

U.S. AID TO PAKISTAN: PLANNING AND ACCOUNTABILITY

HEARING

BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY
AND FOREIGN AFFAIRS
OF THE
COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
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WEDNESDAY, DECEMBER 9, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN
AFFAIRS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:03 a.m., in room 2154, Rayburn House Office Building, Hon. John Tierney (chairman of the subcommittee) presiding.

Present: Representatives Tierney, Maloney, Lynch, Van Hollen, Flake, Duncan, Fortenberry, and Luetkemeyer.

Staff present: Andy Wright, staff director; Elliot Gillerman, clerk; Scott Lindsay, counsel; Steven Gale, fellow; Jesse Schwartz, intern; Adam Fromm, minority chief clerk/Member liaison; and Lt. Col. Glenn Sanders, Defense fellow.

Mr. TIERNEY. Good morning.

I missed you, Doctor. I think you must have been getting a glass of water or something when I came in—nice to see you here. Thank you.

A quorum being present, the Subcommittee on National Security and Foreign Affairs, the hearing entitled “U.S. Aid to Pakistan: Planning and Accountability” will come to order. I ask unanimous consent that only the chairman and ranking member of the subcommittee be allowed to make opening statements. And without objections, that is so ordered.

I ask unanimous consent that the gentleman from California, Representative George Miller, be allowed to participate in this hearing. In accordance with the committee rules, he will only be allowed to question the witnesses after all official members of the subcommittee have had their turn: Without objection; so ordered.

I ask unanimous consent that the hearing record be kept open for 5 business days, so that all members of the subcommittee would be allowed to submit a written statement for the record. And, without objection, that is so ordered.

So, once again, I say good morning to all of our witnesses that are here today. I do appreciate the written testimony. I think I mentioned that to Dr. Wilder and Dr. Ahmed earlier, on that, as it certainly is food for thought.

And, Mr. Flake and I were just discussing this: We are anxious to hear your testimony. We will try to keep our opening statements relatively brief.

On October 15, 2009, President Obama signed the Enhanced Partnership with Pakistan Act. It has been formally known, as everyone here knows, as the Kerry-Lugar-Berman Bill. It triples the U.S. civilian economic and development assistance to Pakistan to \$1.5 billion annually, until 2014.

While Kerry-Lugar-Berman was a largely bipartisan demonstration of U.S. commitment of long-term assistance to Pakistan, serious concerns remain regarding the ability of USAID and the State Department to effectively and efficiently manage and account for such a massive increase in assistance.

In November, I led a congressional delegation to Pakistan in order to investigate, among other things, the status of U.S. assistance programs, and the State Department and USAID's capacity to manage and oversee Kerry-Lugar-Berman funding.

At the time, Ambassador Holbrooke's team and USAID in Pakistan were actively searching for a new delivery model for U.S. assistance to Pakistan. I understand that this policy review is now almost complete. And I look forward to the administration testifying before the subcommittee on their plans in early 2010.

During the congressional delegation, we met with Pakistan's civilian leadership and political opposition, and a wide variety of civil-society members, NGO's, and international contractors. We also traveled to Peshawar to deliver aid supplies directly to the principal hospital that has been receiving wounded from the many bombings there, over the several months preceding.

No one would be surprised to hear that everyone had a different perspective on how the United States could best deliver aid. Prime Minister Gilani prefers more aid to be funneled through the central government. In the provinces, meanwhile, we heard that more money should go straight to the provincial government.

Local NGO's are boasting that they could cut out the high administrative fees for international contractors and build more domestic capacity. But international NGO's and contractors claim that the local players did not have the capacity to do so. So, in short, our meetings helped us quickly identify all the problems with the various aid-delivery models under consideration, but we found no consensus regarding how to go forward.

Clearly, there is no silver-bullet solution for delivering aid in Pakistan. More disconcerting than the lack of consensus regarding the best aid-delivery model was the lack of capacity at USAID in Pakistan.

For years, USAID has been marginalized and stripped of personnel, while, at the same time, U.S. foreign policy has increasingly emphasized aid delivery in high-risk conflict and post-conflict countries like Iraq, Afghanistan and Pakistan.

It is no wonder that USAID has become so dependent on international contractors to plan, manage and even oversee massive development projects. This challenge is only made more difficult by the current security environment that makes it extremely difficult for either USAID personnel or Western expats, to actively manage or oversee many projects, particularly those in the federally administered tribal areas and the Northwest Frontier Province of Pakistan.

As a result, both USAID and international contractors are often entirely dependent on sending third-party locals to verify and account for major development and assistance projects. Although I understand the temporary security needs of these oversight workarounds, I have a serious concern about USAID's ability to provide long-term oversight and accountability of major projects without ever even seeing them in person.

I plan to continue to work with Congress and this administration to bolster USAID's internal staffing and capability. We have to reverse USAID's decline of the last decade, if it is to serve as a central tool of U.S. foreign policy in South Asia or the Middle East, a task that it has been assigned, but not given the tools to fulfill.

In the meantime, however, any new plan for U.S. civilian assistance to Pakistan must factor in USAID's limited capacity—both limited personnel to actually manage and oversee contracts, and for security reasons, limited visibility on many of its projects.

For today's hearing, we have brought together three experts with a great variety and depth of experience in both Pakistan and U.S. assistance program. I don't expect any of them to provide the silver-bullet solution.

But I do hope that you can give us some fresh perspectives on this very difficult challenge. And, of course, to the extent that you have that silver bullet, don't hesitate to share it. Thank you.

Mr. Flake.

Mr. FLAKE. I thank you, Mr. Chairman.

And I thank the witnesses.

I share the concerns that the chairman has expressed about the pace of this aid going in. It seems to be more supply side driven, rather than demand-side, at this point. I also share the concern, and I understand the issues with regard to security. But the inability to actually see where some of this money is spent in the end, is troublesome for a committee that provides oversight.

So I am anxious to hear the testimony. And I look forward to the administration witnesses in the new year, to hear what they have planned going ahead, to remedy the situation.

But thank you for coming.

Mr. TIERNEY. Thank you, Mr. Flake.

The subcommittee will now receive testimony from the panel before us today. I would like to just briefly introduce the entire panel, and then we will start with Dr. Fair.

Doctor Christine Fair is an assistant professor with the Center for Peace and Security Studies at Georgetown University's School of Foreign Service. She previously served as a senior political scientist with the RAND Corp., a political officer to the United Nations Assistance Mission to Afghanistan in Kabul, and as a senior research associate at the Center for Conflict Analysis and Prevention at the U.S. Institute for Peace.

Her current research focuses on political and military affairs in South Asia. She holds a Ph.D. from the University of Chicago.

Dr. Andrew Wilder is the research director for policy process at Tufts University's Feinstein Center. Prior to joining the center, he worked in Afghanistan, where he established and directed Afghanistan's first independent policy research institute, the Afghanistan Research and Evaluation Unit.

Between 1986 and 2001, Dr. Wilder worked with several international NGO's, managing humanitarian and development programs in Pakistan and Afghanistan. His research and publications explore the politics of civil service reform and electoral politics and policies in Pakistan.

He holds a Ph.D. from the Fletcher School of Law and Diplomacy at Tufts University.

And our friend, Dr. Samina Ahmed is the International Crisis Group's South Asia project director. She has testified from Pakistan to here, by video, before, as I understand, Dr. Wilder has also done, on at least one occasion, and, maybe, Dr. Fair, for all I know.

You haven't been on the video yet? We will get you there.

But we appreciate the fact that you have traveled all the way here today, from Pakistan, to work with us.

Based in Islamabad, Dr. Ahmed oversees ICG's work in Pakistan, Afghanistan, India and Nepal. Prior to joining ICG, she held research positions at Harvard University's Kennedy School of Government, and the Institute of Regional Studies.

Her areas of expertise include South Asian affairs, democratic transitions in authoritarian states, and ethnic and religious conflict. She holds a Ph.D. from the Australian National University.

We appreciate that all of you came here today, and that you are going to share your testimony.

As I have said, we have read your written testimony with great effect. I do note that if you were to deliver your written testimony each of you would be significantly over 15 or 20 minutes. We would like to have some time for questions and answers.

So if you could verbalize, in about 5 or so minutes—we are not going to drop the hammer at exactly 5—but shorter than it would be for the entire presentation of the written testimony—that written testimony will be put on the record by unanimous consent. And we will have that and all those that haven't a chance to read it will read it.

So first let me swear in the witnesses. It is our practice to do that before every hearing.

[Witnesses sworn.]

Mr. TIERNEY. The record will, please, reflect that all of the witnesses have answered in the affirmative.

And, Dr. Fair, if you would be kind enough—to begin?

STATEMENTS OF CHRISTINE FAIR, CENTER FOR PEACE AND SECURITY STUDIES, GEORGETOWN UNIVERSITY; ANDREW WILDER, RESEARCH DIRECTOR FOR POLICY PROCESS, FEINSTEIN CENTER, TUFTS UNIVERSITY; AND SAMINA AHMED, SOUTH ASIA PROJECT DIRECTOR, INTERNATIONAL CRISIS GROUP

STATEMENT OF CHRISTINE FAIR

Ms. FAIR. This isn't on? Oh, there we go. Sorry about that.

As a non-USAID practitioner, my comments will draw off my own experience in Pakistan since 1991 as an Urdu speaker who has traveled throughout the country, from survey work that I have conducted with various collaborators, as well as from reviews of the relevant secondary literature.

As we know, since 9–11, aid has become very much a tool in the global war on terrorism. Yet, in my interactions with Pakistanis since 9–11, many persons have communicated a deep awareness of and, quite frankly, discomfort with Washington’s instrumentalism of its assistance, as I note at length in my written statement.

Pakistanis complain bitterly about the modalities of USAID, noting the provision of large sums of cash without significant oversight and monitoring actually fosters corruption. This has fostered a deep cynicism that Washington explicitly seeks to ensure that Pakistan remains weak, riddled by corruption, and more vulnerable to international pressure, generally, and that of the United States, in particular.

As I described in my written statement, beliefs about corruption, in some measure, drive Pakistani popular support for Sharia, and that draws from the survey work that I have done recently. It is not clear that these perceptions can be managed through a public diplomacy campaign, howsoever sophisticated.

Arguably, if the United States wishes to move public opinion in Pakistan, it will have to change how it works with Pakistan, and engages its citizenry.

Moving forward, considerations for future USAID programming in Pakistan, it is certainly, as you noted, easier to identify the problem, than it is to offer effective solutions. Yet, I present a number of steps and considerations that may be useful as USAID reconsiders its future aid-delivering mechanisms in Pakistan.

First, there is a dire need to better discern Pakistani preferences. USAID personnel have conceded that the pressures to execute does not allow effort to discern Pakistanis’ preferences, which is critical to generally demand-driven programming. This results in supply driven programming that may not address the needs and aspirations of Pakistanis, and even engender frustration with the foreign-driven agenda. I provide lengthy examples of current efficiency in this regard, in my written statement.

Equally important, USAID does not collect data to inform their branding decisions, which is absolutely strange, given the technical expertise to do this sort of market research in Pakistan. There is a shocking paucity of robust data about Pakistanis, generally, the views they have on a wide range of domestic and foreign policies, the sources of information that Pakistanis access and which inform their views, and the legitimacy and trustworthiness of various sources of information.

For years, development economists have debated the vices and virtues of community-based development programming. Unfortunately, there is no obvious way to resolve the debate between community-based development and those provided through sub-national, or even national channels, because there are really no robust studies of the relative benefits of any of these mechanisms.

World Bank analysts Mansuri and Rao have conducted an extensive review of community-based development projects. And they conclude that the success of these initiatives depend critically upon local, cultural, and social systems.

And, “It is, therefore, best done not with wholesale application of best practices applied from projects that were successful in other contexts, but by careful learning by doing. This requires a long-

term horizon, and willingness to engage in a monitoring-and-evaluation process that is not only rigorous, but is designed to allow for learning and program modification.”

This description is exactly what USAID seems ill-positioned to do. Yet, the literature suggests it is not a luxury, but rather a necessity.

It is worth reflecting upon the role of NGO’s, in particular—certainly, since you mentioned them—given that one likely movement away from a large institutional-contractor approach, with their high overhead, may be to increasingly rely on Pakistan-based NGO’s.

I think many people on this panel can attest that NGO’s are seen with considerable dubiety in Pakistan, ranging from, “the personal hobby of elite housewives,” to, “mechanisms to basically take money from the U.S. tax dollars, and put them into the pockets of those that run those NGO’s.”

So it is absolutely critical that USAID discern which NGO’s are credible and, most importantly, which ones are seen as credible. In my testimony, I suggest that it might be useful for USAID to set up the kind of mechanism that we have here in the states that puts transparency into NGO’s—the way they use expenditures, their service delivery and so forth.

Those sorts of systems might be able to, over time, increase public confidence in NGO’s because they can discern more credibly which ones do their job and which ones are basically rent-seeking organizations.

But there are other potential problems associated with using NGO’s—and I cite some studies of this in my testimony—mainly the civil-society organizations. Sorry for the abbreviation. Civil-society organizations that rely upon external funders oddly enough become less capable of mobilizing social capital in strengthening their civil societies. And that is because their constituencies become the funders, not memberships. So this is certainly a principal-agent problem that USAID will have to deal with if they pursue programming through NGO’s.

One of the methods that I have advocated with my World Bank colleagues is actually using the markets and generating demand for change. One of the examples that I give pertains to education. Given the pervasive problems with some important ministries, USAID may want to consider pursuing private-sector solutions to public-sector problems, which are better pursued, quite frankly, by Pakistanis.

I look at the education-sector reform. And I argue that Washington has very little scope to change either the madrassa curriculum, or the public-school curriculum. And, in fact, Washington’s effort to do so is really seen as efforts to de-Islamize. And this has produced a number of backlashes against U.S. efforts, which I have written about, at least, elsewhere.

One of the things that the World Bank has actually done in experiment is that they provide report cards for student and teacher and school performance. And what is interesting—when there is a cost-neutral way, parents actually shift to private schools. There is a lot of misunderstandings about private schools and their cost structures. As I say in my testimony, private schools are the fast-

est-growing segment in Pakistan. They are actually one of the most efficient ways of delivering a higher-quality education, for reasons I discuss at length.

Another way forward that work suggests to me is actually information-based programming. What USAID does, in many cases, is it tries to supply a reform from some sort of government agency. The example I give in my testimony is corruption. So efforts to clean up corruption, be it in the police or in a particular ministry, are likely to fail because Pakistanis themselves are part of the corruption system.

So any mechanism that engages in civic education to sort of communicate to Pakistanis that they, themselves, participate in the corruption problem—that corruption is not simply done to them—might be a way of buttressing the supply driven aid—so, in other words, trying to create demand to support the supply driven effort.

The final set of issues that I look at, given that aid has been securitized, especially since 9–11—but one could make the argument that aid to Pakistan has been securitized since 1947—is that there is simply no evidence that demonstrates that securitized aid actually meets these objectives.

I provide two examples that were conducted by a team led by Jacob Shapiro at Stanford, and his colleagues. And he uses the case of Iraq. And I want to note that he has to use the Commander Emergency Response Program funds because USAID funds were so encumbered with multilayers of contracting that it simply made doing the analysis impossible, whereas CERP was actually much more direct in assessing its outcomes.

What they found with the CERP funds is that delivering community service actually resulted in a a modest decrease in violence; but that the monitoring and the understanding requirements of achieving this modest result were really quite onerous.

In contrast, in a similar study that he did with his colleagues on unemployment in Iraq, he actually found that unemployment was negatively correlated with violence. So, in other words, the more unemployment there was, the less violence there was.

So if you look at the literature, you will find that there is, “simply not evidence,” it says, that “securitized aid achieves the objectives that are specified in various documents, putting aid as a part of the counterinsurgency problem. I think Dr. Wilder’s experience certainly buttresses that.

So, in conclusion, a review of the literature, coupled with my own experience in the country, does suggest that there is no magic bullet, and there is no substitute for experimentation and rigorous evaluation. Indeed, there is a strong argument to be made for experimenting with different forms of aid delivery—through NGO’s, through sub-national, as well as national, means, and different levels of involvement of local communities, as well as oversight mechanisms.

In subjecting these pilot programs to robust assessment, preferably with some degree of randomization to determine the impact of these interventions on the treatment group—effective programs should be retained and applied to other areas with appropriate analysis and re-optimization. And ineffective programs—and, heavens knows, there are quite a bit of those—should be eliminated un-

less they can be implemented successfully elsewhere in the country, with suitable modification.

Admittedly, this will be difficult for USAID, given the pressure that the Nation is under to execute programs, permission and priorities, given the security environment, as well as the potential ethical concerns about risks inherent in fielding different experimental programs in different areas. But I want to point out there is no a priori way of knowing that the non-randomized approaches that they currently use offer any benefit at all.

Given the frustration that Pakistanis have expressed about U.S. intentions, and the explicit securitization of aid, it is important to assess whether the benefits of USAID interventions in mitigating violence and anti-Americanism are sufficiently significant in size and scope relative to the public-relations problems such securitized aid appears to pose. Thank you.

[The prepared statement of Ms. Fair follows:]

U.S. Aid to Pakistan: Planning and Accountability

Testimony presented before the House Subcommittee on National Security and Foreign Affairs, December 9, 2009.

C. Christine Fair, Assistant Professor, Georgetown University, Security Studies Program in the Edmund A. Walsh School of Foreign Service,

Introduction

Since the terrorist attacks against the United States on September 11, 2001, the United States and many other donor countries have fundamentally altered the logic of development assistance. In the period after the Second World War aid was primarily geared towards post-war reconstruction. Development assistance next conceptually shifted towards eliminating and reducing poverty which was expected to prevent conflict. After 9/11, development assistance has become subjected to the imperatives of the war on terror.¹

Pakistan, perhaps better than any other recipient country of concern, illustrates the “securitization” of aid. While there are no robust studies demonstrating the efficacy of development assistance in promoting peace, mitigating conflict or dissuading populations from embracing violence extremism, I argue here that this approach likely has had considerable adverse impacts upon U.S. efforts to reach out to Pakistanis and, ironically, may have engendered more distrust rather than mitigating the same. In addition, the popular perception that the public has seen little benefit from the billions of U.S. funding has encouraged a number of conspiracy theories about the ultimate and malignant objectives of the U.S. government as exercised through its assistance programs.

