economy has taken off, while Pakistan’s growth has slowed. Meanwhile, Indonesia has successfully transitioned from autocratic rule to establish a well-rooted, federal democratic system.

Now, that nation is mentioned in the same breath as Brazil as an emerging power on the world stage and a force for regional security. Fundamentally, few threats to American interests and American lives now emanate from Indonesia. That is the hope and the promise of development in Pakistan, a promise the United States has a role to play in fulfilling.

Nancy Birdsall is president of the Centre for Global Development (CGD) and chair of the CGD Study Group on a US Development Strategy in Pakistan. Wren Elhai is a policy analyst and Molly Kinder is a senior policy analyst at the CGD.



## **Among Pakistanis, Perception of U.S. Aid Varies**

By Steve Inskeep, NPR

June 3, 2011

<http://www.northcountrypublicradio.org/news/npr/136905333/among-pakistanis-perception-of-u-s-aid-varies>



Mohammad Sajjad/AP

Anti-U.S. protesters in Peshawar, Pakistan, demonstrate in February against Ray Davis, the CIA contractor suspected in the shooting deaths of two Pakistani men.

The United States has spent more than \$20 billion on Pakistan over the past decade, prompting some Americans to ask what they are getting for the money. America is deeply unpopular in Pakistan, and after the killing of al-Qaida leader Osama bin Laden, Pakistani politicians unleashed a wave of criticism of the United States.

To understand why U.S. aid has not made more friends, NPR came to the gates of Forman Christian College in Lahore, founded for Christian and Muslim students by the Presbyterian Church and in recent years financed in part by the U.S. government.

Because it's a tense moment in Pakistan, it took time to clear security and be allowed on campus. At the college gate, Iman Taha, who wore a half-sleeve shirt and her hair in a ponytail, told a story about one of her classes.

"We are discussing the issue of sovereignty of Pakistan: Is Pakistan a sovereign state or not?" she said "And most of us, you know, we believe that we are not sovereign just because of the interference of the United States in our personal affairs, in our political affairs, in our economy, military, everything."

When asked what she thought of U.S. aid to Pakistan, Taha said: "Aid is not meant to control the people, right? Just give us aid, and don't take anything in return."

The conversation continued in a waiting room, where Taha beckoned passing students into the discussion. We sat in a circle as a ceiling fan stirred the heavy air.

Taseer initially was reluctant to talk, saying his views on the subject were "very extreme." But Taha intervened and persuaded him to speak.

Taseer talked about the book *Confessions of an Economic Hit Man*, by author John Perkins who claimed the U.S. was plotting dominance over other nations.

Hundreds of students on his campus receive scholarships partly financed by the U.S. Agency for International Development. But Taseer says most U.S. aid goes to the Pakistan military.

"I've never seen a single dollar being spent on health or education apart from whatever military aid we're getting," he said.

Not every student in the circle was unhappy. One of them said she's "totally the opposite.

"I'm in favor of America, and I love America, that's it."

But a study released this week by the Center for Global Development found widespread Pakistani discontent with U.S. aid. It's a tough moment for the U.S. to work on its image, said Mosharref Zaidi, a Pakistani writer and development consultant.

"There have been events in the relationship that have poisoned the ability of the U.S. government and the State Department in particular to transform this no matter how much money they spend," Zaidi said.

Consider CIA contractor Ray Davis who was accused of killing two Pakistanis this year.

"Ray Davis was a big event. Of course, the bin Laden raid was a huge event," Zaidi said. "And what's happening domestically as a result of those two events, you know the fallout, is really

there's an internal conversation within Pakistan and that conversation is about whether the people of Pakistan get to decide what's good for them or whether a bunch of generals and a few myopic and venal politicians get to decide what's best for them."

The U.S. says it wants to improve conditions in Pakistan and stabilize it in the long term — whether Pakistanis like the U.S. or not.

Under a law known as the Kerry-Lugar Bill, the U.S. has committed billions to civilian aid in the coming years. Authorities are planning to pay for electric power generation, schools and sanitation. But when Pakistanis are asked if they're ungrateful, they point out that the spending has begun slowly.

**There have been events in the relationship that have poisoned the ability of the U.S. government and the State Department in particular to transform this no matter how much money they spend.**

*- Mosharref Zaidi*

"It may be quicker for us to do it, say with an American contracting firm, but that will not build the capacity or empower Pakistani organizations to take responsibility for these fundamental concerns," said Andrew Sisson, an official at the U.S. Embassy who wants to train Pakistan's government to complete projects on its own.

Sisson acknowledges that motive — of empowering Pakistani organizations — has slowed down the distribution of the Kerry-Lugar money.

"I work with impatient people — both our country and in Pakistan," he said.

U.S. aid officials are trying to think about developing Pakistan over years, but they are squeezed between American policymakers who want results now, Pakistanis who need results now and a degree of competition for Pakistan's attention — including from China.

