Center
for Global
Development

June 8, 2012

The Honorable Thomas R. Nides
Deputy Secretary of State for Management and Resources
U.S Department of State
2201 C Street NW
Washington, DC 20520

Subject: Open letter #7, U.S. support for Pakistan's "democratic machinery"[1]

Dear Secretary Nides:

This correspondence marks the seventh in our series of open letters to officials of the Obama Administration. The purpose of these open letters is to provide constructive commentary and practical recommendations on the deployment of Kerry-Lugar-Berman funds and more broadly on U.S. trade, investment and other policies that can contribute to long-term growth and development in Pakistan. The letters are the outcome of consultations with a Center for Global Development study group made up of policy experts and scholars on economic development, Pakistan, and U.S. foreign affairs. The overall aim of the group is to encourage increased attention by the United States to long-term growth, human development, and democracy in Pakistan as the best investments in a more stable partner for the United States.

Our last open letter focused on tangible ways that the United States might support private sector growth in Pakistan as a means to achieving long-term U.S. development objectives in that country. Besides being important for Pakistan's development, support to the private sector is important because it can be effective even when bilateral relations between the United States and Pakistan experience periods of turmoil, as has often been the case between the two countries.

In this letter we suggest approaches that the United States can take to support Pakistan's vibrant civil society in ways that strengthen Pakistani democracy and capitalize on Pakistani innovation. As with support to the private sector, support for Pakistani think tanks, media organizations, and civil society organizations—both service-oriented and policy advocates—allows the U.S. government to build on local development solutions and helps to change the narrative about how U.S. civilian assistance is provided. It also contributes towards a healthier narrative for *overall* U.S. development strategy in Pakistan. Rather than America providing American solutions to Pakistan's problems, it demonstrates that the United States wants to empower Pakistani social entrepreneurs and non-profit leaders to scale up the solutions that they have developed themselves. Furthermore, the United States can leverage resources from within Pakistan—from philanthropic organizations and the private sector—to maximize its bang for the buck while increasing local ownership.

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[1] This open letter will be published on the Center for Global Development website (www.cgdev.org) and disseminated to relevant officials in the administration and Congress. This letter does not necessarily reflect the views of the study group members.

Collectively, these institutions of civil society are crucial cogs in Pakistan's democratic machinery. Of course, they are not the only elements: the United States can and should support formal government institutions such as parliament and the courts, which are essential for democracy to flourish. The United States is investing in several of these areas already, and without taking a position on those programs, I want to suggest a greater emphasis on elements of the machinery of democracy that are independent of government. Let me highlight three areas where future U.S. assistance can play a catalytic role.

1. **Create a mechanism to support and scale up innovative Pakistani development initiatives**

During his time as Special Representative for Afghanistan and Pakistan, the late Ambassador Holbrooke made changing the way USAID did business in Pakistan a core priority. Rather than working largely through U.S.-based contractors, Ambassador Holbrooke required that a significant amount of U.S. development spending was done through Pakistani organizations.[2] This idea—that U.S. development funds intended for Pakistan should be spent in Pakistan and should stay there—was a good one, despite the problems of capacity and leakage that have often made it difficult to implement.

While USAID made some progress toward this goal, I believe USAID should take the concept one step further. Rather than simply giving Pakistani NGOs the chance to function as U.S. contractors, USAID should actively invest in existing Pakistani institutions that are already doing the work of strengthening Pakistan's democracy. Due to the sophisticated nature of Pakistani civil society organizations and the restrictions placed on U.S. civilians because of security and other concerns, USAID should pursue a demand-driven ("foundation") approach and open its doors to the best development ideas Pakistani groups have to offer. The United States already oversees several small grant programs such as the Citizens' Voice Project and the Ambassador's Small Grants Program. Moving forward, the challenge is how to establish a mechanism that invests in the core capacities of civil society but does so with an emphasis on sustainability, scalability and evaluation. USAID can do good by investing in innovative initiatives developed by civil society, but it could even better if it found a way to pilot those ideas, replicate those which have demonstrated success, and expand their reach.