As USAID reconsiders the modalities of providing assistance to Pakistan, there are several issues that USAID may wish to consider. The below discussion draws from my own experience in Pakistan since 1991 as an Urdu speaker who has travelled throughout the country, from survey work that I have conducted with various collaborators as well as from reviews of relevant secondary literature.

Securitization of Aid

Since the terrorist attacks of 9/11, development assistance has become an instrument for containing, combating, and mitigating terrorism. The U.S. Agency for International Development (USAID), along with other U.S. federal agencies, has been incorporated

into the U.S. government's conception of waging counterinsurgency. According to *U.S. Government Counterinsurgency Guide*

USAID can assist U.S. COIN efforts by fostering economic growth, promoting human health, providing emergency humanitarian assistance and enhancing democracy in developing countries. This is achieved through a spectrum of actions from policy reform to community level programs..... The large numbers of foreign service nationals that make up the professional cadre of field staff provide a unique understanding of the local situation, while the range of sectors and levels of activity allow USAID great operational flexibility and agility to both implement and track the effectiveness of COIN operations.²

U.S. policies towards Pakistan are archetypal of the trend towards securitizing development assistance. As shown in Figure 1 below, after the 1971 Indo-Pakistan war (from which Bangladesh attained its independence), Washington continued to provide Pakistan with considerable economic assistance. (Note that the USAID Greenbook database exclusively provides *development* assistance data only for the last decade. For this reason, Figure 1 depicts all economic assistance between 1971 and 2007, the latest year for which data are available.)

In 1977 the Symington Amendment was triggered against Pakistan because it was found to be seeking reprocessing technology from French companies.³ (Sanctions were removed when the French cancelled the deal and aid resumed in 1978.) Aid was again cut off under Symington in 1979 when Pakistan imported equipment for the Kahuta uranium-enrichment facility, which was not under International Atomic Energy Agency (IAEA) safeguards.

Those sanctions were short-lived due to the December 1979 Soviet invasion of Afghanistan, which brought the Cold War to Pakistan's doorstep. In 1980, Washington and Islamabad began negotiations to resume aid following the invasion. The United States "persuaded" President Zia ul Haq to accept a six-year \$3.2 billion aid package in 1981. (He had previously rejected a \$400 million aid package as "peanuts.") However, the president was unable to make the necessary certifications required under the Symington amendment that he had received reliable assurances that Islamabad would not acquire or develop nuclear weapons.⁴ For this reason, the U.S. Congress suspended the Symington amendment in 1981 with respect to Pakistan for the duration of the agreement and annually appropriated the agreed upon funds.⁵

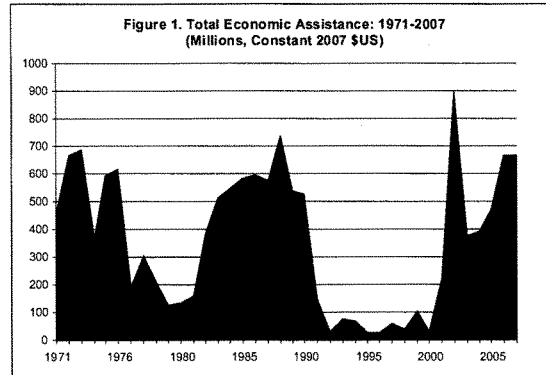
In 1985, the U.S. Congress passed the Pressler Amendment thereby permitting U.S. assistance to Pakistan conditional upon an annual presidential assessment and certification that Pakistan did not have nuclear weapons. The legislation allowed the United States to continue providing assistance to Pakistan even though other parts of the U.S. government increasingly believed that Pakistan had crossed the nuclear threshold, meriting sanctions under various U.S. laws. In contrast to popular accounts of this legislation in the United and in Pakistan, the Pressler Amendment was passed with the

active involvement of Pakistan's foreign office, which was keen to resolve the emergent strategic impasse over competing U.S. nonproliferation and regional objectives on one hand and Pakistan's resolute intentions to acquire nuclear weapons on the other.⁶ In 1990, when U.S. interests in the region lapsed after the Soviet Union left Afghanistan, the president declined to certify Pakistan and the sanctions came into force.

By September 10, 2001, Pakistan was encumbered with layers of sanctions including those under the Glenn-Symington Amendments⁷ following its 1998 nuclear tests as well as Section 508 sanctions following General Pervez Musharraf overthrow of the democratically elected Nawaz Sharif in 1999.⁸ Additionally, specific entities in Pakistan had been sanctioned under the Missile Technology Control Regime (MTCR) for proscribed acquisition of missile technology from China. On March 24, 2003, the United States imposed a new set of sanctions on Pakistan's Khan Research Laboratories for a "specific missile-related transfer" from North Korea's Changgwang Sinyong Corporation. (Sanctions were simultaneously imposed upon the Korean organization.)⁹ The United States also episodically threatened to label Pakistan a state that supports terrorism.

On the eve of the 9/11 terror attacks, Pakistan teetered on the brink of pariah state status. After President Musharraf chose, under considerable pressure, to join the U.S.-led Global War on Terrorism, the Bush administration waved sanctions related to the nuclear tests and military coup.¹⁰ At a September 24 press briefing, State Department spokesman Richard Boucher explained this change of course "We intend to support those who support us. We intend to work with those governments that work with us in this fight [against terrorism]."¹¹ The results were dramatic. In FY 2001, all Direct Overt U.S. Assistance to Pakistan totaled less than \$90 million with food aid comprising \$86 million and \$4 million in limited security-related assistance. There was no economic assistance. In FY 2002, Pakistan received \$2.1 billion, including \$665 million in economic aid.¹² Clearly Pakistan did not become needier; rather, Pakistan became important within the political contexts of the war on terror.

Figure 1 below depicts annual U.S. economic assistance to Pakistan between 1971 and 2007. The dramatic variation in assistance appears to have little to do with Pakistan's objective needs; rather Washington's changing policy priorities towards the country at different points in time and efforts to achieve U.S. objectives towards the country.



Source: Data from USAID, *Greenbook Database*, <http://gbk.eads.usaidallnet.gov/index.html>.

In my interactions with a wide swathe of Pakistanis since 9/11, many persons have communicated a deep awareness of and discomfort with Washington's instrumentalism of its assistance. (As an Urdu speaker, I have access to a diverse cross-section of interlocutors.) In the years that have passed since 9/11, several themes have emerged from my numerous discussions with Pakistanis from various professional, educational and class backgrounds and other demographic characteristics (age, gender, ethnicity, mother tongue, etc.)

First, Pakistanis have long complained that the United States supported President and General Musharraf's unconstitutional tenure because doing so served Washington's interests. Pakistan, despite being ruled indirectly or directly by the military for a majority of its existence, sustains high levels of support for democracy—howsoever flawed. Data from the World Values Survey in 1997 (at the height of public frustration with civilian ineptitude), a majority (55%) believed a democratic system is “very good” and another 12% believed it was “fairly good.” Only 18% believed it was “fairly bad” (15%) or “very bad” (3 percent). In 2001—two years after Musharraf's military coup—solid majorities still supported democracy with 54% saying it was “very good” and 34% saying it was “fairly good.” Only 12 percent thought democracy was “fairly bad” (8%) or “very bad” (4%). (See Table 1 below).

Support for democracy among Pakistanis after the latest 2001 World Values Survey has been consistently found in more recent polls as well. For example in 2007, this author (working with colleagues at PIPA) fielded a survey in which we asked respondents to assess, on a 10-point scale, “How important is it for you to live in a country that is governed by representatives elected by the people,” a large majority indicated that it was very important, choosing 8 or higher, and 50 percent chose 10, meaning “absolutely important.” The mean score was 8.4. Only 7 percent chose a score of 3 or lower.¹³

Given the longstanding support that Pakistanis have evinced for a democratic dispensation, U.S. support for Musharraf outraged Pakistanis across the board. This policy was particularly enraging in light of prevailing U.S. rhetoric about “liberating” neighboring Afghanistan and Iraq.¹⁴

Table 1. “Having a Democratic Political System

	1997	2001	Total Both Years
Very good	56.0 %	54.2 %	54.7 %
Fairly good	11.9 %	33.9 %	27.5 %
Fairly bad	32.1 %	7.9 %	14.9 %
Very bad	-	4.0 %	2.8 %

Source: Data World Values Survey, Online Data Analysis Tool. <http://www.worldvaluessurvey.org/>.

Second, Pakistanis tend to believe that U.S. assistance to Pakistan is driven not out of humanitarian concern rather a cold requirement to sustain Pakistan’s cooperation in the U.S. war on terrorism. This has led to various formulations such as the United States is “buying Pakistan,” “leasing its military,” “creating a vassal state,” and so forth. Other programs such as U.S.-promoted educational reform of the religious schools (aka “madrasah reform”) and public school curriculum reform are often viewed warily as Washington-led attempts to de-Islamize Pakistan’s educational system.¹⁵ Pakistanis in the course of my field work have expressed further frustration with the U.S. focus upon the Federally Administered Tribal Areas (FATA), noting that this territory is important to Washington because of its proximity to the war theater in Afghanistan. (It is true that the Kerry-Lugar legislation seeks to dampen the focus upon FATA.)

Pakistanis’ assessments are not far off from reality. The U.S. Department of State, *Congressional Budget Justifications for Foreign Operations Fiscal Year 2008* makes a number of statements that explicitly justify such cynicism on the part of Pakistanis.¹⁶ Below follow a number of examples that explicitly link development aid to security. Emphasis is provided by the author.

- “...Funding will *continue to support the Global War on Terror* through security, reconstruction, development and democracy efforts, particularly in Afghanistan and Pakistan, which represent 84 percent of the region’s request....” p. 8
- “Pakistan -- \$382.9 million, including budget support, to be monitored by the Shared Objectives Process and for social sector programs such as education reform, expansion of basic health services for women and children, accountable and participatory democratic governance, and expansion of economic opportunities. The funds will also help invigorate Pakistan’s new Federally Administered Tribal Areas Sustainable Development Plan to assure basic human services are on par with the rest of the country to *minimize the appeal of joining the insurgency*. \$50 million supports the U.S. pledge for earthquake reconstruction projects.” p. 49
- “...The United States seeks to build a stable, long-term relationship with Pakistan. This request will *maintain Pakistan’s support in the Global War on Terrorism and efforts to build peaceful and positive relations with its neighbors, India and Afghanistan*. U.S. assistance also will encourage

Pakistan's participation in international efforts to prevent the spread of weapons of mass destruction and support in the development of a moderate, democratic, and civilian government which promotes respect for human rights and participation of its citizens in government and society...." p.564

- "... Enhanced governance [of FATA and Baluchistan] will undermine the appeal of terrorist organizations in regions which have provided safe haven for violent extremists. To respond to these challenges, \$90 million in assistance for this region is being set aside for FY 2008. Areas of focus include education, health, road building, and economic growth...." p. 564
- "A strong long-term U.S.-Pakistan partnership remains critical to continued progress in the global war on terrorism and to regional stability. Assistance supporting education, healthcare, democratization, and economic development will help to strengthen social, political and economic institutions in ways that will be recognized by ordinary Pakistanis and encourage them to choose moderation over extremism." p. 511

Third, during the last several years, Pakistani interlocutors have complained bitterly about the modalities of U.S. aid. They themselves note that the provision of large sums of cash without significant oversight and monitoring fosters further corruption within their government and related institutions. Interlocutors have asked with suspicion how the United States could have so little oversight of its funding and this in turn has churned a deeper cynicism that Washington explicitly seeks to ensure that Pakistan remains weak, riddled by corruption and thus more vulnerable to international pressure generally and to U.S. pressure in particular.

Several polling exercises demonstrate that, despite the infusion of more than \$15 billion in assistance and reimbursements since 9/11, Pakistanis harbor significant distrust of Washington's programs in their country. In the afore-noted poll from the summer of 2007, my colleagues and I found that a majority of respondents were negatively disposed towards the United States with large majorities (64%) saying that the United States cannot be trusted to act responsibly and majorities (56%) believing that the United States controlled most or nearly all of the "recent major events" in Pakistan. A plurality disapproved of how Pakistan's government has handled relations with the United States.¹⁷

Few Pakistanis think their government's collaboration with U.S. anti-terrorism efforts has helped their country. When asked about "the cooperation in the last few years between Pakistan and the US on security and military matters," only one in four (27%) said that it had brought *any benefits to Pakistan*. This includes 12 percent who said it had benefited both countries, 9 percent who said that although it had "mostly benefited the United States" it had also helped Pakistan, and 6 percent who said that it had "mostly benefited Pakistan" However, one in three respondents believed that Pakistan's cooperation with Washington had actually *hurt* Pakistan.¹⁸

A similarly stark picture emerges from a recent WorldPublicOpinion.org poll from the spring of 2009 (in which the author was involved). In that nationally representative survey of 1,000 persons, respondents evidenced continued wariness towards the United States with intensifying negative disposition towards the U.S. government. A solid majority of respondents (66%) believe that the United States is hypocritical because it tried to "promote international laws for other countries but ...often does not follow these

rules itself.” In contrast only 28% believed that the “US has been an important leader in promoting international laws, and sets a good example by following them.” Equally dismaying, more than 90% believe that the United States “abuses its greater power” in its relations with the Pakistan. A mere 6% believe that the United States treats it fairly. (Five percent did not answer.)¹⁹

It is not clear to this analyst that these perceptions can be managed through a public diplomacy campaign however sophisticated. Arguably, if the United States wishes to move public opinion it will have to change how it works in Pakistan and engages its citizenry.

The Governance Challenge: Corruption and Popular Support for Sharia

In recent years, U.S. and Pakistanis alike have commented upon the lack of accountability in the disbursement of U.S. funds with both sides blaming the other for lost millions. Dealing with corruption and lack of accountability for these enormous outlays is not just fiscally responsible: doing so likely can influence how the United States is seen by average Pakistanis who distrust their own government and its international patrons to act responsibly with large sums of assistance and reimbursements.

Pakistan is still considered to be a corrupt country. According to Transparency International’s most recent 2009 Corruption Perception Index, Pakistan ranks 139 among 180 countries evaluated. (New Zealand topped the ranks as the least corrupt while Somalia was the most corrupt and ranked at 180.)²⁰ While corruption may have deep roots in Pakistan, corruption matters to Pakistanis deeply and thus should focus the attention of U.S. policy makers because of the potential impact it has upon the ways in which Pakistanis view the United States and their own institutions.

Transparency International Pakistan (TIP) monitors Pakistani public perception of corruption. In its most recent 2006 survey of Pakistan, TIP asked respondents to identify the main factor that they believe is responsible for corruption in Pakistan. The largest group (nearly one in three) believed that corruption was due to a lack of accountability or oversight.²¹ Various surveys of Pakistanis suggest that this interest in diminished corruption and improved governance may drive the consistently high levels of support for Sharia evidenced in polling efforts.²²

The author, working with Neil Malhotra and Jacob N. Shapiro, fielded a survey in April 2009 that sought to understand what Pakistanis believe “sharia” to mean and what role they want it to play in their government.

We first asked respondents “How much do you think Pakistan is governed according to Islamic principles?” Respondents were more divided on this issue. Nearly one in three thought that Pakistan was governed “completely” or “a lot” by Islamic principles. Nearly

one in two believed that it was so governed “a moderate amount” or a “little.” And one in five thought it wasn’t governed at all according to Islamic principles.²³

While most Pakistanis were of the view that Pakistan *is not* to any great extent governed by Islamic principles, the vast majority of respondents (69 percent) indicated that Sharia *should* play either a “much larger role” or a “somewhat larger role.” Only one in five thought it should play “about the same role” and fewer than one in ten believed that it should play “a somewhat” or a “much smaller role.”

While polls of Pakistanis consistently show that “Sharia” enjoys high levels of support in Pakistan, they do little to reveal just what “Sharia” means for Pakistanis. We fielded a battery of questions about Sharia to better understand the characteristics that respondents ascribe to “Sharia.” These results are presented in Table 2. The vast majority of respondents (more than 95 percent) believe that Sharia provides services, justice, personal security and is free of corruption. In contrast, a smaller majority (55 percent) believed that Sharia is a government that uses physical punishments. Given the generally positive attributes that respondents ascribe to Sharia, it is not surprising that few see Pakistan as being governed under those principles and that they would like a greater role for Sharia.

Table 2. How Respondents Understand Sharia

Sharia....	Percent Yes
Provides services	97%
Does not have corruption	97%
Provides personal security	96%
Provides justice through functioning non-corrupt courts	96%
Is a government that uses physical punishments	55%

Source: In-house tabulations, weighted.

To further explore respondents beliefs about what governance under Sharia would mean for them, we asked respondents several questions about how an expanded role for Sharia would affect other aspects of Pakistani civic life. First, we asked if there were to be a greater role for Sharia, how much more or less fair would the administration of justice be? A solid majority (79 percent) believed that the administration of justice would be “a lot more” (41 percent) or “a little more” (38 percent) fair. A mere 4 percent believed that it would be “a little less” or “a lot less” fair. Another 14 percent expected no change and fewer than 3 percent did not know or declined to answer.

We also asked survey participants if there were to be a greater role for Sharia in Pakistani law, how more or less corruption would there be? Consistent with the above results, a 70 percent of respondents believed that there would be “a lot less” (39 percent) or “a little less” (31 percent). Fourteen percent anticipated no change and another fourteen percent

anticipated that there would be either “a lot more” (6 percent) or “a little more” (8 percent) corruption.

Moving Forward: Considerations for Future USAID Programming in Pakistan

Admittedly, it is much easier to identify problems with current and past programs than it is to offer a more effective way forward. Below I present a number of steps and considerations that may be useful as USAID considers its future aid delivery mechanisms in Pakistan. Several underlying themes run across all of these elements including a firm need for better data; routine and robust analyses before during and after interventions with a focus upon outcomes rather than outputs; and a willingness to experiment with programs, retaining and improving upon promising programs while jettisoning those that are ineffective or fail to deliver cost effectively.

The Need to Better Discern Pakistani Preferences

In my interactions with USAID personnel, many have conceded that the pressure to execute often means that too little time is spent in discerning preferences of the target population and how to ensure that programs are genuinely demand-driven. This may well result in supply-driven programming that may not address the needs and aspirations of the target population and may even engender frustration with a foreign-driven agenda.