Inside the Forman Christian College in Lahore, students played basketball or cricket on a Friday afternoon. One called the U.S. involvement in Pakistan "pathetic." Another said that Pakistanis don't like Americans "because the fundamental thinking says that Americans are not in the favor of Pakistan."

One student, Anwar ul-Haq, says there should be contact between the U.S. government and Pakistani people "because Americans are perceived very wrong by the people."



Haq says the U.S. is perceived the wrong way precisely because it is trying to support the Pakistani government, which the people despise.

"We hate our leaders," he said.

Because the Americans are seen as a dominant power, they're blamed for what goes wrong. The U.S. is also blamed for its slow progress, though the students can see some evidence of past American efforts — including the Peter H. Armacost Science Building on campus, which was built with the assistance of the U.S. Agency for International Development.

Although they are frustrated, the students understand their country could use American help.



## **U.S. Needs To Revamp Approach, Focus on Trade and Investment**

June 4, 2011, Pakistan Observer

<http://pakobserver.net/detailnews.asp?id=95874>

Islamabad—Private Sector of Pakistan had envisaged in 2009 to discover the resources and potential of Pakistan through trade and not aid, which now after two years the Centre for Global Development, Washington D.C. has reaffirmed that the United States needs to substantially revamp its approach to Pakistan focusing on trade and investment, not aid.

Sheikh Humayun Sayeed, Chairman FPCCI Standing Committee on Trade Delegation and Former Chairman FPCCI Standing Committee on Foreign Investment and Former Vice President of FPCCI appreciated the approach of Ms. Nancy Birdsall, CGD President in its report to the US Administration advocating trade, and not aid for Pakistan by way of providing duty and quota free access for all Pakistani exports to the US market for at least five years and to increase incentives for investment in Pakistan.

Sheikh Humayun Sayeed emphasized that the Private Sector took a great initiative of holding an “International Private Sector Investment Conference and Business Forum and Exhibition” for the promotion and enhancement of investment and trade ties between Pakistan and participating countries. The Forum was supposed to be held in Islamabad, Pakistan, in October 2009 under the

theme “Discover the Resources & Potential of Pakistan through Trade and not Aid”, which could not materialize due to the situation then obtaining in the Country. The Ambassadors and High Commissioners of about 42 countries had committed to support Pakistan economically through direct private sector participation of respective countries.

While commenting on the report, he suggested and agrees that Pakistan for economic development should be taken as individual entity instead of linking it with AfPak so that Pakistan could be focused for a clear economic mandate.

Regarding the procedural recommendations, he stated that the success could only be possible if the private sectors of both the countries are assigned with open hearts to let both the countries develop their own sound economic policies particularly trade and investment and furthermore.

He reiterated that the world leaders should realize the victimization through international terrorism being faced by Pakistan can only be compensated by opening their special packaged economic doors, which could turn around the country as one of the economic giants of the region due to its enormous human and natural potential.



Pak Watan

**Pakistani Aid Should be for Development Objectives: CGD**

June 2, 2011

[http://www.pakwatan.com/latest\\_news1.php?id=2144](http://www.pakwatan.com/latest_news1.php?id=2144)



A report of the Centre of Global Development (CDG) has emphasized the US government that aid for Pakistan should be used on development objectives rather than security purposes.

CDG President Nancy Birdsall said that there were a lot of development opportunities available for Pakistan but the United States was utilizing its aid on security measures.

The report also emphasized that if the Pakistan government and civil society wants sustainable

development, they should work on the power, water and education sector along with collecting taxes and bringing governance reforms.

The Pakistani ambassador to the United States Hussain haqqani said that US aid for Pakistan has become a topic of regular discussion. Haqqani also said that the impression that Pakistan would always want to be dependent on aid is completely false.



### **Beyond Bullets and Bombs: Fixing the U.S. Approach to Development in Pakistan**

June 1, 2011, Reliefweb

<http://reliefweb.int/node/405271>

WASHINGTON, D.C. (June 1, 2011) — U.S. and Pakistani development experts are urging a substantial revamp of the U.S. approach to Pakistan, saying that U.S. efforts to build prosperity in the nuclear-armed nation with a fledgling democratic government, burgeoning youth population, and shadowy intelligence services are not yet on course.

“After two years, the new U.S. approach cannot yet boast a coherent set of focused development priorities or the organization and tools to manage and adjust those priorities as conditions require,” says the report from a study group convened by the Center for Global Development.

“The United States is way off course in Pakistan,” says CGD president Nancy Birdsall, who convened the study group and is the lead author of the report. “It’s heavily focused on security while neglecting low-cost, low-risk investments in jobs, growth, and the long haul of democracy building.”