Fortunately, this is a challenge that USAID has tackled head on (outside of the Pakistan context) through its Office of Innovation and Development Alliances (IDEA) and, more specifically, through its Development Innovation Ventures (DIV) unit.[3] USAID could embed some of DIV's operating principles into its Pakistan assistance program, in effect creating a special window that invites innovation and experimentation from local Pakistani partners (in certain instances, perhaps, acting in collaboration with U.S. academics or entrepreneurs). In some cases this could be in the form of small grants to test out innovative pilot projects, while in others, it would allow established organizations that are already doing good work to scale it up or replicate it in other parts of the country.[4] Drawing on the success of DIV, a new window should place a particular

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[2] See http://s3.amazonaws.com/propublica/assets/docs/usaid-dec7-pakistan-letter.pdf.
[3] Modeled after venture capital, DIV is a competitive fund that provides staged financing to pilot, test, and scale development innovations.
[4] There is precedent for such a window. USAID recently established an Innovation Fund for the Americas, whose goal is to invest in "cost-effective breakthrough solutions to development challenges in Latin America and the Caribbean" (http://idea.usaid.gov/div/IFA). DIV has also launched a Haiti-specific country fund: http://idea.usaid.gov/div/div-haiti-initiative.

emphasis on social enterprise and project sustainability, especially rigorous impact evaluation. USAID should make funding available to as wide a range of civil society as possible, including academic organizations, media watchdog groups and even private firms.[5] Investments made through a new innovation window would also enhance sustainability: as KLB funds wind down, USAID should be forward thinking about what its legacy will be when aid funding dries up. Making small investments in innovative, sustainable projects hatched by non-profit groups as well as for-profit firms is a worthwhile endeavor.

2. Support independent Pakistani think tanks and research organizations

In previous open letters and in our June 2011 report we have emphasized that the solutions to Pakistan's development problems will only succeed when they come from Pakistanis. External donors like USAID are likely to be most successful when they put their resources behind initiatives that have achieved a degree of consensus at least among key stakeholders. Pakistani think tanks can play a crucial role in providing research and policy advice to the government, as well as through helping to create consensus around difficult policy decisions. The United States is hardly working from a blank slate here: Pakistan has a rich history of private institutions that promote independent thinking on economics, politics and society. Yet, to date, the United States has not made think tanks a priority when engaging with the non-governmental sector.

To remedy this, the United States—working with other donors—should make a substantial investment in Pakistani think tanks and research institutes, in an effort to help promote creative solutions to Pakistan's pressing policy problems. However, the United States needs to strike a careful balance: direct U.S. funding to think tanks might raise questions about conflicts of interest, institutional independence and/or motives. To avoid these problems, USAID should consider mechanisms that could create a buffer between the U.S. government and recipient institutions. For example, USAID could contribute to an expansion of the Think Tank Initiative, a multi-donor effort led by Canada's International Development Research Centre to invest in building up the capacity of think tanks in developing countries.[6] Finding ways to provide core operational support for Pakistani think tanks would complement a recent USAID-sponsored initiative (managed by the International Food Policy Research Institute) to make small grants to academics—both inside and outside of Pakistan—who are engaged in research on some of the most pressing domestic economic issues in Pakistan.[7]

3. Support the professionalization of independent media and journalism

The rapid expansion of Pakistan's media sector has played a significant role in the nature of Pakistan's democratic process during the last decade. The proliferation of news channels, coupled with increasing levels of TV ownership and internet access has meant that consumption

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[5] For instance, grants could support firms engaged in philanthropic or capacity-building activities, such as worker training, or environmental sustainability projects that have positive spillovers for the local community.