One study of education sector reform efforts in Pakistan is particularly illustrative. Mathew J. Nelson conducted interviews among a convenience sample of parents in and around Rawalpindi about their expectations for their children’s educational experiences and what kinds of education they preferred for their children. Nelson also interviewed a convenience sample of international education-sector reform professionals. He found that parental preferences were significantly different from preferences that reformers attributed to them. Nelson’s team asked parents “If your children were provided with a choice among all of the schools currently available in Pakistan *except madrasa*—because, in many cases, madrasa graduates suffer from unemployment—would you be satisfied with your educational options?” The majority of parents (60%) said no. Nelson was astonished to find that no aid reform professional expected this response. When Nelson’s team asked parents to identify their first and second educational priorities among basic education; religious education; liberal education; vocational education; and civic education, the plurality (41%) indicated religious education as their first priority and another 26% identified religious education as their second priority. In contrast, donors expected citizens to prefer vocational education instead.²⁴

Nelson, in the course of his work, found that USAID and other education-sector donors “made little discernable attempt to publish any systematic or disinterested assessment of local educational demands even though they claim that their work is ‘demand-driven.’” Nelson continued “...when I inquired about the strategies that [Education Sector Reform Assistance (ESRA, funded by USAID)] used to collect empirical data regarding the

nature of local demands, I was told that the office had no time for ‘ethnographic research.’”²⁵

Similar empirical lacunae exist surrounding USAID decisions to “brand” or “not to brand” USAID projects. It appears as if USAID does not determine how its projects should be presented to Pakistanis based upon empirical data collection and analysis. This is surprising. Pakistan has numerous professional marketing firms which have long conducted market research for a variety of private sector entities introducing new products into the Pakistani market. It would seem that focus groups coupled with market research should inform USAID’s decision about product placement and branding.

This points to a general but shockingly pervasive paucity of serious data about Pakistanis generally; the views they have on a wide range of domestic and foreign policies; the sources of information that Pakistanis access and which inform their views; and the legitimacy and trustworthiness of various sources of information among other critical pieces of information. Moreover, at best, the extant surveys are cross-sectional snapshots in time. There are no longitudinal studies of Pakistani public opinion that would permit more precise evaluation of evolving views and the factors that explain such evolution.

The U.S. government does engage in data collection efforts. However, those surveys – with the notable exception of those USAID surveys conducted through IRI—have small and idiosyncratic samples that frustrate generalizations about Pakistani public opinion in aggregate much less permit sub-national levels of analyses. In addition to problems with sample construction, surveys fielded in Pakistan suffer from overly complex Urdu instruments which may be difficult for average respondents to understand, high don’t know/don’t respond rates, ambiguous intentions of questions and polyvalent responses. Moreover, given the straightforward questioning techniques, these efforts are vulnerable to satisficing, intimidation, or other motivations that respondents may have to obfuscate genuine beliefs.

Unfortunately, these data are often collected by organizations and are treated as proprietary. This is unfortunate as it deprives the scholarly community access to these data and this community may be better situated than government agencies to conduct a thorough assessment of data integrity and sample structure; evaluate survey methods; and conduct sophisticated analyses that advance understanding of issues queried in the polls.

Across the board, my experience in Pakistan suggests that much more resources need to be devoted to better discerning and aligning Pakistanis’ needs and preferences with US objectives and programming.

Community-Based Development Programming?

For years, development economists have debated the vices and virtues of community-based development (CBD) programming. Proponents of CBD contend that such

approaches may result in an allocation of development funds that is more responsive to the needs of communities, improve the targeting of programs, make the government more responsive, enhance the delivery of public goods and services and develop the social capital of the citizenry to undertake and sustain self-initiated development activities.²⁶

Opponents contend that such programming takes a long time to fructify. Under a time constraint, implementers will forego the long-term task of institution building in favor of achieving measurable outputs (if not outcomes), create dependency rather than agency, and constitute parallel structures that undermine local governance institutions.²⁷

Unfortunately, there is no obvious way to resolve this debate as there have been precious few attempts to empirically demonstrate the impacts of CBD programming relative to a comparable effort of service provision by government agencies.²⁸

Mansuri and Rao review the extant literature on CBD and examine how CBD projects fair with respect to targeting, performance, participation and community capacity for collective action, role of social inequality and diversity, capture, role of external agents, sustainability and links to local government. Their findings are summarized below:

- In general they find that CBD programming does facilitate effective targeting (e.g. to specific demographic or geographic communities).
- They also find limited evidence that CBD creates effective community infrastructure and improves welfare outcomes. However, evidence is lacking for most projects as there are simply too few studies that compare CBD projects with centralized mechanisms of service deliveries through line ministries.
- There is limited evidence that there is an associative relationship between social capital and project effectiveness. While one could claim that CBD projects will be more effective in better managed communities, limited studies suggest that CBD may increase the capacity for collective action.
- Elite capture remains a consistent concern with CBD because elites are more likely to be better educated, have fewer opportunity costs on their time and have the greatest to benefit from CBD initiatives. It is imperative to understand how elite capture may occur and what types of checks and balances are most effective in mitigating exclusion of non-elite constituencies (e.g. the poor, ethnic or religious minorities, women, children, etc.)
- CBD initiatives depend critically upon enabling institutional environments. Line ministries must be responsive to communities. Partner governments must be committed to transparent, accountable and democratic governance. (In the case of Pakistan, this has not always been the case on either the U.S. or Pakistani side.) Without such upward commitment, community projects will fail. Community-built institutions require buy-in from the relevant line ministry. For example, community schools must be “owned” in some measure by the ministry of education to ensure that it has teachers and that its operating costs are budgeted. At the same time, community leaders must be downwardly accountable to their beneficiaries rather than political or bureaucratic elites.²⁹

Ghazala and Rao simply conclude that the success of [CBD] initiatives depend critically upon local cultural and social systems and “It is therefore best done, not with a wholesale application of ‘best practices’ applied from projects that were successful in other contexts, but by careful learning-by-doing. *This requires a long term horizon and willingness to engage in a monitoring and evaluation process that is not only rigorous*

but is designed to allow for learning and program modification. Moreover, to be effectively scaled-up, [CBD] initiatives need to be embedded within structures of upward commitment and downward accountability.”³⁰ (Emphasis added by the author.)

While this may seem somewhat obvious, USAID in Pakistan may not have the bandwidth, access, or even execution timelines to engage in such a robust evaluation and refinement process. Yet such rigorous empirical investigation into programming is critical to demonstrating programming impacts and this is likely to be true whether the treatment is delivered through a CBD initiative or one that is executed through a government agency (e.g. a line ministry). Without such a process it is simply impossible to assess the impact of U.S. aid programming and engage in an iterative process of improvement.

It is worth reflecting upon the role of NGOs in Pakistan, given that the likely movement away from large institutional contractors with high overhead to Pakistan-based NGOs. As scholars continue to debate the merits of CBD initiatives vis-à-vis those of government agencies, there are also ongoing empirical debates about the roles of NGOs in service provision. As is well-known to many persons who are familiar with Pakistan, Pakistanis tend to view NGOs with great skepticism and dubiety. NGOs are often viewed charitably as a hobby of an elite wife. More often and less charitably they are viewed as easy mechanisms to attract foreign assistance which is then pocketed by its founders or leaders while creating little if any public good. In other words, Pakistanis are inclined to see NGOs as part of the country’s corruption problem rather than a means to diminish corruption and increase efficiency.

Discerning which NGOs are trustworthy—and which ones are seen as being trustworthy by the target population—will place serious information demands upon the mission. Yet any approach that relies upon NGOs will suffer if such diligence is not executed. It may behoove USAID—working with other international and domestic partners—to seriously consider putting forward some transparent clearing house on NGOs proceeds, expenditures, service delivery and so forth. Such systems for evaluating charitable organizations exist in the United States and elsewhere and could help the NGO sector by increasing transparency and overtime diminishing the distrust they engender as information on NGO performance becomes more accessible.

There are other potential problems associated with using NGOs as a vehicle for development projects in Pakistan. In a recent study of forty Pakistani “civil society organizations” (CSOs), Masooda Bano found a *reverse* correlation between funneling development aid through CSOs and expanding of CSOs’ social capital and ability to strengthen their civil societies.

Bano found that CSOs were most effective in mobilizing their communities when they had to rely upon membership for resourcing. In contrast, those CSOs that rely upon external funding do not have the community mobilization capacity of membership-driven CSOs. Bano finds that CSOs that rely upon international aid begin to see the funding source as their primary constituent which must be satisfied rather than their members. For

such CSOs maintaining and expanding a membership base is time consuming and imposes opportunity costs when the same CSO may have a higher payout by soliciting the attention of other external funders.³¹

There is no reason per se why this principle-agent problem cannot be mitigated through appropriate emplacements of incentives to ensure that CSOs retain and expand their membership base and ability to mobilize as a condition of becoming *and remaining* a conduit for development aid delivery.

The bottom line from these empirical studies is that NGOs may not be a panacea for the malaise engendered by relying upon institutional contractors with their well-known problems. Reliance upon NGOs without serious dedicated resources to select NGOs and to monitor their activities and outcomes may simply swap a new set of poorly understood problems for older, well-characterized ones. At the risk of being overly cynical, I am somewhat skeptical that the mission would be in a position to better monitor numerous and dispersed NGOs of questionable quality and legitimacy when it currently lacks the mechanisms to properly oversee the activities of large institutional contractors.

Markets and Demand for Change³²

Given the pervasive problems with some important line ministries, there is likely considerable merit in pursuing private sector solutions to public sector problems. One area that seems particularly ripe for private sector support pertains to education reform in Pakistan.

U.S. policy makers focus attention upon reforming madrassahs, eliminating those with ties to terrorism and working with the Pakistani government to reform its sprawling public school system riven with teacher absenteeism, ghost schools, out of date pedagogy and a deeply problematic curriculum.

Unfortunately, this well-intentioned approach is not supported by available data. Pakistani full-time utilization of madrassahs in 2005-06 accounted for only 1.3 percent of all children attending school in the 4 main provinces of the country. The majority of students attend public schools (nearly 65 percent) and the remainder attends non-religious private schools (34 percent). Madrassahs are not the last resort of the poor: the socio-economic profiles of madrassah and public school students are quite similar except that madrassahs have more rich students than public schools. Of the extremely small number of households enrolling at least one child full-time in a madrassah, 75 percent use a combination of public and/or private schools to educate their other children.³³

Clearly there are key madrassahs that are fertile recruiting grounds for militant groups operating in and from Pakistan. And many training camps are unfortunately dubbed as “madrassahs” to shield them from scrutiny. However, these institutions should form the locus of law enforcement activities rather than drive educational policy in Islamabad and Washington.

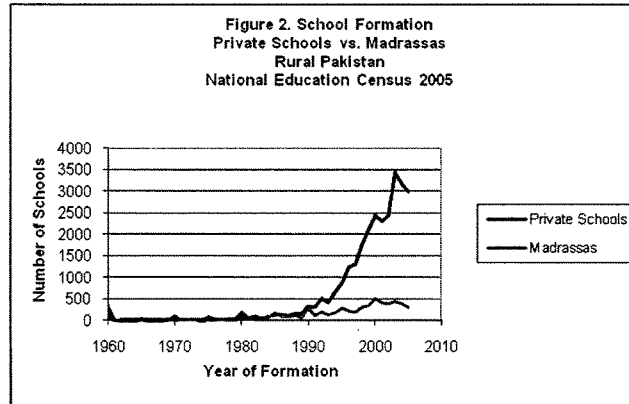
U.S. efforts to encourage Pakistan to reform its public schools and the curriculum used across Pakistan's public schools may not succeed. Like many other countries around the world (including the US), Pakistan is struggling with reform of its public education system and a serious debate within Pakistan has started in recent years on how this can best be accomplished. Many of the issues are familiar to those in the US. What role should the federal government play in education? Should the provision of education be divorced from its financing through voucher-like schemes? Should there be merit pay for teachers and changes in the hiring and firing processes?

Thus while madrassah and public school reform may be a good idea, there is actually little scope for Washington to engage productively and its continued efforts to do so will continue to sustain outrage among Pakistanis. The prevailing policy prescriptions do not adequately take advantage of the truly striking change in the Pakistani educational landscape in the last twenty years—the rise and prevalence of mainstream and affordable private schools all over the country.

Andrabi et al. argue that private schools should attract increased focus of U.S. policy because they offer a venue wherein the United States can do what it does best: foster quality through competition from the private sector. Private schools are not as encumbered by nationalist or Islamist ethos and are more likely to be receptive to outside assistance. While private schools account for nearly a third of full-time enrollments, according to most credible and latest dataset available, the National Education Census 2005, private schools outnumber madrassahs by five to one.³⁴

And the private school sector is dramatically expanding. In 1983, there were roughly the same number of madrassahs and private schools in the country—2770 private schools and 2563 madrassahs. By 2005, the number of private schools had shot up 21 times while madrassahs increased by 4.75 times. Figure 2 below shows this remarkable transition.³⁵

Contrary to popular misconceptions of “private schools” catering to the wealthy, urban elite, private schools are widely present in the rural areas of the country, where madrassahs are claimed to dominate. In fact, since 2000, in every year about half of all new private schools have been set up in rural areas. Moreover the growth in private schools has increased if anything after 9/11 while madrassah growth has stayed relatively flat once again.³⁶

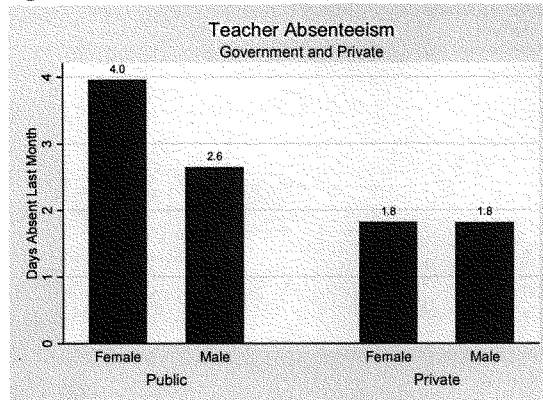


Source: Tahir Andrabi, Jishnu Das, C. Christine Fair, Asim Ijaz Khwaja, "The Madrassah Myth," *Foreign Policy Web Exclusive*, June 2009. <http://www.cfr.org/publication/19568/fp.html>.

Data collected by Andrabi, Das and Khwaja as part of the largest longitudinal study of education in Pakistan find that private schools are also cost-effective and affordable.³⁷ They are able to keep costs low because they are "mom-and-pop" managed, for-profit, independent schools, unsubsidized by the government and responsive to local demands for education. While it is true that educational standards all over Pakistan are poor, private schools outperform government schools at all levels of the income strata. In three districts of rural Punjab where the project team tested over 25,000 primary grade students, private school children outperformed government schools by a significantly large margin even when we compared schools in the same village. Moreover, data collected by the team found that students learn more when they switch from public to private schools and learn less when they leave private schools for public schools.³⁸

Incredibly, the higher quality in private schools comes at a lower cost. The cost of educating a child in a government school is at least twice as high as in a private school. Private schools are very affordable, with monthly fees less than a day's unskilled wage. For these reasons, private schools are expanding from urban and suburban areas into Pakistan's rural areas.³⁹

Why are private schools able to deliver affordable value? Private schools take advantage of an important untapped supply of labor by relying upon moderately educated young women from local neighborhoods who are willing to work for lower pay. In fact, private schools are one of the largest sources of employment for Pakistan's women. Private schools also boast lower teacher absenteeism than public schools, which minimizes wastage and increases time spent learning. They also use their compensation structures effectively to reward better teachers and punish those who don't perform well.⁴⁰

Figure 3. Teacher Absenteeism (Government and Private Schools)

Source: Tahir Andrabi, Jishnu Das, C. Christine Fair, Asim Ijaz Khwaja, "The Madrassah Myth," *Foreign Policy Web Exclusive*, June 2009. <http://www.cfr.org/publication/19568/fp.html>.

Critically for U.S. and Pakistani interests alike, these private schools are not on the main affiliated with any religious group or movement. (Some private schools are affiliated with religious institutions providing some combination of religious and worldly education, but these remain the minority.) Private schools generally use a curriculum that is similar to the government schools, but with a greater emphasis on teaching English. The vast majority of these private schools are coeducational at the primary level, compared to government schools which are mainly single-sex.⁴¹

Focusing further resources on these sectors impose opportunity costs for the U.S. government. Resources should instead be directed towards developing and expanding Pakistan's most dynamic educational sector. Unlike previous programs which are "supply-driven" (e.g. determined by U.S. policy priorities foisted upon a recalcitrant partner), such initiatives would be demand-driven and would reflect the interests of those personalities and institutions that want to make a difference.

Small scale studies are already showing that innovative programs that take account of the private sector can lead to large gains. In an experimental study by Andrabi et al., the research team distributed school and child report cards in treatment and control villages. They found that greater test-score information led to a drop in private school fees, an increase in test-scores for both private and public schools and importantly an increase in public school enrolment. These types of experiments show that the private school presence can be used to increase efficiency in public schooling at the local level and help policy makers understand and even contend with the numerous challenges of public school reform. An aid program based on "bold, persistent experimentation" can create a true public-private partnership model that allows this low cost private sector to grow even further and at the same time pull the public sector along with it.

This information-led behavioral modification approach may well comprise an important force-multiplier in USAID programming. In my view, there is considerable effort spent upon supplying a service or program with little or no attention paid to generating demand for such interventions among the public. For example, anti-corruption initiatives that focus upon those parts of the government responsible for corruption are unlikely to yield results because they only treat part of the problem. Arguably, corruption will continue to exist as long as Pakistan's citizenry believe it is appropriate and expedient to pay bribes to obtain relief of punishment or to obtain goods, services and preferential treatment. Thus USAID may want to consider formulating appropriate public information campaigns to support programming efforts.

Does Securitized Development Assistance Work?

There is inadequate evidence that instrumentalized and securitized aid programming effectively advances the various U.S. goals that are repeatedly expressed in successive budget justifications such as persuading Pakistanis to embrace moderation and abjure violent extremism. This is due in large measure to a lack of serious empirical study of development aid and other relief measures upon participation in violent extremism, especially Islamist extremism. Two important studies stand out offering empirical methods for assessment and also insights about relief activities upon violence and the relationship between unemployment and violence.