The report says that the administration’s integrated “Af-Pak” approach—lumping Pakistan together with Afghanistan in policy deliberations and bureaucratic lines of authority—has “muddled” the Pakistan development mission. Similarly, “the integration of development, diplomacy, and defense has... left the program without a clear, focused mandate.”

It urges a revamp of the U.S. strategy toward the country, starting with greater reliance on trade—offering duty-free, quota-free access for all Pakistan exports to the U.S. market for at least five years—and increased incentives for investment, such as new forms of risk insurance and credit programs for Pakistan’s small and medium enterprises. Much of the report focuses on how to improve the U.S. aid program in the country.

Since Osama bin Laden was discovered hiding in a Pakistani garrison town, some Americans are asking if the United States should continue to provide up to \$1.5 billion per year in development assistance to Pakistan. The report recommends mending, not ending the assistance program.

“Pakistan’s development and prosperity matter to the United States,” says Birdsall. “There are many problems with our support for development in Pakistan, but ending the aid program would make things even worse. We cannot walk away now. We can and must fix it.”

The report offers five procedural recommendations to get the U.S. development program on track: Clarify the mission: separate the Pakistan development program from the Afghanistan program and from the Pakistan security program.

Name a leader: put one person in charge of the development program in Washington and in Islamabad. Say what you are doing: set up a website with regularly updated data on U.S. aid commitments and disbursements in Pakistan by project, place, and recipient.

Staff the USAID mission for success: allow for greater staff continuity, carve out a greater role for program staff in policy dialogue, and hire senior-level Pakistani leadership.

Measure what matters: track not just the outputs of U.S. aid projects, but Pakistan’s overall development progress.

Among the report’s five substantive recommendations are three on better ways to deploy aid resources—including paying for verified outcomes and cofinancing with other donors for established education programs that are already working—and two on the largely untapped potential of trade policy and private investment.

“If we are serious about the importance of economic growth in Pakistan, aid alone is not a solution,” says Robert Mosbacher Jr., a study group member and former president of the Overseas Private Investment Corporation. “Helping the Pakistani private sector compete is an investment in a healthy Pakistani middle class that will pay taxes and hold their government accountable for spending them wisely.”

Shuja Nawaz, a study group member who has written extensively on Pakistani civil-military relations, adds: “We have seen quite clearly how American and Pakistani security interests are intertwined, if not always identical. But over the long run, the security of both nations will only be ensured if Pakistan can develop economically and politically. The United States must keep one eye on this prize—even at moments, like now, when short-term crises seem more important.”

Notes for Editors:

The Pakistan Study Group report launch will be held at 2 p.m. on June 1, at the Center for Global Development (1800 Massachusetts Ave., NW). Study group members are available for interviews with the media before or after that date. To arrange an interview please contact media relations coordinator Jessica Brinton at [Jbrinton@cgdev.org](mailto:Jbrinton@cgdev.org) or call 202-416-4040.

## Study Group on a U.S. Development Strategy in Pakistan:

In early 2010, the Center for Global Development convened the Study Group on a U.S. Development Strategy in Pakistan. Chaired by CGD president Nancy Birdsall, the study group comprises experts in aid effectiveness, development economics, and national security and includes several prominent Pakistani thought leaders. The objective of the study group is to offer practical and timely recommendations to U.S. policymakers on the effective deployment of foreign assistance and non-aid instruments for achieving sustainable development in Pakistan. More information on the Study Group on a U.S. Development Strategy in Pakistan, including a full list of members is available on CGD's website.

## The Center for Global Development:

The Center for Global Development works to reduce global poverty and inequality through rigorous research and active engagement with the policy community to make the world a more prosperous, just, and safe place for us all. The policies and practices of the rich and the powerful—in rich nations, the emerging powers, international institutions, and global corporations—have significant impacts on the world's poor people. CGD aims to improve these to expand opportunities, reduce inequalities, and improve lives everywhere. As a nimble, independent, nonpartisan, and nonprofit think tank, the Center combines world-class scholarly research with policy analysis and innovative outreach and communications to turn ideas into action.



## **New Report Urges Duty-Free Access for Pakistan**

By Susan Cornwell, Reuters

June 1, 2011

<http://www.reuters.com/article/2011/06/01/us-pakistan-usa-trade-aid-idUSTRE7503ZX20110601>

WASHINGTON (Reuters) - The United States should offer duty-free access to its markets for Pakistani exports, a new report says, declaring that trade might succeed where aid has not in developing a vibrant economy and stable partner.

The report by a study group convened by the Center for Global Development, an independent think-tank, was sharply critical of Washington's attempts to stabilize Pakistan with billions in economic aid, saying they were not delivering the desired results.

"The United States is way off course in Pakistan," said Nancy Birdsall, the center's president and lead author of the report.

U.S. officials and lawmakers are reviewing ties with Pakistan after the discovery of Osama bin Laden in a town about 50 km (30 miles) from the capital raised fresh doubts about Pakistan's reliability as an ally against militancy.