[6] The initiative already provides support to two Pakistani think tanks, but the United States could grow this number. For instance, the United Kingdom's Department for International Development joined the initiative and helped expand funding for think tanks in India while also assuming a seat on the initiative's Executive Committee. Read more about the initiative at: http://www.idrc.ca/EN/Programs/Social_and_Economic_Policy/Think_Tank_Initiative/Pages/default.aspx.

[7] The initiative, the Pakistan Strategy Support Program, is jointly sponsored by the American and Pakistani governments. The objective of the program is to support credible research in support of the Pakistan Planning Commission's recent *Framework for Economic Growth*. The call for proposals can be found here: http://pssp.ifpri.info/files/2012/01/IFPRI-PSSP-Call-for-Research-Proposals-to-support-the-Pakistan-Framework-for-Economic-Growth.pdf.

of a range of Pakistani and international media has become the new normal for Pakistan's lower and middle classes. Although this is widely considered to be positive for the strength and resilience of democracy in Pakistan, the media industry is frequently accused of sloppy journalism, unethical practice and sensationalism. Although the number of journalists has increased from 2,000 to 17,000 in the last 10 years[8], most lack the training that is standard in other parts of the world.

For understandable reasons, the current U.S. assistance program in Pakistan has avoided providing direct support to media organizations. Any attempt to do so would mostly likely do more harm than good by making the outlet look like a U.S. puppet. However, the United States could provide support to Pakistani media more broadly in two ways. The first would be to support organizations (possibly through the mechanism outlined above) that monitor and promote increased professionalization of the media community in Pakistan. These already exist in the form of groups like Citizens for a Free and Responsible Media and Hosh Media, but because of their small scale, they have yet to make a significant impact on the industry more broadly. Again, to avoid the appearance of a conflict of interest, USAID could channel funds through a donor consortium or through trusted Pakistani philanthropic partners. A second option would be to facilitate professional and academic linkages between American and Pakistani universities to create local schools of journalism. A partnership between a Pakistani university like the Lahore University of Management Sciences (LUMS) and the Columbia School of Journalism, for example, could begin to train the next generation of highly skilled TV, radio and print journalists. This is in line with USAID's recent decision to partner with Pakistan's Higher Education Commission in establishing three centers for advanced studies at Pakistan's universities, which will link American and Pakistani universities on issues of water, energy, and agriculture. Both of these options would contribute toward improving the quality media in Pakistan in the medium to long term.

The United States has a role to play in providing support that will strengthen Pakistan's democracy. Yet, it must also strike a delicate balance of supporting while not being seen as meddling. I believe the suggestions I have outlined above get this balance right and involve small amounts of U.S. taxpayer money. Although the overall dollar amount of disbursements will be small relative to administrative costs, I believe the approach laid out above would yield positive returns in the medium term.

I hope this letter is useful to you and your colleagues. If you have any questions or comments, please do not hesitate to get in touch. I would be happy to brief you and your team on these and other ideas related to the U.S. civilian assistance program.

Sincerely,

Nancy Birdsall
President, Center for Global Development

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[8] Huma Yusuf, "Who Watches the Watchdog? The Pakistani Media's Impact on Politics and Society," Event at the Woodrow Wilson Center, 2011, Washington DC. http://www.wilsoncenter.org/event/who-watches-the-watchdog-the-pakistani-medias-impact-politics-and-society.

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

Cc: Dr. Rajiv Shah, U.S. Agency for International Development
           Dr. Andrew B. Sisson, U.S. Agency for International Development
           Mr. Jock Conley, U.S. Agency for International Development
           Ambassador Marc Grossman, U.S. Department of State
           Ambassador Cameron Munter, U.S. Department of State
           Mr. Richard Albright, U.S. Department of State

CGD STUDY GROUP ON A U.S. DEVELOPMENT STRATEGY IN PAKISTAN*
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* Study group members serve in their individual capacity; their affiliations are shown for identification purposes only. While the open letter draws heavily on the views expressed in the working group meeting, individual members do not necessarily endorse all policy recommendations contained in the open letter.