First, using district-level data on violence and unemployment in Iraq and in the Philippines, Berman, Shapiro and Felter find a robust *negative* correlation between unemployment and attacks against the government and allied forces. They find no significant influence between unemployment and attacks that kill civilians.⁴²

In a second study, Berman, Shapiro and Felter explore the impact of reconstruction spending in Iraq upon violence. While Washington spent at least \$29 billion on various reconstruction programs in Iraq between March 2003 and December 2007, these outlays were plagued by graft and other problems that made those data unsuitable for their analysis.⁴³ Instead, they focused upon funds allocated through the Commander's Emergency Response Program (CERP). They argued that CERP offered two major advantages for their analysis: 1) CERP funds are allocated in small amounts without layers of subcontractors that obfuscate the relationship between dollars spent and work done; 2) CERP is explicitly designed to provide military commanders with resources to pursue small-scale projects that accord with the specific needs of local communities with the intention of improving security and protecting U.S. forces.⁴⁴

In that study, the authors found that once you control for the fact that CERP projects tend to be funded in areas with higher levels violence than in pacified areas, the authors *do* find that greater service provision results in a reduction in violence with every CERP dollar predicting 1.6 fewer violent events per 100,000 persons. While this impact is modest, the salutary effects of CERP are stronger as units operate in ways that give them enhanced local knowledge of communities. Equally important, the positive effects of CERP were evidence in those districts with weak governance.⁴⁵

There have been no comparably robust studies of USAID efforts in Pakistan. Yet, there is an urgent need to better understand the impacts of USAID programs particularly if there are unexpected and unintended adverse outcomes of those interventions.

Conclusions

In summary, while the concerns associated with institutional contractors are well-known, the foregoing discussion suggests that obvious alternatives may not be an improvement without serious dedication of resources to enhanced data collection and analyses.

A review of the literature suggests that there is no magic bullet and no substitute for experimentation and rigorous evaluation. Indeed, there is a strong argument to be made for *experimenting* with different forms of aid delivery, involvement of local communities, and oversight mechanisms and subjecting those pilot programs to robust assessment—preferably with some degree of randomization—to determine the impact of the intervention on the treatment group. Effective programs should be retained and applied to other areas (with appropriate analyses and reoptimization) and ineffective programs eliminated unless they can be implemented successfully elsewhere in the country with suitable modification.

Admittedly, this may be difficult for USAID given the pressure that the mission is under to execute programs per mission priorities and potential ethical concerns about risks inherent in fielding different experimental programs in different areas. (However, there is no a priori way to know that the non-randomized approaches offer any more salutary outcomes.)

Given the frustration that Pakistanis have expressed about U.S. intentions and the explicit securitization of U.S. aid, it is important to assess whether the benefits of USAID interventions in mitigating violence and anti-Americanism are sufficiently significant in size and scope relative to the public relations problems such securitized aid appears to pose.

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¹ See Kwesi Aning, "Security, the War on Terror and Official Development Assistance," Theme Paper prepared for the project on Southern Perspectives on Reform of the International Development Architecture, September 2007. www.nsi-ins.ca/english/pdf/Theme_Paper_Three.pdf.

² U.S. Government Interagency Counterinsurgency Initiative, *Counterinsurgency Guide*, January 2009, p. 52. <http://www.state.gov/documents/organization/119629.pdf>.

³ The Symington Amendment prohibits most forms of U.S. assistance to countries that are found to be trafficking in nuclear enrichment equipment or technology outside of international safeguards.

⁴ See Sharon Squassoni, "Closing Pandora's Box: Pakistan's Role in Nuclear Proliferation," Arms Control Association, April 2004. http://www.armscontrol.org/act/2004_04/Squassoni#bio. See also Paul Leventhal,

President, Nuclear Control Institute, On Pakistan and U.S. Nuclear Non-Proliferation Policy before the House Foreign Affairs Committee Thursday, October 22, 1987. <http://www.nci.org/t/102287.htm>.

⁵ Richard P. Cronin et al., "Pakistan's Nuclear Proliferation Activities and the Recommendations of the 9/11 Commission: U.S. Policy Constraints and Options," CRS Report for Congress, RL32734, May 24, 2005, <http://www.fas.org/sgp/crs/nuke/RL32745.pdf>.

⁶ Husain Haqqani, "Pakistan Crisis and U.S. Policy Options" (speech, Heritage Foundation, Washington, D.C., November 27, 2007), http://www.heritage.org/Press/Events/archive.cfm?startdate_12/31/2007&days_364.

⁷ The Glenn Amendment prohibits U.S. foreign assistance to non-nuclear weapon states. The nuclear Non-Proliferation Treaty defines the legal status of "nuclear weapon state."

⁸ Under Section 508 of the 1999 Foreign Operations Appropriations Act, no U.S. assistance may be given to any country "whose duly elected head of government is deposed by military coup or decree." Text available at http://www.fas.org/man/docs/fy98/appendix/fy98_app_0113b.htm.

⁹ See U.S. Department of State, "North Korea-Pakistan: Missile-Related Sanctions and Executive Order 12938 Penalties," April 1, 2003. <http://www.america.gov/st/washfile-english/2003/April/20030401162104esrom0.924206.html>.

¹⁰ While the sanctions were lifted in October 2001, there had been an extensive interagency process throughout the summer of 2001 which evaluated lifting sanctions on *India*. As India began the tit-for-tat rounds of testing, individuals within the U.S. government argued that it would be unfair to remove the test-related sanctions for India but not Pakistan. Moreover, they reasoned that many of the sanctions against Pakistan were redundant. Thus there would be diplomatic gains in relieving test-related sanctions on Pakistan without diminishing the constraints upon the state. See C. Christine Fair, *The Counterterror Coalitions: Cooperation with Pakistan and India* (Santa Monica: RAND, 2004).

¹¹ Alex Wagner, "Bush Waives Nuclear-Related Sanctions on India, Pakistan,"

Arms Control Association, October 2001. http://www.armscontrol.org/act/2001_10/sanctionsoct01

¹² Alan K. Kronstadt, *Pakistan-U.S. Relations*, CRS Report for Congress, August 24, 2007.

¹³ C. Christine Fair, Clay Ramsay, Steve Kull "Pakistani Public Opinion on Democracy, Islamist Militancy, and Relations with the U.S." (Washington D.C.: USIP/PIPA, January 7, 2008).

¹⁴ Pakistanis have consistency evidenced support for democracy. See data provided through the World Values Survey. According to surveys fielded in 1997 and 2001, majorities of Pakistanis believed that "having a democratic political system" was very good

¹⁵ For more detail, see C. Christine Fair, *The Madrassah Challenge: Militancy and Religious Education in Pakistan* (Washington D.C.: USIP, 2008).

¹⁶ U.S. Department of State, Congressional Budget Justifications for Foreign Operations Fiscal Year 2008, May 2007. <http://www.state.gov/documents/organization/84462.pdf>.

¹⁷ Fair et al. "Pakistani Public Opinion on Democracy, Islamist Militancy, and Relations with the U.S."

¹⁸ Fair et al. "Pakistani Public Opinion on Democracy, Islamist Militancy, and Relations with the U.S."

¹⁹ WorldPublicOpinion.org, *Pakistani Public Opinion on the Swat Conflict, Afghanistan, and the US*. July 1, 2009. http://www.worldpublicopinion.org/pipa/pdf/jul09/WPO_Pakistan_Jul09_quaire.pdf.

²⁰ Transparency International, *Corruption Perception Index 2009*, 2009. http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table.

²¹ Transparency International Pakistan, *National Corruption Perception Survey 2006*, August 2006. <http://www.transparency.org.pk/documents/National%20Corruption%20Perception%20Survey%202006.pdf>.

²² See various polls from Terror Free Tomorrow on Pakistan, including Terror Free tomorrow, "Results of a New Nationwide Public Opinion Survey of Pakistan before the February 18th Elections," January 2008, <http://www.terrorfreetomorrow.org/upimagestft/TFT%20Pakistan%20Poll%20Report.pdf>; "Results of a New Nationwide Public Opinion Survey of Pakistan before the June 2008 Pakistani By-Elections," June 2008, <http://www.terrorfreetomorrow.org/upimagestft/PakistanPollReportJune08.pdf>; C. Christine Fair, Clay Ramsay, Steve Kull, "Pakistani Public Opinion on Democracy, Islamist Militancy, and Relations with the U.S.," (Washington D.C.: USIP/PIPA, January 7, 2008).

²³ C. Christine Fair, Neil Malhotra, Jacob N. Shapiro, "Islam, Militancy and Politics in Pakistan: Insights from a National Sample," Working Draft, November 2009.

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- ²⁴ Mathew J. Nelson, "Muslims, Markets, and the Meaning of a Good Education," *Asian Survey*, Vol. XLVI, No. September/October 2006, pp. 709-710.
- ²⁵ Nelson, "Muslims, Markets, and the Meaning of a Good Education," p. 719-720.
- ²⁶ Ghazala Mansuri and Vijayendra Rao, "Update Note on Community-Based and -Driven Development," 2007. siteresources.worldbank.org/INTIE/Resources/update_note_CDD.pdf. Ghazala Mansuri and Vijayendra Rao, "Community-Based and -Driven Development: A Critical Review," *World Bank Research Observer*, Vol. 19, No. 1, 2004. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=873725.
- ²⁷ Ghazala Mansuri and Vijayendra Rao, "Update Note on Community-Based and -Driven Development," 2007. siteresources.worldbank.org/INTIE/Resources/update_note_CDD.pdf. Ghazala Mansuri and Vijayendra Rao, "Community-Based and -Driven Development: A Critical Review," *World Bank Research Observer*, Vol. 19, No. 1, 2004. http://papers.ssrn.com/sol3/papers.cfm?abstract_id=873725.
- ²⁸ Mansuri and Rao, 2007; Mansuri and Rao, 2004.
- ²⁹ Mansuri and Rao, 2007; Mansuri and Rao, 2004.
- ³⁰ Mansuri and Rao, 2007, p. 4.
- ³¹ Masooda Bano, "Dangerous Correlations: Aid's Impact on NGO's Performance and Ability to Mobilize Members in Pakistan," *World Development*, Vol. 36, No. 1, 2008, pp. 2297-2313.
- ³² This section draws from Tahir Andrabi, Jishnu Das, C. Christine Fair, Asim Ijaz Khwaja, "The Madrassah Myth," *Foreign Policy Web Exclusive*, June 2009. http://www.foreignpolicy.com/story/cms.php?story_id=4958.
- ³³ Andrabi, Das, Fair, and Khwaja, 2009.
- ³⁴ Andrabi, Das, Fair, and Khwaja, 2009.
- ³⁵ Andrabi, Das, Fair, and Khwaja, 2009.
- ³⁶ Andrabi, Das, Fair, and Khwaja, 2009.
- ³⁷ Data from Tahir Andrabi, Jishnu Das, Asim Ijaz Khwaja, Tara Vishwanath, Tristan Zajonc. *Pakistan: The Learning and Educational Achievement in Punjab Schools (LEAPS)*. February 2007. http://leapsproject.org/assets/publications/LEAPS_report.pdf, forthcoming Oxford University Press, 2009.
- ³⁸ Andrabi, Das, Fair, and Khwaja, 2009.
- ³⁹ Andrabi, Das, Fair, and Khwaja, 2009.
- ⁴⁰ Andrabi, Das, Fair, and Khwaja, 2009.
- ⁴¹ Andrabi, Das, Fair, and Khwaja, 2009.
- ⁴² Eli Berman, Jacob N. Shapiro, Joseph Felter, "Do Working Men Rebel? Insurgency and Unemployment in Iraq and the Philippines," NBER Working Paper 15547, November 2009.
- ⁴³ Special Inspector General for Iraq Reconstruction. *Iraq Reconstruction: Lessons in Program and Project Management*. (Washington, D.C.: Government Printing Office, 2007). http://usiraq.procon.org/sourcefiles/Lessons_Learned_Mar-07.pdf.
- ⁴⁴ Eli Berman, Jacob N. Shapiro, Joseph Felter, "Can Hearts and Minds Be Bought? The Economics of Counterinsurgency in Iraq," March 2009, Working Draft.
- ⁴⁵ Eli Berman, Jacob N. Shapiro, Joseph Felter, "Can Hearts and Minds Be Bought? The Economics of Counterinsurgency in Iraq," March 2009, Working Draft.

Mr. TIERNEY. I note that we are one-third of the way through, without the silver bullet. So we have to keep moving on this.

Dr. Wilder, please.

STATEMENT OF ANDREW WILDER

Mr. WILDER. Distinguished members of the committee, thank you for asking me to testify today. I was born in Pakistan—lived, worked and studied there for about 30 years. So the topic of today's hearing is something that is important to me personally, as well as professionally.

I have firsthand seen some of the very positive effects of U.S. aid to Pakistan. But I have also seen some of the damage done to the U.S. image in Pakistan, as well as to development efforts in Pakistan, of the sort of feast-and-famine approach to development aid to Pakistan.

These feasts and famines, I argue, have both been harmful. And they result from what I believe is a misplaced faith in the effectiveness of aid in promoting security objectives, rather than just development objectives.

My testimony today is based on a study I am doing at the Feinstein Center, basically looking at the issue of: How effective is aid in promoting security objectives? And our main finding to date is that, while development assistance can be very effective in promoting humanitarian and development objectives, there is actually remarkably little evidence that it is effective in winning hearts and minds, and promoting security objectives.

Developing an aid program first and foremost to achieve security objectives rather than development often fails to achieve either. And I will argue that it, in some cases, can actually do more harm than good.

U.S. national security interests have always have a major influence over our foreign-aid programs, and how our foreign-aid dollars get spent. But I think, not since Vietnam have we seen aid so explicitly viewed as a weapons system, especially in counterinsurgency contexts. And I think this is illustrated by the recent publication in April of this year by the U.S. Army of the handbook called, "The Commander's Guide to Money as a Weapons System," which provides guidance on how to use money to "win the hearts and minds of the indigenous population to facilitate defeating the insurgents."

This assumption that aid can win hearts and minds is widely held by policymakers and practitioners alike. And it is having a major impact on our aid policies, as well as our counterinsurgency policies. It is resulting in a sharp increase in aid to countries like Pakistan and Afghanistan. And it has also resulted, within those countries, in a disproportionate amount of aid being programmed to the most insecure areas, rather than secure areas.

So when I am doing my research in Afghanistan, in the central and northern parts of the country, you often hear bitter complaints from Afghans there, as to, "Why are we being penalized for being peaceful?" because the lion's share of U.S. development aid is programmed to the insecure regions of the south and southeast.

And we see a similar thing in FATA—the \$750 million over 5 years to FATA—the federally administered tribal areas—where

only 2 percent of Pakistan's population live—I, think, also reflects that tendency.

And I think policymakers should be aware that given how widespread this assumption is, and given its powerful impact on our aid and our counterinsurgency policies, there is remarkably little evidence to actually show that aid is an effective weapons system, or is effective in winning hearts and minds in contexts like Pakistan and Afghanistan.

I think the Pakistan earthquake response is a very good example of this. I was personally involved in that. I saw firsthand the tremendous response of Pakistani citizens, first of all, the Pakistan army, and the international community, led by the United States, to what was a very effective humanitarian response to the earthquake.

The United States was the single largest donor to that response—\$510 million was fairly rapidly programmed, as well as 23 helicopters—provided lifesaving assistance in the aftermath of the earthquake.

I think the United States would have responded with humanitarian aid to a disaster of that magnitude anywhere in the world; however, there is no doubt that the scale of the response in Pakistan was affected by the desire to win hearts and minds and gain additional support from a war-on-terror ally.

The Wall Street Journal, in an editorial shortly after the earthquake, referred to this as, “One of America’s most significant hearts-and-minds successes so far in the Muslim world.” And there is a widespread perception that this response did win hearts and minds.

I am arguing, though, that, in reality, that benefit was actually quite minimal. A public-opinion poll done just a month after the earthquake did show a sharp boost in Pakistani public opinion toward the United States from—it went from 23 percent prior to the earthquake, to 46 percent; however, the next time that poll was done—6 months later—public opinion was back down to 26 percent. And, then, the Pew CERP poll showed it was down to 15 percent. And, today, I think we are around 16 percent.

So, again, there maybe was a very short-term benefit to that \$500 million in earthquake response, but not long-term.

And I think the point there is that was an incredibly effective humanitarian response, but with limited hearts-and-minds benefit.

My research from Afghanistan shows similar results. We have found that Afghanistan development aid, carefully programmed, can have very effective and positive development outcomes. But there is very little evidence that the billions now being spent on aid to Afghanistan is actually translating into significant hearts-and-minds benefits or stabilization benefits.

At a time when more aid is being given to Afghanistan than ever before in its history, the popular perception of aid in Pakistan is nearly universally negative.

Our field research in Afghanistan not only shows that aid is not winning hearts and minds, and having a stabilizing effect, but the sheer volume of that aid, especially in the insecure areas, can actually have destabilizing effects.

There are many ways in which it can do that—aid can create winners and losers in that zero-sum society, or perceptions of winners and losers. There is mounting evidence about how the political economy of aid and security contracting can actually result in significant amounts of money ending up being paid to the Taliban by construction companies as protection money for their road-building and other construction projects in these insecure areas.

But the most important way in which I think aid is destabilizing in Afghanistan is its role in fueling corruption. And it is nearly inevitable in a highly insecure area with limited implementation and oversight capacity that large amounts of aid in those areas are going to fuel corruption.

This corruption, in turn, has a very corrosive, I think, and destabilizing effect, by reducing the legitimacy of the Afghan government. And while donors in the United States and people are rightly criticizing the Afghan government in terms of its not cracking down on corruption, I think we need to be looking at ourselves, because our aid money is contributing to that problem by, I think, providing too much with too little oversight, in that context.

Although I have not done the research in FATA yet—but I suspect that—and similar environment, a highly insecure area in the border regions of Pakistan—large amounts of aid could also have similar effects.

So, in conclusion, I believe that prioritization since the 1960's, actually, of security over development objectives has been one of the main factors undermining the effectiveness of U.S. development aid to Pakistan.

And with the passage of the \$7.5 billion Kerry-Lugar Bill, an amount that exceeds the total U.S. aid spending since the start of this program in 1951 through 2007, it is more important than ever before to question how U.S. aid to Pakistan can be spent more effectively and accountably.

With U.S. foreign aid now explicitly viewed as a weapons system in counterinsurgency contexts, before appropriating billions more dollars, I urge this subcommittee and Congress to demand more evidence that it is an effective weapons system. It is hard to imagine that the United States would go to battle with any other weapons system whose effectiveness is based to such a great extent on unproven assumptions and wishful thinking. Thank you.