But the report said U.S. assistance to Pakistan should be mended instead of ended, with duty-free trade benefits added for at least five years to create a boost for Pakistan with "very little harm to workers in the United States."

The proposal is a politically dicey one, however. Less sweeping proposals for increasing Pakistan's access to U.S. markets have foundered in Congress in the recent past.

A bill sought by President Barack Obama to offer trade advantages in border areas of Pakistan and Afghanistan stalled in the last session of Congress amid concerns about labor provisions and the impact on the U.S. textile industry. Textile and apparel industries account for much of Pakistan's economy.

"The American textile lobby is a very powerful special interest," said Sallie James, a trade analyst at the Cato Institute. "There is good reason to believe that the textile lobby would launch a strong lobbying campaign to keep this (duty-free access for Pakistani goods) from going

through."

Robert Mosbacher Jr., former president of the Overseas Private Investment Corporation and a member of the group that produced the report, said Obama's leadership is needed.

"There's no question in my mind that they (the administration) know how important this is to Pakistan. Pakistanis have been asking us to help them with this for years," Mosbacher told Reuters.

## PROBLEMS WITH THE U.S. AID PROGRAM

In 2009 Congress passed and Obama signed a law authorizing a tripling of nonmilitary assistance to Pakistan, to a total of \$7.5 billion over five years. The president said economic aid to the hard-pressed country was important because extremism could not be fought "with bullets or bombs alone".

The aid program was named after its sponsors, Senators John Kerry and Richard Lugar, and Representative Howard Berman.

But administration of the program has been neither coherent nor transparent, the report found. It was hard to find out how money had been spent, and no one person seemed in charge.

"No one is sure what the United States is trying to accomplish ... Because of a debilitating lack of transparency in the aid program, no one is even sure what the United States is doing," it said.

An official at the U.S. Agency for International Development said Washington had given Pakistan \$1.7 billion in civilian aid since the Kerry-Lugar-Berman was passed.

This included a program that helped save the winter wheat crop, "averting a food crisis for millions of Pakistanis after the devastating floods of 2010," the official told Reuters, responding to the report's criticisms.

The official said USAID had avoided a "rush to spend" in Pakistan, to assure that programs meet Pakistani priorities and are monitored.

Analyst Edward Gresser of the GlobalWorks Foundation said Congress should consider fully opening U.S. markets to Pakistan's exports, because current U.S. trade policy is at odds with its aid policy.

"It strikes me as very odd that Congress has been willing to provide \$1.5 billion in annual money to Pakistan as aid, with the purpose of helping to create a vibrant society ... and at the same time is penalizing those parts of the Pakistani economy that are successful," Gresser said.

With \$350 million a year in U.S. tariffs levied on imports from Pakistan, "Pakistan is taking it on the chin," he said.

This article was also run by: Fox News, The Wall Street Journal, The Los Angeles Times, The Chicago Tribune, The Express Tribune, The Jerusalem Post, Pakistan Defence, Pakistan Observer, Allvoices.com, Silobreaker, Pakistanvoices.com (blog), Corrupt Keeray (blog), Sourcing Journal Online, Buenos Aires Herald, The Times of Pakistan, Pakbiz, Leaks.pk, Theendofthefree.com, Fox 40 Sacramento, Forexpk, Shmtv news, Dayalerts.com, Cargodeal.com, Ummat, Salem Radio News, WOSU Public Media, WKZO, AlertNet, Lagataar News, Hamariweb.com, Bighaber.com, Space Coast Sentinel, News Meat (newsmeat.com), Philly Sports Central (Blog), Examiner, Digg, Independent.ie, Fear and Voting (blog), Xfinity.comcast.net, Investnews.us, WNFL, Chowkyadgar.com (blog), UrduWire, Pakistan Pal, Radio Pakistan, and The Pakistan Patriot.

# TheSouthAsianIdea Weblog

A Learning Resource for College Students in South Asia

## **Aid to Pakistan: Advocacy or Analysis?**

By Anjum Altaf

June 9, 2011

<http://thesouthasianidea.wordpress.com/2011/06/09/aid-to-pakistan-advocacy-or-analysis/>

*Beyond Bullets and Bombs* is the title of the latest report on aid to Pakistan from the Center for Global Development in Washington, DC. In light of the increasingly anti-Pakistan sentiment in the U.S., the report, addressed to decision and policy makers in Washington, takes on the brief to make the best possible case for the continuation of aid. Hence the subtitle: *Fixing the U.S. Approach to Development in Pakistan*. The report is a revealing illustration of advocacy over analysis; a more open examination would have begun by questioning the impacts of U.S. aid to Pakistan, before deciding if the total benefits of “fixing” it exceeded the total cost to both sides.