[The prepared statement of Mr. Wilder follows:]

**TESTIMONY OF ANDREW WILDER
RESEARCH DIRECTOR, FEINSTEIN INTERNATIONAL CENTER
TUFTS UNIVERSITY**

**HEARING ON
U.S. AID TO PAKISTAN: PLANNING AND ACCOUNTABILITY**

**HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT
REFORM
SUBCOMMITTEE ON NATIONAL SECURITY AND FOREIGN
AFFAIRS**

DECEMBER 9, 2009

**TESTIMONY OF ANDREW WILDER, RESEARCH DIRECTOR,
FEINSTEIN INTERNATIONAL CENTER, TUFTS UNIVERSITY
DECEMBER 9, 2009**

INTRODUCTION

As someone who was born and raised in Pakistan, and spent 30 years of my life living, studying and then working for aid agencies there, the topic of how to provide aid effectively and accountably to Pakistan is one that is very important to me personally as well as professionally. I have seen first hand the benefits of effectively programmed US development assistance. But I have also seen the damage to America's image, not to mention to development efforts in Pakistan, of a feast or famine approach to US development aid based on Pakistan's oscillating status as a "front-line state" or a forgotten state. These feasts and the famines – both of which have had harmful effects – result from a misplaced faith in the effectiveness of aid as a tool to promote US security interests.

Today I would like to share some concerns and recommendations regarding the current surge of aid dollars accompanying Pakistan's regained status as a front-line state. These are based largely on my ten years of experience as an aid worker in Pakistan, as well as research done more recently for the Feinstein International Center at Tufts University. This research includes a study on perceptions of the 2005 Pakistan earthquake response,¹ research on the politics of civil service reform in Pakistan,² as well as an ongoing two-year study in Afghanistan that is trying to assess the effectiveness of aid as a means to "win hearts and minds" and promote stability and security.³ Although recognizing the considerable differences between Pakistan and Afghanistan, I believe the Afghanistan research findings are very relevant to the US aid program to Pakistan, especially given the security focus of the aid programs in both countries.

The main finding of the research in Afghanistan and Pakistan is that development assistance can be effective at promoting development objectives if there is careful planning, implementation and oversight, as well as local participation and ownership. But there is very little evidence that development assistance is effective at "winning hearts and minds" and promoting US security objectives. Aid programmed first and foremost to achieve security rather than development objectives often fails to achieve either, and in some cases can do considerably more harm than good.

¹ Andrew Wilder, "Humanitarian Agenda 2015: Perceptions of the Pakistan Earthquake Response," (Medford: Feinstein International Center, Tufts University, 2008).

² Andrew Wilder, "The Politics of Civil Service Reform in Pakistan," *Journal of International Affairs*, Vol. 63, No. 1, Fall/Winter 2009, pp. 19-37.

³ For further details and publications, see the following website:
<https://wikis.mit.tufts.edu/confluence/pages/viewpage.action?pageId=19270958>.

THE QUESTIONABLE ASSUMPTION THAT AID “WINS HEARTS AND MINDS”

US national security interests have always had a major influence over where and how US foreign aid dollars get spent. Not since the CORDS program in Vietnam, however, has aid so explicitly been viewed as a “weapons system,” especially in counterinsurgency contexts. This is illustrated by the publication of a handbook by the army in April 2009 titled, *Commanders Guide to Money as a Weapons System*, which provides guidance on how to use money “to win the hearts and minds of the indigenous population to facilitate defeating the insurgents.”

The assumption that development and security are two sides of the same coin, and that aid can “win hearts and minds” and promote US security objectives, is widely held by policy-makers as well as many practitioners. This assumption is having a major policy impact, including sharp increases in US foreign aid budgets for countries like Afghanistan and Pakistan, and the prioritization of aid funding within these countries for insecure over secure areas. In Afghanistan, for example, most of the US’s development aid is spent in the insecure areas of the south and southeast, with relatively little going to the more secure central and northern regions (leading Afghans in those areas to complain bitterly about the “peace penalty”). Similarly, the \$750 million USAID has committed over five years to Pakistan’s troubled Federally Administered Tribal Areas (FATA) bordering Afghanistan, where only two percent of Pakistan’s population live, reflects the belief that aid projects are effective ways to promote stability in insurgency-affected areas. The assumption that aid is an effective counterinsurgency “weapon” has also contributed to the growing role of the military in implementing aid projects in places like Iraq and Afghanistan. However, given how widespread the assumption is, and given its major impact on aid and COIN policies, there is surprisingly little evidence that supports the assumption that aid projects are “winning hearts and minds” in Pakistan or Afghanistan, or having any significant stabilization or security benefits.

One of the main rationales given for the assumed link between aid and security is the belief that poverty is a major factor fueling the insurgency. Yet there is little evidence that poverty, inadequate infrastructure, or the lack of social services are major factors driving the insurgency in either Afghanistan or Pakistan. In fact, some of the poorest and least developed regions of Afghanistan are actually the most stable. The poorest areas of Pakistan are rural Balochistan, rural Sindh, and southern Punjab – not FATA where the Pakistani Taliban are based. Our Afghanistan research showed that perceptions of massive corruption and the failure of the state to promote security and the rule of law were much more important factors in delegitimizing the state than its failure to deliver adequate levels of social services or infrastructure. The Taliban seem to recognize this, and seek to legitimize their movement by promising better security, justice and governance rather than more roads, schools and clinics.

**PAKISTAN EARTHQUAKE RESPONSE – A VERY EFFECTIVE
HUMANITARIAN EFFORT WITH A VERY LIMITED “HEARTS AND MINDS”
BENEFIT**

Soon after the October 2005 earthquake in Pakistan that devastated areas of Azad Kashmir and the NWFP, I provided some short-term assistance to Save the Children’s emergency response program. I saw first-hand the remarkable response of Pakistani citizens, the Pakistan Army, and the international community to the earthquake – a response that was widely perceived to be one of the most effective ever to a natural disaster of this magnitude. The US was the largest donor to this response, pledging \$510 million in aid, as well as providing 23 helicopters to provide life-saving assistance during the weeks following the earthquake.

While the US would have undoubtedly responded with some humanitarian assistance to a disaster of this magnitude anywhere in the world, there is little doubt that the scale of the US response was influenced by the desire to strengthen relations with a strategic War on Terror (WoT) ally, and to “win hearts and minds” among a population deeply distrustful of the US. Only two days after the earthquake an Associated Press article, entitled “U.S. hopes to win hearts and minds in Pakistan,” quoted US Ambassador Ryan Crocker as saying that the US government’s swift grant of \$50 million in emergency aid reflected its “long-term strategic relationship” with Pakistan. “That means when crisis hits an ally, we step forward to help” (which of course begs the question of what happens when crises hit states that are not strategic or an ally). A Wall Street Journal editorial called the earthquake response “... one of America’s most significant hearts-and-minds successes so far in the Muslim world.” A US Congressional Research Service report written two months after the earthquake very explicitly cited the potential WoT benefits of the US earthquake response: “The degree to which the United States receives positive press for its contribution to the earthquake relief effort may make it easier for Musharraf to support anti-terror activity in the region.”

In the weeks and initial few months after the earthquake the large-scale humanitarian response was positively perceived by Pakistanis, especially the direct beneficiaries of this assistance in the earthquake zone. A much publicized poll in Pakistan conducted a month after the earthquake by Terror Free Tomorrow highlighted the “dramatic change” in Pakistani public opinion towards the US which was attributed to the US’s humanitarian response. The poll showed that while only 23% of respondents had a favorable opinion of the US in May 2005, this increased sharply to 46% by November 2006. However, much less publicized was that this figure plummeted to 26% by May 2006, only six months after the earthquake. The Pew Research Center polling in Pakistan showed only a small increase from 23% of respondents having a favorable opinion of the US in a pre-earthquake 2005 poll, to 27% in 2006. By 2007 this had plummeted to 15%, and by 2009 to 16%. In the spring of 2007 I returned to the earthquake-affected areas with a team of Pakistani researchers to conduct a study examining perceptions of the earthquake response. We also found that while respondents were still positive about the initial humanitarian response, 18-months after the earthquake there was growing discontent with the perceived slow pace of

the earthquake reconstruction program. There was little evidence of any significant “hearts and minds” or security benefits as a result of the US’s generous support for the earthquake response.

This is certainly not to suggest that the US assistance was ineffective. US assistance was extremely effective in promoting the humanitarian objectives of saving lives and alleviating suffering. Evidence of this was that despite the extremely difficult mountainous terrain and hostile climatic conditions, after the initial loss of approximately 75,000 lives there was no “second wave” of deaths due to lack of shelter or capacity to treat injuries, and no “third wave” of deaths due to disease. While the aid was effective in achieving humanitarian objectives, the polls and research indicate that the approximately half a billion dollars of US earthquake assistance was relatively ineffective at promoting US security objectives of sustained improvements in Pakistani perceptions of the US.

LOSING HEARTS AND MINDS IN AFGHANISTAN

Smart Development Aid Can Promote Positive Development Outcomes

Our Afghanistan field research also found that development aid carefully programmed to achieve development objectives has in many cases been very effective. The health sector is a good example of where good donor coordination, comparatively strong leadership from the health ministry, effective implementing partners, and strong oversight have combined to deliver a stronger public health system than Afghanistan has ever had before. This, in turn, has resulted in measurable improvements in some key health indicators such as infant and maternal mortality rates. Another good example is the Ministry of Rural Reconstruction and Development’s National Solidarity Programme (NSP), which our research found to be one of the few aid programs that was relatively positively perceived. While there were some criticisms and problems identified, overall respondents appreciated the extent to which they were consulted and involved in the process of identifying, prioritizing, implementing, and monitoring the projects, and that a relationship was built between communities and the NSP implementing partners. In other words, the process and not just the product seemed to play a key role in contributing to the relatively positive impressions of NSP. The process of relationship building was facilitated by the relatively small amounts of money involved in NSP projects (\$27,000 on average for community block grants). This was in contrast to the large multi-million donor contracts that can easily get lost in a faceless world of Requests for Proposals (RFPs), sealed bids, and multiple layers of sub-contracting, in which forming and maintaining relationships with local communities is neither prioritized nor in some cases possible. It is important to note, however, that despite the positive impressions of NSP relative to other development programs, as well as the clear development benefits, there was still little evidence that these projects were having a clear stabilization benefit. □

Development Aid is Not Winning Afghan Hearts and Minds

The Afghanistan field research has clearly highlighted the danger of assuming that aid projects “win hearts and minds,” either for international actors or the government. At a

time when more aid funds are being spent in Afghanistan than ever before, the perception of nearly all Afghans interviewed for the study regarding aid and aid actors was overwhelmingly negative. Common complaints included: nothing or not enough had been done (despite in some cases considerable evidence all around that much had been done); others got more than they did (a common perception in a zero-sum society); what was done was poor quality; the wrong kinds of projects were done; and the list goes on. But the overriding criticism of aid programs was massive corruption in the aid effort.

Aid Can be Destabilizing

There is considerable historical and comparative evidence of how processes of development and modernization, and the new social forces that they create, can be inherently destabilizing. It is therefore surprising the extent to which current stabilization and counterinsurgency (COIN) doctrine seems to assume a linear relationship between development and security. Our field research in Afghanistan identified several other ways in which aid contributes to instability, which are highlighted in this testimony given their direct relevance to US-funded aid and stabilization efforts in Pakistan.

The most destabilizing impact of foreign aid in Afghanistan has been its role in fueling massive corruption. This is the near inevitable consequence of large amounts of aid money being pumped into insecure environments with little planning, implementation and oversight capacity. This corruption, in turn, has had the very corrosive and destabilizing effect of eroding the legitimacy of government officials and institutions. While the US and other donors are right in criticizing the Afghan government for its contribution to the corruption problem, they have been slow to acknowledge their own contribution to the problem by providing too much money with too few safeguards. Ironically, the assumption that aid is stabilizing, which is resulting in more and more aid being pumped into insecure areas, is exacerbating this destabilizing corruption problem. The quickest and most effective way to reduce corruption would be to reduce funding to levels more in line with the capacity of to plan and implement development programs effectively and accountably, and to create incentive structures for implementing agencies that rewarded quality and impact rather than amounts of money spent (the “burn rates”) or the number of projects implemented.

The sheer volume of foreign aid being spent in Afghanistan (and soon Pakistan) can also create a political economy of aid and security contracting that can have destabilizing effects. For example, there have been numerous reports of the Taliban being paid protection money by donor-funded contractors, especially for their road building projects. While the extent of the problem is difficult to gauge, it is likely that US foreign aid is becoming an increasingly important source of financing for the Taliban as more and more CERP and USAID money is contracted out to construction companies to work in insecure areas. A recent article in *The Nation* quoted a U.S. military official in Kabul who estimated that “a minimum of 10 percent of the Pentagon’s logistics contracts – hundreds of millions of dollars – consists of payments to insurgents.”

In discussions regarding aid contracting there were also disturbing reports regarding the growing criminalization of the construction sector, including some reports of contractors paying criminal gangs or the Taliban to attack rival contractors. There were widespread reports of collusion between government officials, the staff of PRTs and USAID contractors, and local construction firms in the designing, bidding and awarding of contracts. There were also numerous accounts of “flipping contracts,” whereby one company would win a construction bid and then sell/sub-contract it on – sometimes several times. While some sub-contracting is legitimate, examples were cited of four to five levels of sub-contracting, with commissions taken at each level, often resulting in too few funds remaining in the end to properly implement the project. Elite capture of the construction sector is also an issue as many prominent political figures or their close relatives reportedly own some of the major construction companies. Proposals to “put an Afghan face” on development programs need to be very aware that the faces of many of the ruling elites and their family members who control major Afghan construction and security contracting firms are not the faces most Afghans want to see further enriched by “Afghanization” efforts.

Finally, in ethnically or tribally fragmented societies aid projects can also be destabilizing if they are perceived to be consolidating the power of one faction at the expense of others. Our research has identified examples of where aid projects upset local power dynamics by creating perceived winners and losers, forcing those who lost out to turn to insurgent groups for support. As one Afghan government official noted in the southern province of Urozgan, “So much aid to Afghanistan and Urozgan has exacerbated matters by making some groups more powerful than others.”

REBUILDING THE “STEEL FRAME” OF THE PAKISTAN CIVIL SERVICE

A final point I would like to make is that for the large amounts of foreign aid planned for Pakistan to have significant benefits the government of Pakistan and its international donors will have to prioritize rebuilding and repairing the civil service in Pakistan – a dangerously rusted and bent descendant of what British Prime Minister Lloyd George in 1922 famously referred to as the “steel frame” of the colonial Indian Civil Service. The ineffectiveness of state institutions due to the diminishing capacity, over-politicization, and corruption of the bureaucracy and its political masters is seriously undermining Pakistan’s economic, social and political development. The rapid increase in foreign aid combined with the decreasing capacity of Pakistan’s state institutions to spend these funds in an effective and accountable manner, risks resulting in much of this aid simply fueling the very corruption that is eating away the legitimacy of state institutions.

The fundamental obstacles to civil service reform in Pakistan are primarily political in nature, and not due to a lack of technical expertise or knowledge about what needs to be done. Over the course of the past six decades there have been more than 20 studies on administrative reform prepared by various government committees or commissions (including six since 1996), that have clearly identified the most serious problems. The

main political challenge is that those with the power to push for reform – namely the military, politicians and civil servants themselves – have historically had more incentives to oppose rather than support efforts to make the civil service more efficient and effective. This highlights the need for a political strategy that includes sufficient incentives to convince a critical mass of these key interest groups to support reform. US aid, working in close coordination with the government of Pakistan and other bilateral and multilateral donors, could help support appropriate incentives to facilitate critically needed reforms.

But for civil service reform efforts to succeed, there is also a need to create a broader constituency for reform within Pakistan. Discussions and debate must move beyond the offices of the president, prime minister, minister of finance and international donors, in order to create a wider constituency that recognizes the growing crisis in the civil service and supports a reform agenda. While there is a strong public perception that the bureaucracy is corrupt and inefficient, this has not yet created a strong constituency lobbying to reform the bureaucracy. This is due in part to the many people with influence both inside and outside of the bureaucracy who benefit from this corruption and inefficiency, as well as the broader perception that providing jobs is just as important, if not more important, a function of the bureaucracy as providing services.

Unless awareness of the crisis confronting the civil service is better communicated in Pakistan, and the pressure for civil service reform comes from within Pakistan rather than something imposed by international donors, the chances of success will be slim. There is still time to strengthen and straighten the rusted frame of Pakistan's civil service. But this urgently requires carefully crafted political strategies and tactics to overcome disincentives for reform, along with efforts to create a broader constituency demanding reform. Continuing to ignore the problem will ensure that large amounts of US development aid to Pakistan will do more damage than good by fueling corruption rather than development.

CONCLUSION

In Afghanistan, there is little evidence that US aid has won hearts and minds, and few Afghans are talking about the development successes of the past eight years – although there have been many. The focus is on the waste, corruption, and inappropriate projects, of which unfortunately there are also plenty. In Pakistan, if we do not place much greater emphasis on delivering aid effectively and accountably, US assistance efforts will inevitably end up generating a lot more criticism than praise. Effective aid efforts will require long-term commitments, and a prioritization of measuring outcomes and accountability over the quantity of projects and maintaining high “burn rates.” While the needs in Pakistan are great, funding levels need to be kept in line with the capacity to absorb money effectively and accountably, rather than according to needs. In a recent discussion with a Pakistani friend about the effectiveness of US foreign aid to Pakistan, he emphasized the damage done by the cycles of feast and famine described earlier in this paper. He urged the US to think of its aid program to Pakistan as a marathon rather than a series of short unsustainable sprints.

The focus of my testimony today has been to question the effectiveness of securitized aid, as I believe the prioritization since the 1960s of security over development objectives has been one of the main factors undermining the effectiveness of US foreign aid to Pakistan. With the passage of the \$7.5 billion Kerry-Lugar bill – an amount that exceeds the total USAID spending since the start of its Pakistan program in 1951 through 2007 – it is more important than ever before to question how US foreign aid to Pakistan can be spent more effectively and accountably.

If there is clear evidence that aid projects intended to promote stability and security were achieving their objectives, a strong case could be made for allocating development aid to promote security objectives. In the absence of such evidence, billions of dollars are potentially being wasted on an ineffective weapons system. Unfortunately, the aid effectiveness debate has largely remained confined to the effectiveness of aid in promoting development objectives. However, with increasing percentages of US development assistance being programmed with the primary objective of promoting security objectives, there has been remarkably little effort to date to determine the effectiveness of aid in achieving those objectives. Before Congress appropriates billions of dollars for development aid to promote US security objectives in Pakistan, it should demand more evidence that these aid dollars are indeed effective at promoting security. With US foreign aid now explicitly viewed as a “weapons system” in COIN contexts, there is an urgent need to prioritize testing and assessing the extent to which it is an effective weapons system. It is unlikely that the US military would go to battle with any other weapons system whose effectiveness is based to such a great extent on unproven assumptions and wishful thinking.

Our research suggests that development aid is an ineffective “weapons system,” but that if carefully planned, implemented and monitored, it can be a very effective way to help save lives, reduce poverty and alleviate human suffering. I therefore believe it is time to view promoting development as a good in and of itself that is worthy of generous US support. We should not set US development assistance up to fail by expecting it to defeat insurgencies.

Mr. TIERNEY. Thank you, Dr. Wilder. I appreciate that.
Dr. Ahmed.

STATEMENT OF SAMINA AHMED

Ms. AHMED. Thank you, Mr. Chairman—a pleasure to be here and to testify at this very important hearing.

Let me start off by saying that: Is U.S. aid desirable in the Pakistani context? Yes, it is. Is it needed in the Pakistani context? Yes, it is. How effective will that assistance be? That will depend on the mechanisms that are used to provide that assistance. That will also depend on the oversight of that assistance by the U.S. Government, but also by the U.S.-Pakistani counterparts.

If these counterparts are indeed representative of their communities, are themselves accountable, and the processes that are used are transparent, then, this assistance that has been allocated to Pakistan—the \$1.5 billion a year, under the Enhanced Partnership with Pakistan Act, as well as the \$750 million, of which, we know, very little, as yet, has been spent on FATA—would that be effective? I don't think there is absolutely any doubt about it.

The problem lies in the fact that we are looking at assistance in the Pakistani context; also, in the context of Pakistan's relationship with the United States in particular. Relations with the United States in the last 10 years—Pakistani perceptions were shaped by U.S. assistance to a military regime, which is why this still is important—which is why, also, as this committee knows, they want a push-back by those institutions within Pakistan that feel strengthening civilian partners would undermine their own internal standing.

Specifically in the context of FATA, let me just say this: Having spoken to FATA representatives, having spoken to FATA stakeholders, folks who belong and live and will be the recipients of this community—do they want it? Yes, they do. Do they believe that it is going to be effective? Under the present circumstances, no, they don't.

Is that because there is a flaw in the way assistance is being provided? I go into great detail in the testimony on the problems that USAID and its implementing partners face in FATA itself. And the real problem in the fact that this assistance cannot be delivered as effectively as it should lies in the larger political framework that exists, the mechanisms—the bureaucratic mechanisms that are there in place.

If there is no political reform—and we have stressed upon that very strongly—this is a civilian government. It is an elected government. It understands the importance of reaching out to the communities; it also understands the importance of winning the peace. But without that reform agenda—and the first beginnings of that reform agenda have just been suggested—there has been a push-back, again, by the military, as far as this reform agenda is concerned.

Until there is political reform in FATA—USAID and its implementing partners—it doesn't matter if they are local NGO's, international NGO's, or beltway bandits—are going to have to work through the FATA secretary, through the FATA development authority, and the political agents. This entire bureaucracy and its

clients do not have any links to the community, nor have they any interest in consulting the communities.

Let me also say this: While we are talking about what is happening within the FATA context, we have a very large proportion—almost a third of the residents of FATA—who are now internally displaced because of the conflict, because of military operations, because they are caught between the military and the militants.

Delivering assistance to these communities, I think, is one way to reach the communities that are still within FATA. It is a mechanism that can be used. What will be important is for everybody, I think, to understand that as these operations end—when they end and how they end—also matter. If they are just going to see militant leaders moving from one agency to the other to make a return, with no safety and security for residents—it is not going to make any difference.

If there is no comprehensive relief, secure return and reconstruction plan for the IDPs, with U.S. assistance, the civilian government will lose whatever credibility it has. So that need for political reform and the importance of making sure that the political structures in FATA are, indeed, accountable and transparent means that there needs to be, first, support for the reform agenda, which is just the beginnings of opening the doors to political reform in FATA—but also an understanding that unless these—there are mechanisms that are put in place for community and civil-society participation, as well as—and let me emphasize this—with the elected representatives of the Pakistani parliament in the province—Northwest Frontier Province—and in the center—in the national assembly—that is, I think, a mechanism that has, of yet, not been used, and could be used to far greater effectiveness.

These are folks who know, as indeed, Members of the Congress do, the needs of their constituents. These are also people who are accountable to those constituents and will win or lose elections based on their performance.

Bringing them into the process of aid delivery in terms of oversight would make a huge difference. Insecurity will be used also, deliberately, to deprive even those international humanitarian organizations and development organizations that would want to risk going into these insecure conflict zones. And there, I think, again, international humanitarian law is something which is absolutely essential when we are looking at how this conflict is playing out.

Preparing the ground for a safe and secure return for the IDPs—and we talked about the situation after the earthquake—let us not forget what happened after the earthquake. Right after the earthquake, the relief and reconstruction that was supposed to take place was taken over by a military apparatus. There was no link to the community. There was no understanding of the needs of the people. That is what we don't want to see happen again in these conflict zones as people begin to return home; and, indeed, millions already have in Malakand Division.

On the whole, as far as the entire project is concerned of USAID assistance—there are going to be difficult choices. There are no silver bullets, unfortunately. But what does matter is that if they see transparency, accountability, and the mechanisms—the democratic institutions and mechanisms that are there now, in this nascent

democracy, being utilized by the American partners on the ground—that is, possibly, an effective way to go. Thank you, sir.
[The prepared statement of Ms. Ahmed follows:]



Testimony of Dr. Samina Ahmed, South Asia Project Director, International Crisis Group, to the House of Representatives Subcommittee on National Security and Foreign Affairs, Committee on Oversight and Government Reform hearing on “U.S. Aid to Pakistan: Planning and Accountability”.

Wednesday, 9 December 2009

I want to thank Chairman John F. Tierney for holding this important hearing and inviting me to testify on behalf of the International Crisis Group on U.S. assistance to Pakistan. If utilized effectively, this assistance could help win hearts and minds in the struggle against violent extremism in Pakistan.

The Crisis Group has been in South Asia since December 2001, and has published reports directly relevant to the issues under this committee’s review. We are deeply concerned about the threats posed to regional and international security by violent sectarian and jihadi groups in Pakistan, which are presently attempting, with some success, to expand their influence beyond the Federally Administered Tribal Areas (FATA), the tribal belt bordering on Afghanistan, to the settled areas of the Northwest Frontier Province (NWFP).

We have repeatedly expressed concern about military-devised peace deals with violent extremists, which have helped entrench Taliban control and al-Qaeda influence in this area, undermining the gains made by the transition to democracy and the defeat of the military-supported religious parties in NWFP in the 2008 elections. The militants’ refusal to end their armed campaign, facing strong international pressure, particularly from the United States, the Pakistan armed forces launched a military operation, first against the extremists in NWFP’s Malakand division and has since then expanded operations to FATA’s South Waziristan agency. While the current military operation may well be a more extensive attempt to root out the Baitullah Mehsud network in South Waziristan, it remains an incomplete effort and could even prove counter-productive because of the military’s parallel efforts to reach or consolidate peace deals with rival Taliban groups, including some linked to the Haqqani network in North Waziristan agency.

The military operation has yet to be directed at the Afghan Taliban, the Haqqani network or al-Qaeda strongholds. However, it has already spurred a new round of internally displaced persons (IDPs), with little to show that the country has planned for that eventuality. While two-thirds of the nearly three million internally displaced have returned home in Malakand division, nearly a million remain displaced. Now, the ongoing operation has displaced more than one million FATA residents, mostly from Bajaur agency in the north and Waziristan in the south.

In our reports, we have repeatedly warned that the military's resort to heavy force, failure to address the full cost to civilians and refusal to allow full civilian and humanitarian assistance to the conflict-zones is counter-productive. The failure to meet the needs of FATA's IDP's and to provide effective relief, rehabilitation and reconstruction in Malakand division will reverse any gains made on the battle field and boost radical Islamist groups.

FATA is governed by a colonial-era body of law that isolates the region from the rest of the country, giving it an ambiguous constitutional status, denying political freedoms and economic opportunity to the population. The region was severely underdeveloped even before the rise of militancy. With no economic regulation or proper courts, a black economy has flourished, notably a pervasive arms and drugs trade. Violence is now contributing to poverty, with the lack of jobs making FATA's residents vulnerable to militant intervention.

The democratically elected government could, with international, particularly U.S. support, curb extremism through broad institutional, political and economic changes to FATA's governance. It must dismantle the existing undemocratic system of patronage driven by political agents--FATA's civilian bureaucrats—as well as tribal *maliks* (elders) who are increasingly dependent on the militants for protection. It must enact and the international community, particularly the U.S. should encourage a reform agenda that would encourage political diversity and competition, enhance economic opportunity and extend constitutionally guaranteed civil and political rights and the protection of the courts.

The U.S. has allocated significant funds for FATA's development, but most is channeled through unaccountable local institutions and offices. This severely limits aid effectiveness and may even impede rather than encourage democratization. Communities displaced by heavy-handed military operations in FATA may also be especially vulnerable to jihadi indoctrination unless the Pakistan government prioritizes relief and rehabilitation, with international, particularly U.S. support. Plans for relief, future reconstruction and resettlement must be based on broad consultation with local and provincial leaders, with the goal of sustainable provision of public services, economic infrastructure and civilian protection through civilian-led law enforcement and judiciary.

BACKDROP

Belying the Pakistan military's claims of successfully countering Islamist militant networks in FATA and NWFP, extremists have expanded their reach and now command unprecedented influence. Instead of effectively disrupting and dismantling these networks, the military's sporadic operations have raised the costs—human and economic—for civilians trapped in the violence between militancy and heavy-handed military force. With the militants undermining already dysfunctional state institutions in FATA, only bold political reform by the democratically elected government and a strategy, with the assistance of international partners, particularly the U.S., that puts the

interests of civilians first will help reestablish state legitimacy and curb the growing tide of militancy.

At present, the state's writ in FATA is tenuous by design, not because of Pashtun or tribal resistance. The military is averse to changing FATA's ambiguous status since it has, since Pakistan's independence, used this region to promote perceived interests in neighboring Afghanistan through local and Afghan proxies. Nor is the centrally administered bureaucracy inclined to give up the perks and privileges---financial and political---of overseeing FATA's governance, absent legislative or judicial oversight. Islamabad's refusal to integrate the tribal areas into the constitutional framework has created a no-man's land where militants and criminals easily find safe havens.

FATA is directly governed by the federal government through an administrative and legal framework codified in the colonial-era Frontier Crimes Regulations (FCR) 1901, under which the federally appointed political agent, the senior most bureaucrat in an agency, exercises extensive executive, judicial and revenue powers, including the collective punishment of all or any members of a tribe for crimes committed on its territory. Political agents can grant or withdraw the status of *malik* (tribal elder), who then, with the agent's consent, receives financial privileges. FATA's legislators, elected to the federal parliament wield little authority and cannot even legislate on the tribal areas.

Dysfunctional and repressive governance has made FATA vulnerable to militancy. Local alienation resulting from an unaccountable and unresponsive administrative apparatus is readily exploited by the militants, who have also, as in Afghanistan, consolidated their powers by killing or coopting *maliks*, and dismantling or hijacking tribal forums such as *jirgas* and *hujras* (tribal councils). With much of FATA transformed into a no-man's land for government officials, civil society and local and international agencies, the civil bureaucracy too has ceded much of its authority to extremist groups, with political agents even known to channel development funds to the militants.

On 14 August 2009, President Zardari announced a FATA reform package, that would lift restrictions on political party activity, curtail the bureaucracy's arbitrary powers over arrest and detention; establish prisoners rights to bail; exclude women and children from the territorial responsibility clause; establish an appellate tribunal; and envisage audits of funds received and disbursed in FATA. While these proposed reforms are long overdue, with broader amendments needed if FATA is to stabilize, even this modest package needs the NWFP governor's assent on the president's directive and has been stalled by the military.

Yet the state's writ cannot be asserted over the region without instituting full provincial and constitutional rights, bringing FATA under the executive control of NWFP, with representation in the provincial legislature, with FCR repealed in its entirety. By incorporating FATA into NWFP under a uniform judicial system, the state will finally be able to ease the grip of religious extremists. The merger would also extend the provincial police force's jurisdiction over the territory.

Ending the military's policy of patronizing some Taliban groups and confronting others, the civilian government must take control over counter-terrorism policy. It will only be in a position to do so, however, if the democratic transition stabilizes. The Enhanced Partnership with Pakistan bill, by highlighting U.S. support for Pakistan's democratic transition, including civilian control of the military, has sent the right signal to an ambitious military leadership which is evidently reluctant to give up the perks and privileges of power.

COSTS OF CONFLICT

Although several extremist groups control large swathes of territory across FATA, militancy is not uniform. Some 40-plus Pakistani Taliban groups are loosely aligned under the Tehrik-i-Taliban Pakistan (TTP), now led by Hakimullah Mehsud. The TTP is loosely aligned to Punjab-based jihadi organizations such as the Lashkar-e-Tayyaba and the Jaish-e-Mohammad, the military's jihadi proxies in Kashmir. While the TTP also has links to the Afghan Taliban and al-Qaeda, the groups that comprise it operate independently, some attacking Pakistani security forces; others in FATA agencies such as North Waziristan are aligned to the Pakistani military, and focus their efforts on attacking Afghan and Western forces in Afghanistan.

While sporadic military operations against some Pakistani Taliban groups in FATA have displaced almost a million people, they have more often than not ended in short-lived peace accords with the militants, which have further empowered the extremists. In South Waziristan, for instance, the military reached successive accords with FATA based militants that allowed them to establish parallel Taliban-style policing and court systems, and facilitated the spread of Talibanisation across FATA and in NWFP's Malakand district. These included the April 2004 deal with Nek Mohammad, who was killed in a U.S. drone attack and then a series of deals with his successor, Baitullah Mehsud, the latest in May 2008.

After Baitullah was killed in a U.S. drone attack, while the military has taken action against his successor Hakimullah Mehsud, it has also continued the counter-productive policy of working with rival Taliban factions, including those led by Gul Bahadur and Maulvi Nazir. Although they are believed to be involved in the insurgency in Afghanistan and linked to al-Qaeda and the Haqqani network, which have safe havens in North Waziristan, the military entered peace deals with Bahadur, Nazir and other groups in the agency in 2006 and 2007. Nor has any attempt been made to disrupt, let alone dismantle, the Haqqani network in North Waziristan.

Almost one-third of FATA's approximately 3.5 million population has been displaced by the conflict, with the numbers increasing as the military expands its operations in the region. While indiscriminate military force has resulted in high civilian casualties, with exact figures impossible to calculate because the military restricts access by local and international humanitarian agencies to the conflict zones, most FATA IDPs have yet to receive adequate assistance or any compensation for the destruction of their properties and livelihoods. South Waziristan's IDPs, in particular, are even worse off than their

counterparts from Bajaur or Mohmand agencies. Disallowing the establishment of camps for IDPs from North and South Waziristan, often harassing host families, and registering IDPs selectively and thus providing relief selectively, the military, with the civil government working at its behest, is only helping the Taliban cause.

FATA's economy too has been badly hit by the conflict. Already extremely underdeveloped before the growth of militancy, it remains the least developed region in Pakistan, with 60 percent of its residents living below the poverty line. The state's failure to provide basic services and support economic activity is contributing to the growth of the insurgency. While criminality and militancy flourish in the absence of the rule of law, the civil bureaucracy's allocation of funds to local elites through a patronage system further retards sustainable growth and development. Set up by the Musharraf government in 2006, the FATA Secretariat and the FATA Development Authority control the planning and implementation of development plans but with very limited internal and external accountability. Yet these are the institutions through which the U.S. government is being urged to disburse its assistance, which, if effectively utilized, would go a long way to helping win hearts and minds and curb the growth of militancy in FATA.

GUAGING U.S. ASSISTANCE

In 2007, the Bush administration allocated and Congress approved \$750 million for FATA's development over five years, roughly \$281 million of which has been committed thus far but the amount actually expended since 2007 remains around \$75 million. Transparency and oversight issues, bureaucratic hurdles and insecurity have hampered assistance efforts. In September 2009, Congress passed the Enhanced Partnership with Pakistan Act, approving a tripling of non-military aid to Pakistan to about \$1.5 billion annually over five years, which also includes assistance for FATA development and calls for support to legal and political reforms in FATA.

USAID's Office of Transition Initiatives and implementing partners in FATA, working on projects aimed at enhancing capacity and strengthening citizen/state ties, work primarily through the federally controlled FATA institutions and civil bureaucracy, particularly the FATA secretariat and the political agents, who approve development contracts that are then awarded to local contractors through competitive bidding.

USAID and its implementing partners face the same hindrances that impede FATA's development in general. Much of FATA's middle belt, for example, is inaccessible due to violent sectarian conflict in Kurram and Orakzai agencies as well as ongoing military operations in Khyber, Bajaur and South Waziristan agencies.

Chairman Tierney has rightly identified the absence of basic accountability measures as a barrier to effective assistance. While USAID and implementing partners do have local staff on the ground within FATA, as well as multiple monitoring tiers involving foreign and local staff, the volatile security environment prevents expatriate staff from directly overseeing their work.

The main obstacle to effective aid delivery, however, lies in the defective state structures through which USAID and its implementing partners have to work---the dysfunctional FATA institutions and civil bureaucracy, including the FATA Secretariat and the political agents. Denied direct access to communities, international aid workers are forced to rely on the political agents, *maliks*, the FATA Secretariat and the FATA Development Authority, with this corrupt bureaucracy, and its handpicked clients benefiting from the absence of regulations and accountable system of delivery.

While some USAID-funded projects, by awarding development contracts to local NGOs, potentially enhance local civilian capacity, they still have to rely mainly on the political agents and *maliks* to gain access to areas and target programs. With the political agent and the FATA secretariat playing a central role in allocating and disbursing assistance, communities have little say in identifying and monitoring development projects.