It is to the report’s credit that it is forthright and includes all the relevant pieces of information, but the way it uses that information is determined by the choice it makes. What is highlighted or slighted is entirely a function of the case that is to be advocated, and all the evidence in the report could be interpreted quite differently in order to support quite different conclusions.

The point of departure, based on a review of the history of development assistance to Pakistan, is an uncontested matter of fact: “Since 1960, all OECD and multilateral creditors have given an



inflation-adjusted total of over \$100 billion in development assistance to Pakistan.” The report goes on to note that there is precious little to show for this assistance, mentions all the problems of the moment, and concludes: “None of these problems—in the power, education, and water sectors, or on the fiscal front—will be resolved unless Pakistan’s political institutions and leaders can tackle them head on.”

It would seem that the obvious question to ask would be, have Pakistan’s political institutions and leaders decided, now or ever, to tackle these problems head on? Take illiteracy as an example, half the population being presently illiterate in the country. Has there been strong political or social opposition standing in the way of its elimination? Could it really be claimed that lack of funds has been the obstacle in the way? Are there not countries at the same level of development where illiteracy has been all but removed? Does it really need foreign aid to remove this blight?

The answer is clear, and the question that ought to follow should be equally so. If Pakistan’s political institutions and leaders have not accorded any importance to this goal, seen either as a basic human right or a prudent leveraging of its human capital, how is more aid going to change this attitude? The report does not ask the question that it itself posits as central to the effective utilization of aid.

The report lists another lesson from experience: “No matter what Pakistan’s international donors do—or how much aid money they spend—it is Pakistan’s own political leaders and citizens who will determine whether their country succeeds.” This is an eminently sensible observation. It follows that in making the case for aid, the report should demonstrate how aid would make Pakistan’s political leaders and citizens invested in the success of the country. This dimension is also left unexplored.

Yet another lesson: “[Aid] money has built dams, roads, and schools, has trained teachers, farmers, and nurses, but it has failed to secure the fundamental economic and political reforms that would foster self-sustaining progress. The lesson is about lack of leverage: aid has not and will not buy the United States or other outside supporters the ability to dictate the outcomes of Pakistan’s political process.” The fact that without fundamental reforms much that was done with aid has become undone illustrates well the conundrum. If Pakistan’s problems cannot be solved unless its political institutions and leaders tackle them head on, if no amount of money can serve as a substitute for fundamental reforms, and if aid has no impact on the outcomes of the political process, what remains of the case for aid?

This becomes especially important in light of the report’s frank acknowledgement of aid’s downsides: “[it] can directly fuel corruption and create new flashpoints for conflict” and “aid spending can, by plugging fiscal and other holes in the short run for Pakistan, make it too easy for Pakistan’s own policymakers to put off tough decisions.” Looking at the history of foreign aid since 1960, it is hard not to acknowledge that Pakistani citizens have derived none of the purported benefits but suffered all the real negatives of foreign aid. The report does not address how this is going to change in the future.

Having brushed aside the hard evidence without pursuing its implications, the report builds the case for aid on much less convincing arguments: “The underlying premise of the United States’ renewed focus on economic and political development in Pakistan makes sense. A weak state, lackluster growth, and a profound sense of injustice among the people of Pakistan put at risk the legitimacy of the democratic government and undermine its ability to combat extremism and terrorism.” True enough, but what exactly is the relationship of the latter with aid?

The report is left with little to clutch except weak straws and ephemeral arguments based more on hopes than verifiable evidence. Three quotes should suffice as examples. First: “Without exaggerating the importance of U.S. money or diplomatic leverage the United States should focus its development programs to support the many courageous Pakistanis working toward a better future for their own country.”

Second: “Pakistan’s most important resource is its large, highly competent, and well educated middle class that can provide the drive for private-sector growth and policy reform. That group comprises millions of Pakistanis working in the media, academia, public service, and civil society organizations who are dedicated to the idea of a more just and democratic system.”

Third: “At a less visible level, the United States should support the unglamorous but important projects that maintain the machinery of Pakistan’s democracy. Providing, for example, financial and technical support to conduct a technically sound and transparent national census could yield benefits down the road by producing a more representative balance of political power.”

These are desperate arguments. Providing financial and technical support for a census is hardly a credible justification for foreign assistance, nor is the identification and support of courageous Pakistanis a vehicle that can absorb the quantum of aid under discussion. The report is generally lax on exploring the incentive implications of its proposals, but one really has to wonder how it would be any more possible to separate the courageous from the not-so-courageous Pakistanis than it is to separate the real from the not-so-real NGOs that have mushroomed to vie for aid funding.

The assumptions about the middle class themselves remain open to challenge. Quite apart from its characterization as “well educated,” given the curriculum on which it has been nurtured, it cannot be taken for granted as being so dedicated to a more just and democratic system. It has often been argued, on the basis of the Indian experience, that the middle class is in fact authoritarian in its political preferences, while it is the marginalized majority for whom democracy promises to be the vehicle for upward mobility.

The report glosses over many of the generic failings of aid in Pakistan by conflating them with the developments of the very recent past and the emergence of the Af-Pak paradigm: “the integration of development, diplomacy, and defense has muddled the development mission and left the program without a clear, focused mandate.” This may have exacerbated the problems, but the report ignores its own reading of the efficacy of aid at least since 1960. Even when there were no such over-riding issues of security, the utilization of aid remained extremely problematic.

In its eagerness to make the case for aid, it could be argued that the report exploits a similar conflation, this time linking trade with aid. These are separate issues with no necessary linkage. The case for trade has been made many times before and can stand on its own. It addresses a different set of imperatives, and more trade will not solve many of the problems to which aid is directed.

Not surprisingly, the report eschews the critical component of any convincing analysis – a counterfactual, which in this case would be the absence of U.S. aid, against which the benefits of the recommendations could be measured. In lieu of a hard analysis, the report merely mentions the following: “In the case of the U.S. aid program, the \$1.5 billion per year in pledged assistance is not an unprecedented aid investment in Pakistan—two multilateral donors have current programs that are larger. It is not a large sum when compared to the size of Pakistan’s economy or its population, translating to roughly \$8 per Pakistani per year. In 2010, it would have constituted approximately 5 percent of total federal expenditures. And it is far less than the estimated \$11 billion that Pakistanis will send home from abroad as remittances this fiscal year.”

The report then reaches the following conclusion: “To withdraw aid now has its own cost; it would undermine in many Pakistanis’ eyes the legitimacy of their fragile democratic system, and it would deepen their sense that America’s single motive for any kind of assistance or engagement is to forestall its own immediate security risks.”

This can hardly be taken as a convincing argument. In the perception of many Pakistanis, the legitimacy of governance in the country, democratic or otherwise, is positively compromised by the dependence on aid and the implications of that dependence. It is no surprise that political leaders themselves have felt it necessary in recent days to take a position against bilateral aid. Pakistanis also do not subscribe to the presumed absence of linkage between aid and the outcomes of the political process in the country. After WikiLeaks, there remains little doubt that political outcomes can indeed be dictated with or without development assistance.

Both home remittances and foreign direct investment into Pakistan would be much larger if citizens and investors had as much faith in the capabilities of Pakistani governments as articulated by the report. The fact that this is not the case takes one back to the critical importance of the observation in the report that it is Pakistan’s political leaders who have to address these issues. It has to be admitted that they have not made any effort to do so and the report does not posit any reason to expect a change.

Could it be they feel no need to do so because they believe the aid lifeline will never be turned off, a belief that is strengthened by the type of report under discussion? The report is conscious of this downside and struggles with its implications. After all its arguments, it cannot quite recommend business as usual. Instead, it acknowledges the danger and proposes a half-way solution: “By funding Band-Aid fixes that delay outright crisis and make it easier to avoid necessary but difficult solutions, even well-implemented aid can delay enduring solutions to Pakistan’s most serious problems. To the extent that Pakistani leaders expect and assume disbursement of aid, it makes sense for them to push for that money rather than to work with their political rivals to move on key reforms. For these reasons we recommend that much of the \$7.5 billion Kerry-Lugar-Berman aid package not be disbursed immediately. Especially in

sectors where serious flaws in public administration are the binding constraints to success, it would be better to backload the bulk of this extraordinary aid investment, to wait until critical policy questions are resolved.”

The report states: “[W]e believe that the pure act of delaying disbursement in certain sectors will benefit both the Pakistani reform process and the ultimate effectiveness of U.S. aid.” As one mechanism, it suggests “the administration could work with Congress to build a fund (at the World Bank, for example) to finance long-term development programs in Pakistan only when they can be executed well. The United States would continue to supervise the money and retain decision-making power over how and where to spend the aid resources, but could sequester funding that cannot currently be spent well. In the case of energy, for instance, this would mean waiting for the process of reforms to governance and pricing to run its course.”

This makes sense, but it ignores the moral hazard inherent in the suggestion. As long as Pakistani leaders believe that Pakistan is too big to be allowed to fail, it would be in their interest to create situations that would increase pressure to release the aid and speed up its disbursements. This has happened often enough in the past and it remains to be proven that this does not expose Pakistanis citizens to risks graver than those arising from the actual suspension of aid.

But even here, the report manages to suggest a way around its own recommendation: “There is also an exception to our general note of caution—we believe that, even in a sector as difficult as energy, the United States could safely proceed with one or two very large, very long-term infrastructure projects without endangering the current opportunity for reform. A megaproject like the long-delayed Diamer-Basha dam will take an estimated seven to ten years to be completed. In that period of time, Pakistani advocates for a better-governed, better-performing energy sector can be afforded the space they need to finally secure the common-sense reforms that have eluded Pakistan for decades.”