The Pakistan government has urged the U.S. to channel funds directly to Pakistani state institutions to reduce the amounts spent on paying foreign personnel and other administrative costs. While U.S. Special Envoy Richard Holbrooke appears to be giving in to Pakistani pressure to route funds directly to the government in FATA, the Obama administration must recognize the pitfalls of working primarily through a civil bureaucracy, which is as averse to democratic reform as its military counterpart. Its lack of access to, and limited capacity in, FATA might have forced the U.S. government to rely heavily on the civil and military bureaucracy. But channeling money directly to and through these institutions will do more to alienate than win the hearts and minds of FATA's public. Expectations will rise but aid delivery will weaken further through inefficiency, wastage and corruption.

Instead, the U.S. should make the direct delivery of assistance contingent on reform of the region's dysfunctional and unaccountable institutions. Until officials are made accountable and representative, the U.S. government should continue using U.S. foreign aid contractors and international NGOs, who should be asked, in turn, to subcontract to local organizations that must consult local communities when planning projects. A distinction should also be made between for-profit contractors and consulting firms and non-profit international NGOs, with a preference given to those that are committed to development as opposed to financial gain.

Accountability and transparency should be enhanced to the extent possible. All USAID-funded programs should include external oversight mechanisms that are not dominated either by the political agent, FATA bureaucrats or the *maliks* and other elites who benefit from the bureaucracy's patronage. Oversight bodies should ideally include elected representatives and community-based groups. Because FATA's elected parliamentarians are neither credible nor effective actors, given the lack of jurisdiction over FATA's affairs, a greater oversight role should be given to the public accounts committees of the national and NWFP legislatures. Similarly, because most FATA-based NGOs and local communities often have little choice but to accept the directives of the bureaucracy and the pressure of the *maliks* or the militants, a greater oversight role could be given to

NWFP-based NGOs with a proven track record of working in FATA as well as other credible Pakistani NGOs.

FATA's bureaucracy will continue to resist reform because significant U.S. development assistance has already been channeled their way---and all the more so should they be given direct access to such assistance. Instead, the U.S. would be best served by balancing development aid in FATA with robust dialogue with Islamabad on long-term political reform, without which U.S. assistance will ultimately be ineffective---or worse, counter-productive. The sooner representative bodies are in place, the sooner the U.S. can ensure that taxpayers' money is not wasted or actually benefits militants.

Because the fate of FATA's IDPs will also determine if these insurgency-hit areas are saved or lost to the Taliban, the U.S. must discourage the military from entering into peace deals that will once again empower the extremists. At the same time, it should enable the government to provide the basic services and security that will prevent the jihadists from exploiting local alienation, particularly among the youth. To do so, it must work, as far as possible, with civilian institutions, and after meaningful consultation with local communities and NGOs.

Above all, the U.S. must:

- ❑ Develop meaningful dialogue with the government on broad institutional reform to FATA's governance, without which taxpayers' money is unlikely to achieve the desired results.
- ❑ Refrain from transferring control over development programs from international NGOs and other implementing partners to Pakistan government institutions until the FATA Secretariat, the FATA Development Authority and the office of the political agent are abolished and their authority transferred to the NWFP secretariat, relevant provincial line ministries and district departments.
- ❑ Establish financial oversight mechanisms over donor-funded programs that do not rely on the political agents and tribal elites but instead include more representative and independent bodies such as the national and NWFP-based NGOs with proven records of carrying out programs in FATA.
- ❑ Linked to political reform, establish mechanisms for community and civil society participation along with provincial and national ministries in design of comprehensive FATA development plans covering small farm assistance, accelerated infrastructure construction, social service delivery, vocational training programs for FATA's workers, particularly women, to make them more competitive in the local and national job markets, as well as support for civilian police, judiciary and the rule of law.
- ❑ Join the Pakistan government, the Office of the UN High Commissioner for Refugees and humanitarian NGOs in urgently preparing a comprehensive plan for IDPs in FATA, expanding assistance for those displaced by conflict that assures domestic and international humanitarian access and their settlement once citizen protection can be guaranteed.

- Condition military aid on demonstrable steps by the military to support civilian efforts in preventing FATA from being used by extremist groups, including the Haqqani network, the Afghan Taliban and Pakistani militants, to launch attack from Pakistani territory within its region and beyond; if the military does not respond positively, consider, as a last resort, targeted and incremental sanctions, including travel and visa bans and the freezing of financial assets of key military leaders and military-controlled intelligence agencies.

Mr. TIERNEY. Well, thank you, Doctor. I appreciate that. And, again, you were very helpful to us when we were actually there, getting some insight into the Northwest Frontier Province and FATA.

I have to say, it is not entirely encouraging to listen to what we have heard this morning, nor was it that encouraging, frankly, during our visit—a little short of a week that we spent there, talking to any number of parties. It made some of us wonder—this “securitization of aid,” I think, is the way that Dr. Fair put it in her testimony—this whole counterinsurgency theory that if we somehow meld the security aspect with the development aspect, and we are going to contain and combat and mitigate terrorism—it doesn’t seem to have a great deal of validity in terms of studies or reports or any evidence to support it.

It doesn’t seem to promote peace. It doesn’t seem to be mitigating any conflicts. It certainly doesn’t seem to be dissuading populations from embracing extremism. And, in fact, if I listen to Dr. Wilder and Dr. Fair, in particular, it seems to be fomenting distrust and encouraging rampant theories of U.S. animus toward Pakistanis, in fact. It makes us wonder whether or not we are wrong, when we look at our approach to counterinsurgency policy.

Do you see, Dr. Wilder—your work is directly contradicting the counterinsurgency theories that are abounding?

Mr. WILDER. It is questioning a central tenet of the counterinsurgency strategy. And I think there has been very much focus, and all the debate is on troop numbers. But in the coined mantra of “clear, hold, build,” the build piece actually doesn’t get much questioning.

And I want to emphasize I have been a development worker most of my life. I am a strong believer in the importance of development and development aid. But I think that, you know, we shouldn’t assume that development aid can defeat these—or have a big impact on what is driving conflict in some of these contexts.

And we are hoping to shift our research more into Pakistan during this coming year. But if you look at what is driving conflict in Afghanistan, but I also suspect in the border regions, it is actually, I think, not, first and foremost, poverty or lack of infrastructure or lack of social services. All those things are important, and we should be trying to address those because those are important for development’s sake.

But those are not the things fueling the conflict. So I don’t think we should assume that by spending hundreds of millions of dollars quickly in a context like that, it is going to change the conflict dynamic. And, as I said, what is alarming from Afghanistan is, indeed, that actually that assumption is exacerbating the problem by fueling corruption, which I think is a big issue that de-legitimizes governments and actually creates instability.

Mr. TIERNEY. I ask this of all three of you—would I be misreading your collective testimony if I said that I see in there some indication that we ought to sever the concept of development and aid from security? We ought to make sure that we take the time to collect the data, analyze it and implement the best delivery model—or whether or not any particular NGO or series of NGO’s are the best people, or the government is the best people to deliver

it—and recognize sort of a need for having quality projects with great impact, as opposed to a large number of projects and a quick disbursement of the money.

Dr. Ahmed, is that a fair statement to—

Ms. AHMED. There needs to be a framework within which aid is dispersed. Let me say this: From my experience in Afghanistan—and I have worked in Afghanistan since—actually, for the last 25 years, but I have had a standing office in Afghanistan since January 2002—our concern was with that big project, that ring road, all that money put into that one high-profile project, when the needs were quite different on the ground. So I do think that one needs to do a little bit of a balancing act before all the money is put in—for example, in the Pakistani context, as is being suggested—into either energy or water—one high-profile \$200 million project, without actually understanding the politics and more.

And I think it is going to be crucial—let me just say about one issue—water. This is the most contentious of resources within Pakistan. It is the Federal framework. All four Federal units are, you know, basically, fighting over a very scarce resource.

So doing the homework beforehand, and then determining if this is going to be desirable, without the kind of consultation you need on the ground—I would hesitate to go down that road.

Mr. TIERNEY. Doctor.

Mr. WILDER. If I could just—I would—I also wanted to emphasize that—I am not saying that there is not going to be an effect anywhere. I think you need to do that research, and look at each individual context, because they differ. It could be that conflict in some country is actually generated due to disputes over natural resources.

And a very conflict-sensitive aid programs that looks to try to address that, where the different competing communities can—you can have a win-win situation. In that context, aid could mitigate, you know, a conflict there.

My point is, though, in Pakistan-Afghanistan context, I don't see that those are the main factors driving the insurgency and, therefore, will not be the main factors that mitigate them.

And just in terms of the aid effectiveness, I think when we are trying to spend it to achieve the security objective, as the security gets worse and worse, we try to spend more and more. And that is what we see in Afghanistan. We see no evidence that where we have spent most of our money the security has gotten any better. If anything, it has gotten a lot worse.

And I am not arguing causality there, but I think it creates this vicious link.

Mr. TIERNEY. Yes, I mean, I think there is a lot of political pressure coming from this country, and the policymakers here or whatever, thinking that because we have had such theories of counterinsurgency put out there now, and the idea of tying this development into security—we have this notion that, well, giving a large amount of money has to go to work tomorrow; we have to see something happening tomorrow.

And, unfortunately, what we have seen happening is spending, but not necessarily results.

Mr. Flake.

Mr. FLAKE. Go ahead. Did you have something to say? Go ahead and——

Mr. TIERNEY. No, fine. Mr. Flake is going to do that. And we will give him a little more time on the other side, so that is good.

Mr. FLAKE. Thank you.

Mr. TIERNEY. Thanks.

Go ahead, yes.

Ms. FAIR. So, in April, with my colleagues, we conducted a 6,000-person survey which is—allows us to——

Mr. LYNCH. I am sorry. Mr. Chairman, could you——

Ms. FAIR [continuing]. Talk about things——

Mr. LYNCH. Could you pull your mic out just a little bit?

Ms. FAIR. Oh, I am sorry.

Mr. LYNCH. Thank you.

Ms. FAIR. So, in April, with various colleagues, I conducted a survey of 6,000 Pakistanis, which allow us a lot of granularity at the sub-national level. We were explicitly looking at: Why do Pakistanis support different militant groups?

And what we have really come—what we have drawn from that survey—and I am happy to present different results to you, if you are interested—it is really about the politics of the militant groups. And they distinguish across the different militant groups, ranging from the Kashmiri groups, all the way down the Al Qaida, the Afghan Taliban, and the sectarian groups.

And it is not driven by economics in any consistent way. It is not driven by educational background in any consistent way. In fact, those variables behave very differently when you look at different militant groups.

So when I look at all of the policy documents that drive USAID, using securitized aid as a part of COIN, I myself cited the inter-agency COIN manual. Again, there is just no evidence. It seems to be driven by the politics of these militant groups in whether or not people support what those groups do.

Mr. FLAKE. Thank you.

Dr. Ahmed, you had talked about, obviously, the problem in FATA, in particular making use of the existing government officials and institutions within government, as opposed to international NGO's. I mean, understanding that we need to move quickly there, how do we do it? And, then this kind of goes into what Dr. Fair talked about in her written testimony, about—you know, you ought to have two tests—whether somebody is trustworthy in the eyes of the U.S. taxpayer, for example, or the U.S. Government, and whether they are trustworthy in terms of the target population there.

How do you balance that in FATA, recognizing although it is a small segment of the population, it is a troublesome area where we do want to win hearts and minds, or whatever you want to say. But recognizing we have to move quickly, how do you balance the need to target the population directly there, and make use of organizations or institutions that are up and going? Or are there sufficient NGO's that are ready to move, that we can ignore the troublesome elected officials or appointed officials, or whoever is within government there?

Do you want to illuminate a little, in FATA, in particular?

Ms. AHMED. FATA is a case apart from the rest of Pakistan. And I think that is one thing that could—should be recognized from the outset. The bureaucracy we are talking about in FATA is a separate bureaucracy because of the way that it is kept apart from the rest of the country in constitutional terms.

The reason why this bureaucracy is in absolute control of whatever happens on the ground is because of the rules of the political, constitutional, and legal game. And that is why this bureaucracy is such an impediment. It is the least transparent. It is the least responsive to local community needs because it doesn't have to be.

You know, FATA residents have no political rights, no civil rights, no legal rights because of the structures that are there in place. Our concern is if you want to—if the assumption is that the government of Pakistan is who we should be working with, yes. The government of Pakistan is actually the provincial government. It is a Federal Government.

And, then, you have a very separate sub-sect of that government, which is the FATA bureaucracy. Our concern is—

Mr. FLAKE. Does—

Ms. AHMED [continuing]. In the specific context of FATA, is this bureaucracy going to be an efficient way of dispersing assistance that will reach the communities? This bureaucracy doesn't even have any links to the communities. It works through its own clients.

Are there NGO's, local or international, that have a track record of working on FATA? Yes, there are. Do they have the capacity of dealing with large amounts of money? No, they don't.

So one will really have to look at how you can factor in—how do you actually consult the communities? There are elected representatives from FATA. They don't have legal parts under the present political setup. But they have some links to their constituencies—not great.

There is the Northwest Frontier Province, let us not forget. I think Dr. Wilder talked about this. Let us not forget that, you know, there are links between these areas.

It is an artificial distinction between FATA and the rest of the Northwest Frontier Province. And, there are no real security issues involved in actually ensuring that you can access the leadership of FATA civil society.

Do you know there is a FATA union of journalists, a FATA union of lawyers. It is not as though there is no civil society and no community that can be accessed. If you work specifically only through this bureaucracy, you will lose that opportunity of accessing the communities completely.

Mr. FLAKE. All right.

I mean, we have a problem in Pakistan, in general, with—when aid is delivered via the government, that the target population views that skeptically, because they don't trust, particularly, some of the military institutions. You are saying that is even more so in the FATA, because they don't have the links to the target population, so it is—

Ms. AHMED. Absolutely.

Mr. FLAKE [continuing]. Even more difficult.

Ms. AHMED. And more so, let us not forget, as far as the IDPs are concerned—and that is a huge number of FATA residents that can be accessed today, if need be.

Mr. FLAKE. Right.

Ms. AHMED. The military presents access—full humanitarian access or access to development agencies—to these communities—and I think that is a clear message that should be sent from Washington—that when we give our money—our taxpayers' money—we are not going to give it to institutions that are not transparent, that are not accountable. And we, certainly, have no intention of bypassing the communities that will be the beneficiaries of this assistance.

Mr. FLAKE. Thank you, Mr. Chairman.

Mr. TIERNEY. Thank you.

Mr. Luetkemeyer? You are recognized for 5 minutes.

Mr. LUETKEMEYER. Thank you, Mr. Chairman.

In our paper on this, it indicates that aid to Pakistan is divided into five different categories—economic growth, educational, health, governance, and human assistance, as well as major assistance with the development of the FATA areas.

Can you give me a breakdown of—any of the three of you—whoever wants to jump in on this—with regards to these categories—the amount of money that we are spending on each one, the importance of that? Is one of a higher importance than the other—you have pretty well touched on our problems with the FATA folks—and the ability to use those funds?

Yes, Dr. Fair.

Ms. FAIR. Yes, unfortunately, I don't have the numbers with me. But one of the things—and it pertains to the FATA issue—that I have been particularly dismayed by—and I know Dr. Ahmed and, I think, Dr. Wilder, have remarked upon this as well—is that the aid was never conditional upon encouraging the Pakistani government to change the constitutional structure that governs FATA.

And one of the things that strikes me where USAID might be more effective is actually helping the Pakistani government make that transition. So, for example, while there are civil-society organizations, the judicial system hasn't been linked to the rest of Pakistan, because there is no right of appeal. There are no police in FATA. There are these highly unprofessional tribal levies. And, of course, the Frontier Corps is a paramilitary organization.

It has always struck me that the more effective way of trying to reach FATA has actually been to incentivize the Pakistan government to incorporate FATA into the rest of Pakistan, as opposed to keeping it separate.

Mr. LUETKEMEYER. Is that where most of the money is going now—to the government of this area?

I mean, does any of the money go to the rest of the Pakistani people?

Ms. FAIR. Oh, there is a huge aid program—

Mr. LUETKEMEYER. OK.

Ms. FAIR [continuing]. Apart from—

Mr. LUETKEMEYER. What percentage, then, goes to the development of FATAs areas?

Do you have any idea, just roughly?

Ms. FAIR. There is \$750 million that has been going to FATA. And that is in addition to an additional security-assistance program that is supposed to be arming the Frontier Corps.

So relative to the rest of the programming in Pakistan, it is actually relatively modest. But you know, it is interesting; when you talk to Pakistanis—you know, because USAID can't be subtle about its aid objectives in FATA. So Pakistanis have this belief that they are largely only operating in FATA. And that fuels this additional conspiracy about the securitization of aid—that if you weren't in Afghanistan, you wouldn't care about FATA.

So, in other words, "You don't care about Pakistan. You care about FATA because of the insurgency." But—

Mr. LUETKEMEYER. So what you are saying, you know, is that most of the money goes to other areas of Pakistan, for economic growth, health and other things like that. And my question, I guess, is: How effective are we?

And, I mean, we—the FATA—the issue has been that—you know, dominating the discussion, here. What about the rest of the aid for the rest of the country, and the areas that it is supposed to go into, such as economic growth, health, governance, humanitarian assistance? Does it go to those areas? Is it effective?

Ms. FAIR. Well, they don't know, because they don't do those evaluations. And that is what I find so frustrating that you say—

Mr. LUETKEMEYER. And when you say "they don't do those evaluations," who are you talking about?

Ms. FAIR. Yes—USAID really doesn't evaluate the impact of its programs. You know, they will talk about how many schools they have built. But, for example, there is no real meaningful measure of how the quality of education has been improved. So there is this tendency to focus upon outputs, not outcomes.

And, in fairness to USAID, evaluations are expensive, especially when conducted through institutional contractors. And at the risk of, you know, projecting self-interest, I think USAID should be partnering more with the academic community because, A, they have more luxurious timelines. They have a more competitive cost structure. And they actually have the academic expertise—I am talking about quantitative analysts, in particular—to help them isolate the impacts of their programming upon outcomes.

And so the other alternative to think about is actually partnering USAID with programs, for example, like what Dr. Wilder does, as opposed to relying upon these institutional contractors. I have seen institutional contractors grade other institutional contractors' homework.