This could be read as an argument for continuing assistance while buying another seven to ten years of continuity. What justifies the hope that Pakistani advocates for the elusive common-sense reforms would succeed this time when they cannot even get a competent professional to head the energy program? After all, Diamer-Basha is not the first dam to be built in Pakistan. If reforms could not be secured in the last ten years, what is there to give confidence that they would be secured in the next ten?

It is hard not to conclude that the report wishes to help Pakistan despite Pakistan because “[i]nstability in Pakistan is both an immediate and long-term threat to Americans’ security.” It has convinced itself, and desires others to be equally convinced, that this time it would be different. In this, it is of a piece with the new aid-funded strategy for the reform of education that it cites with approval: “Education Reform in Pakistan: This Time It’s Going to Be Different.” We have to take their word for it and soldier on, but Pakistanis have heard this phrase several times before.

An alternative reading of the report would suggest that the problem is not with aid in general, but with governance in Pakistan. It is not aid that needs to be fixed, but the governance of the country. The report makes it quite clear that it is not aid that will do so and acknowledges it may

be worsening the problem. Yet it proceeds to make the case for aid. And that is what makes *Beyond Bullets and Bombs* almost beyond belief as well.

The CGD report can be accessed [here](#). Our three-part primer on foreign aid begins [here](#).

With regards to the middle class, a recent survey report ([Poverty and Support for Militant Politics: Evidence from Pakistan](#)) provides more details. One of its main conclusions is that “contrary to conventional expectations poor Pakistanis dislike militant groups more than middle-class citizens.”

*Aid to Pakistan: Advocacy or Analysis?* has been cross-posted on [3 Quarks Daily](#), [Brown Pundits](#) and [Asian Window](#).



### **‘Aid-Ending’ talks in America can Affect US- Pak Ties: Husain Haqqani**

Jun 2, 2011, Truth Dive

<http://truthdive.com/2011/06/02/Aid-ending-talks-in-America-can-affect-US-Pak-ties-Husain-Haqqani.html>

Talks in the United States about ending aid to Pakistan could affect ties between both nations, Pakistan’s Ambassador to Washington, Husain Haqqani, has warned.

Addressing a Centre for Global Development event in Washington, Haqqani said that Pakistan and America are strategic partners, and it is necessary that Pakistan’s political issues be kept separate from its aid because both the countries are committed to eliminate terrorism collectively.

The Centre for Global Development recommended that the US should delay much of the 7.5-billion-dollar Kerry-Lugar-Berman aid package, especially in sectors where “serious flaws in public administration are the binding constraints to success, it would be better to backload the bulk of this extraordinary aid investment, to wait until critical policy questions are resolved.”

The report also stated that this caution is most advisable in sectors where the US has committed to disbursing its aid funding primarily through government channels.

Haqqani said that Pakistan appreciates the US assistance and understands that the American taxpayers should know about transparency and accountability in its use, but took issue with the notion that each time there is an issue between the two nations, the knee-jerk reaction on the Capitol Hill should be threats to cut off aid.

“Pakistan is a nation of 180 million people- it has a lot of diversity- and there are problems too... Discussion on Pakistan-US relations should not be aid-centred- but on partnership,” the Dawn quoted Haqqani, as saying.

He welcomed the recommendation that development assistance should be separated from security issues.

“There is no begging bowl. Pakistan and the United States are partners, trying to help each other,” Haqqani said.

The Pakistani envoy also asked critics to resist the shortsighted tendency to measure the outcome of aid in a simplistic manner by judging results from just a short period.

Assistance yields full results upon completion of projects, which is a multi-year process, he pointed out. (ANI)

# The Washington Times

## **Delay U.S. aid until Islamabad Reforms, Report Says**

By Ashish Kumar Sen

June 1, 2011, The Washington Times

<http://www.washingtontimes.com/news/2011/jun/1/report-says-delay-aid-until-nation-reforms-its-eco/>

The United States must delay much of a \$7.5 billion aid package to Pakistan until the South Asian ally riddled with corruption and anti-American militancy makes major economic reforms, according to a new report.

A task force of the Center for Global Development also questioned the effectiveness of hundreds of millions of dollars the United States already has spent in Pakistan.

“By funding Band-Aid fixes that delay outright crisis and make it easier to avoid necessary but difficult solutions, even well-implemented aid can delay enduring solutions to Pakistan’s most serious problems,” the report says.

It added that the “pure act of delaying disbursement in certain sectors will benefit both the Pakistani reform process and the ultimate effectiveness of U.S. aid.”

“Aid is only going to be a very small part of the solution in Pakistan,” said Wren Elhai, a co-author of the report, “Beyond Bullets and Bombs: Fixing the U.S. Approach to Development in Pakistan.”

He noted that Pakistan’s growth had slowed not because of a lack of aid, but because of the lack of reform, especially of the tax system and energy sector. According to some analysts, less than 2 percent of Pakistanis pay income tax and many also pay nothing for electricity.

“The U.S. can’t buy those solutions,” Mr. Elhai added.

Recent polls have found anti-U.S. sentiment rampant in Pakistan.

The center’s report faults the Obama administration’s decision to lump Pakistan and Afghanistan together under a so-called “Af-Pak” policy, saying this has “muddled” the Pakistan development mission.

“The integration of development, diplomacy, and defense has ... left the program without a clear, focused mandate,” the report says.

The report comes amid calls in the United States to cut aid to Pakistan after Osama bin Laden was killed May 2 in a Navy SEAL raid barely a mile from Pakistan’s national military academy. Some members of Congress suspect Pakistan’s intelligence service were sheltering bin Laden.

At a Senate Foreign Relations Committee hearing last month, Sen. Bob Corker, Tennessee Republican, said most lawmakers want to “call time out on aid” to Pakistan.

A bill sponsored by Sens John F. Kerry, Massachusetts Democrat, and Richard G. Lugar, Indiana Republican, and Rep. Howard L. Berman, California Democrat, provides \$7.5 billion in U.S. aid to Pakistan over a period of five years.

Only \$179 million has been allocated to Pakistan since the bill was approved in October of 2009 because Pakistan has failed to meet the criteria spelled out in the law, Mr. Lugar, co-chairman of the Senate Foreign Relations Committee, said last month.

The center’s report said that U.S. Agency for International Development disbursed \$275 million in the 2009 fiscal year and \$676 million in 2010.

The report does not recommend cutting off aid to Pakistan.

“Walking away now would send a terrible signal as to why we are engaged in Pakistan,” said Mr. Elhai.

“When you have a diplomatic crisis, or a security crisis, all of a sudden what is supposed to be a long-term economic assistance program gets hijacked by short-term considerations and starts to be seen both here in the U.S. and in Pakistan as just another short-term bargaining chip and that is deadly to the long-term mission.”

The report says the high hopes for the aid package have raised unrealistic expectations, generated multiple conflicting objectives and inspired competing lines of authority.

“This toxic combination has made what would be a difficult mission under any circumstances nearly impossible,” it adds.

The report’s recommendations include giving Pakistan’s exports easier access to U.S. markets.

A USAID official, who spoke to The Washington Times on the condition of anonymity, said the agency has been careful about spending aid in Pakistan.

“USAID has avoided a rush to spend in Pakistan, instead moving deliberately to assure that the programs meet Pakistani priorities, that adequate accountability and monitoring mechanisms are in place, and that program results match the level of resources being committed,” the official added.



### **Report: U.S. Should Delay Aid to Pakistan**

June 1, 2011, VOA News

<http://blogs.voanews.com/breaking-news/2011/06/01/report-us-should-delay-aid-to-pakistan/>

A new report by a U.S. research center says the United States should hold back much of its \$7.5 billion Pakistan aid package until Pakistan adopts reforms.

The report by the Washington-based Center for Global Development says the caution is most advisable in sectors where the U.S. has committed to disbursing its aid funding primarily through government channels.

The study acknowledged that setting conditions for assistance is an “extremely sensitive subject,” but said delaying disbursement in certain sectors will benefit both the Pakistani reform process and the aid’s ultimate effectiveness.

The Center for Global Development said spending the money now would provide only temporary fixes that make it easier for Pakistani officials to put off tough decisions.

The report also calls for a greater focus on trade, urging the U.S. government to offer duty-free access to U.S. markets for all Pakistani exports for at least the next five years.



U.S. lawmakers have been reviewing ties with Pakistan since Osama bin Laden was found in a garrison Pakistani city, raising questions about the country's commitment to combating terrorism.

The center's president and lead author of the report, Nancy Birdsall, said the United States is “way off course” in Pakistan. She said the U.S. is heavily focused on security, while neglecting what she described as “low-cost, low-risk investments” in jobs, growth and democracy building.

The study also recommends the U.S. separate the Pakistan development program from the Afghanistan program and the Pakistan security program. It says the Obama administration's integrated Afghanistan-Pakistan approach has undermined the development mission in Pakistan.

The \$7.5 billion aid package to Pakistan was authorized in 2009.

**Yahoo News** (Canada)

June 1, 2011

<http://ca.news.yahoo.com/photos/center-global-development-said-us-assistance-pakistan-become-photo-015631267.html>



AFP

Wed, 1 Jun, 2011

Pakistani flood survivors gather at a makeshift camp in Karachi. The United States should delay much of its multibillion-dollar package to Pakistan pending economic reforms as the aid has led to official inaction and public resentment, a study said