And when there is a limited corral of these contractors, it is pretty easy to tell who has done what analysis. And it is just game theory. You know, everyone is basically going to say that every program did, more or less, a good job, because they don't want to, then, be subjected to a negative critique by another institutional contractor for their programming.

Mr. LUETKEMEYER. So what you are saying is there are no measurable—there has been no measurement of the outcomes of the programs to date, with regards to the other folks here, with regards to economic activity, health?

In other words, there is no—there has been no discussion of how many shots have been delivered, how many more doctor visits—how many people have been taken to the doctor—

Ms. FAIR. But those are outputs, not outcomes.

Mr. LUETKEMEYER. You know, whether the birth rate has increased, or whether the cause of other diseases have gone down? None of that has been quantitatively measured?

Ms. FAIR. Well, you can measure outputs. Like, they can say how many schools they have built and how many teachers they have trained. But they can't talk about outcomes, which is the quality, for example, of the education.

The other problem is that because they don't randomize interventions—so, for example, let us—right now, they are really focusing on particular districts that are affected by insecurity. So since we are putting more money into more insecure areas—and this is what Dr. Wilder talked about—we are always going to have a causality that more insecurity is correlated with more money being spent.

And it is very difficult to disentangle that because they are not putting money into areas that are least secure. So, in other words, if they were to randomize their intervention, they could actually isolate the effect of the intervention. But for political reasons, and for mission-driven reasons, they don't feel that they have the luxury to do that. But, yet, it is absolutely essential to generally determining the impact of an intervention.

Mr. LUETKEMEYER. OK. Thank you. I see my time is up.

Thank you, Mr. Chairman.

Mr. TIERNEY. Thank you.

Mr. Duncan, you are recognized for 5 minutes.

Mr. DUNCAN. Well, thank you very much, Mr. Chairman.

I don't really have any questions, but I do have some comments. I want to read something from a Washington Post story of October 8th. In this story, it said, "The Obama administration's strategy for bolstering Pakistan's civilian government was shaken Wednesday when political opposition and military leaders there sharply criticized a new U.S. assistance plan as interfering with the country's sovereignty. Although President Obama has praised the \$7.5 billion 5-year aid program approved by Congress last week, Pakistani officials have objected to provisions that require U.S. monitoring of this package." That was in October.

Then, on November 1st, when Secretary Clinton was visiting there, the Los Angeles Times had this in one of their stories: "At a televised town-hall meeting in Islamabad, the capital, on Friday, a woman in a mostly female audience characterized U.S. drone-missile strikes on suspected terrorist targets in Northwestern Pakistan as de facto acts of terrorism. A day earlier, in Lahore, a college student asked Clinton why every student who visits the United States is viewed as a terrorist.

"The opinions Clinton heard weren't the strident voices of radical clerics or politicians with anti-U.S. agendas. Some of the most biting criticisms came from well-mannered university students and respected seasoned journalists, a reflection of the breadth of dissatisfaction Pakistanis have with U.S. policy toward their country."

Then, December 3rd, in the Washington Post: "President Obama's new strategy for combating Islamist insurgents in Afghan-

istan fell on skeptical ears Wednesday in next-door Pakistan—a much larger nuclear-armed state—that Obama said was at the core of the plan, and had even more at stake than Afghanistan.”

What I am getting at is this: This weekend, I participated with 14 members from the House—and there were 26 members from various European parliaments—in New York City, at what is called the Transatlantic Legislative Dialogue.

The chairman of the European delegation, actually, at one point, criticized the United States—and all these people were very nice people—but he criticized the United States for not spending enough on foreign aid.

And, for many years, I have heard people say that, “Well, foreign aid is only a little over 1 percent of our entire budget.” Yet, they don’t stop to think that about half of what the Department of Defense does now is just pure foreign aid. We have almost turned the Department of Defense into the Department of Foreign Aid, particularly in Iraq and Afghanistan.

We are spending money to do things in other countries through every department and agency of the Federal Government. That is foreign aid that we don’t get credit for. We are actually spending hundreds of billions in other countries, and—or have spent hundreds of billions in, really, pure foreign aid, over the last several years.

And I asked a few days ago for the latest figure from the Congressional Research Service on how much aid we had given to Pakistan over the last few years, since 2003. This wouldn’t even count all the money that has been given through all these other departments and agencies. But people also don’t realize that, in addition to the traditional foreign-aid program, we come up with these other bills, like the \$7.5 billion one that we just passed. And, before that, since 2003, we had given \$15.439 billion—or \$15.5 billion in aid, to Pakistan.

Now, we have passed another \$7.5 billion. This is money that we can’t afford. We are over \$12 trillion in debt. We have almost \$60 trillion in unfunded future pension liabilities.

And, then, we come along, and we give all this money to Pakistan. And, then, what do they do? They criticize us. It seems to me that it takes an extreme amount of gall for a country to accept \$15.5 billion in aid from us, and, now, \$7.5 billion coming on top of that, in addition to all the other things, and, then, come out with just one anti-American statement after another.

It just really bothers me. And I would say to the leadership in Pakistan: If they don’t like what we are doing, please turn down this money. The problem is all these countries—Iraq, Afghanistan, Pakistan, all of them—they all want our money. It is about money and power. And it is not doing us any good at all. It just seems to be increasing anti-American feelings.

Thank you, Mr. Chairman.

Mr. TIERNEY. Thank you, Mr. Duncan.

Mr. Fortenberry, you are recognized for 5 minutes.

Mr. FORTENBERRY. Thank you, Mr. Chairman.

And thank you to you all for joining us today. I am sorry I didn’t have the benefit of your earlier testimony. Some of what I may ask

you may appear redundant, given what you talked about earlier, in my cursory review of some of your written comments.

But it seems to me that the outcome here is that this is a big mess, if I could summarize it succinctly.

Dr. Wilder, I picked up on a statistic in your written testimony that, basically, 75 percent of the aid is going to 2 percent of the population. Is that a key finding? Is that correct?

Mr. WILDER. No. I think that was the—\$750 million of U.S. assistance is going to the federally administered tribal areas, FATA, which is—make up 2 percent of the population. But there is a much larger USAID program as well, which is also going to other parts of the country.

Mr. FORTENBERRY. OK. It is my understanding the total contribution is \$1.5 billion.

Mr. WILDER. With the new Kerry-Lugar Bill, that is the proposal—is \$1.5 billion per year, over a 5-year period. That has not been appropriated yet.

Mr. FORTENBERRY. Yes, so framing it simply, then, half of the money is going to a very narrow—narrowly targeted area. And that is correct. And you have made the suggestion that the linkages between poverty mitigation and social services are not achieving—the hearts-and-minds strategy there is not achieving security outcomes that you would hope to be an intended consequence of capacity-building.

I am very much for cups-of-tea strategy, where you relationship-build and establish communications, establish trust—partnerships that can lead, then, to mutual understanding and long-term continuity and capacity-building.

But given some of the complexities as to how this is targeted, as to how it is institutionalized—it seems to me you are raising very critical points that we may have to rethink some of this, with the intended outcome of strengthening the partnership and alliance for the long-term security situation of the region, not to mention the social-justice outcomes we want to see for impoverished people around the world.

Is that a pretty correct summary of what I have gleaned this for?

Mr. WILDER. Yes. The point I was trying to make is that there is evidence that our development aid actually can have very positive development outcomes. I think where we don't have the evidence is the positive security outcomes. And that is where I am arguing we probably need, in some of these contexts, to de-link those two, and value development as a good, in and of itself, even if it doesn't end up making people like us.

Because FATA—the needs are tremendous. Although, I would like to point out, it is actually not the poorest region in Pakistan. There is things that can be done there. I personally, though, don't think that we can spend \$750 million effectively in a 5-year timeframe in a highly insecure environment like FATA.

So I think, then, you can end up fueling corruption, and some of your aid can end up having perverse and negative consequences. It is not to say we shouldn't be doing anything in FATA. It is certainly not that we shouldn't be doing—trying to do lots in Pakistan. But we should be very aware that where our aid—development is good for achieving—promoting development objectives. There is not

evidence that it is really good for promoting our security objectives in Pakistan.

Mr. FORTENBERRY. All right. Yes, maybe I misstated that earlier. Maybe I said 75 percent of our aid is going to 2 percent. I meant \$750 million of the aid is going to the 2 percent of it.

Mr. WILDER. Right.

Mr. FORTENBERRY. Let us unpack this a little bit further—the other bilateral relationships that Pakistan enjoys, and, then, the collective or cumulative effect of the aid that is pouring in there to either further complicate your findings, assuming their objectives are the same in terms of long-term security stabilization, as well as social-justice outcomes—can you—can any of you give me any insight into the other donor countries and the approaches there?

And I want to say this as well—and this dovetails with the question—it seems to me there is this raging dualism in Pakistan with regard to the United States: “We want the money. We like your money. But we don’t want to be your friend—maybe—except behind closed doors.”

And so is that a distinction in terms of other bilateral relationships that the country enjoys?

Yes, Dr. Fair.

Ms. FAIR. Well, there are a couple of programs I am familiar with.

DFID has an interesting approach. So DFID does the same kinds of programs that we do. I believe there is coordination with DFID, for example, taking the lead in Baluchistan. I am sorry—the British aid organization, DFID.

But they are also very interested in doing what I had suggested in my written testimony, which is supporting their supply driven efforts. So, for example, whatever intervention they are trying to do, they are trying to support it with a civil-society outreach to create demand.

So the example I gave was corruption. So it is one thing to try to clean up a particular bureaucracy or a particular service delivery. But unless you also engage in civil society to educate people that, “Actually, while it may be efficient to pay a bribe to get a phone line,” that, “in fact, it makes everyone’s lives more difficult.” They are really interested in trying to build this demand for change, even while they try to supply it.

The Canadian agency CIDA is much smaller in profile. They work primarily through NGO’s. And they seem to have a very different aid-delivery model. So one thing that USAID might want to do is look at these different organizations.

The Japanese are also heavy investors. They have also heavily securitized their aid. And when I have seen analysis of the Japanese aid program, there are very similar critiques to those of USAID.

Now, Pakistan has a lot of other partners, which they tend to use to bribe us. So, “If you don’t do XYZ for us, we will go to China.” Of course, they have a very important relationship with Saudi Arabia.

And it is pretty hard to discern—a lot of money through—we can’t say that they get money from Saudi Arabia per se. They get

money from remittances; they get money from religious organizations. So there is actually quite a bit of money going in.

You know, I have actually—one of the things that is so frustrating in dealing with the Pakistanis is that they tend to view our aid as an entitlement. So when we cut the aid back, it is viewed as a penalty. And because they view it as an entitlement, this issue of sovereignty—you know, “How dare you? You say that we are your important ally, but now you want to actually subject the way we deal with your money to scrutiny.”

And this has been a very longstanding problem. And it is pervasive not only in USAID. It is pervasive—we saw this with the coalition support funds—virtually any program that we have with the Pakistanis, it is subjected to these problems.

Mr. FORTENBERRY. Mr. Chairman, if you could indulge me just one more moment—is this a kind of a purposeful dualism, in order to, again—because of the internal political dynamics—create a position of authority and power and legitimacy in the country, versus, again, behind closed doors needing—actually needing the aid for long-term governmental stability objectives?

Ms. FAIR. I actually do believe that to be the case. A really good example of that is the drones. The reality is the drones do not kill that many civilians. I have this from very well-placed Pakistani sources. Their administration knows this.

The drones are run from Pakistani territory. It is done with their permission. We are not, obviously, running drone operations in a rogue way.

And, in fact, in Pakistan, the drone discourse has changed. During Swat, when 4 million people were being displaced—if you read some of the op-eds, they were saying, “Why don’t we have drones, because drones don’t displace millions of people?”

But the civilian government, rather than taking advantage of this, has continued to whip up anti-American sentiment over drones. Yet, I assure you, if we stop the drone attacks, their security would be worse, not better, in my opinion.

So I think they do try to create this wedge, because it, then, gives them an out to do less when we are asking them to do more. And I particularly see this on the security side of things. They are constantly asking for more. They are constantly talking about their sacrifices, which is reasonably fair. But I think that we have not struck a good bargain.

You know, on the main—you know, they have been marginally satisfiers. And this is true across the board, in many of our engagements with them.

Mr. FORTENBERRY. Thank you.

Thank you, Mr. Chairman.

Mr. TIERNEY. Thank you.

I want to give Dr. Ahmed a chance to talk about something here. I think it would be helpful or—hopefully, helpful to all of us.

But when we were doing the so-called Kerry-Lugar-Berman Bill, a number of us were adamant that there be conditions in that bill. There was some sensitivity to try to give the civilian government more authority, because we wanted them to extend their writ throughout the entire country in a non-discriminatory way, and sort of gain some ability to deal with the budget of the military,

and to take some control over that, as most civil democracies would have. So the conditions were put on the military money, all right?

And, basically, one of the conditions that must be met is that they do extend their writ over the entire country if they are going to continue to get the military assistance.

And, Dr. Ahmed, I would like you to talk a little bit about the relationship between the military establishment and the civilian government. Because it has been my distinct view as—and I think you well know, and others—is that the recalcitrant here—be all sorts of corruption issues and incompetence issues on the civilian side. But we have some very serious issues on the military side about just how much they want to impact all the policy decisions, as well as the strategic and implementing decisions, and how much control they have over it. And the push-back that you get, and how they utilize this sort of narrative that, “Oh, you can’t put conditions on us. You are interfering with our sovereignty. You are treating us like a step-child,” and all of that—to get their way of not relinquishing authority that—in most democracies would be shared, or primarily come from the civilian government.

Would you speak to that?

Ms. AHMED. Thank you, Mr. Chairman.

You know, in all of the Q&A, the one thing that seems to have been ignored so far is that this is a very young democratic transition. After almost a decade of military rule, you have an elected government. And civilians might not be the—might not be the most efficient of factors. But let us not forget they are also in government, after a very long time.

When we say “Pakistanis,” I think we also need to make a very clear distinction here: Who are we talking about? Are we talking about the elected civilian representatives, the Pakistani people, or the military establishment?

On the Enhanced Partnership with Pakistan Bill—and I know that this has been taken—taken a number of folks on the Hill by surprise—“Why is it that there was such an outcry on the military conditionalities and, actually, certification requirements placed by Congress?”

It was a push-back. It should have been expected. You have a military that is not either interested in sharing power, or in seeing the United States actually engage with the civil, as opposed to only the military, as an actor.

One of the reasons why you have an anti-American perception amongst the Pakistani people is there was no engagement with the Pakistani people for almost a decade. Why, then, is there, again, surprise here, that there is neither any knowledge of, or any understanding, that the United States is a partner? Because they—the Pakistani people, Pakistani civil society—have only seen U.S. Government partnered with the Pakistani military.

Here is, now, an opportunity, with a young democratic transition, to change that equation, and to truly win hearts and minds in the real sense of the word. And I do think Secretary Clinton’s visit to Pakistan—yes, she faced some very difficult questioning.

And it was good because she, I think, began to understand that a public outreach needed to have been done on an emergency basis. And I think there will be a focus now in reaching out to the Paki-

stani people, to an elected government, to elected institutions, as opposed to only partnering in what was the war on terror with the Pakistani military.

The conditionalities issue, again—you know, I personally believe that there was not a sufficient attempt made in terms of public outreach to inform the Pakistani public and opinion-makers that there were no conditionalities on economic assistance.

Mr. TIERNEY. Can I just interject?

First of all, I would contest that a little bit, I think, because I took several trips there and had a number of conversations with those people directly. Any upset nature on that was perfectly willful on people not wanting to at that time.

But there is great control of the military—at least influence of the military—on the media. And that was there. The media almost exclusively sang the song of the military, and that drove public opinion considerably on that whole notion as well. That was a large part of the problem.

But here, we still have a problem with—and I listened to Mr. Duncan's comments—and they are always enlightening. You know, he has zeroed in on some of the issues here. But people in this country see a balance right now between what their own needs are in terms of our economy—and they do see foreign aid as something that, in one sense, they want to do, and they understand the implications of that—but almost a need to justify it.

And the easiest or most available way to justify it sometimes is the security aspect of it. So I think that is where it gets tied in. And we need to break that out and rationalize it better.

The whole idea of the—USAID's capacity, Dr. Fair, is this: Look, they don't spend a lot of their money on monitoring and evaluation. They spend a very small portion of their budget, unfortunately, vis-a-vis other agencies. And I think you would agree they have to ramp them up. Am I correct?

And so we need to do that. But as long as they don't have the capacity—and we talked about education programs where, as you said, they could tell the number of teachers that were in a classroom. But they had four people on their staff for the entire country of Pakistan, to go around and evaluate the quality of the program—whether or not the teachers are actually teaching anything worth learning, or even whether they were showing up every day.

Tell us a little bit about your remarks that you made in your written testimony about education, and whether we ought not just think about pulling back on education and redirecting our resources a little differently there. And I think that would be helpful for us.

Ms. FAIR. Well, I have sort of become a fatalist on this education issue. One, since 9–11, there was so much focus on this madrassa stuff. Now, to be very clear, full-time madrassa utilization is actually quite rare in Pakistan. There have been a number of very interesting estimates that they aren't supported by robust estimates, using a variety of survey instruments.

And this has caused—well, in the madrassas, for example, that are involved in terrorism—I view them as a law-enforcement and intelligence problem. And they are well known to Pakistan's intel-

ligence agency, because they have been using them to create militants for quite some time.

I have been, in principle, opposed to the United States trying to get into the madrassa reform. It also undercuts those people who are important that are seeking madrassa reform on their own, because it kind of makes them look like American, you know, lackeys.

On the public-education sector, which is a provincial subject, you have—because of the capacity issue, trying to shove large sums of money down a small pipe results in this outcome-driven stuff, you know—“How many teachers can we churn out?” There is no impact assessment—“Was there any impact on the training?” It is just, “How many teachers have we trained?”

That is why I focus—I find a more interesting approach is an information-driven approach. The World Bank has done some really interesting stuff reporting teacher absenteeism, reporting student performance, school performance. And when there are cost-neutral ways, parents actually shift as a result of this information.

I have also become a fan of doing what we do best. And that is encouraging competition. The World Bank found that when there are private schools in the mix, and when there is information about school performance, it compels the public sector to also improve.

So I think we should probably be looking at doing what we do best. And that is improving quality through competition. Now, this does not mean that we should not be working with the ministries to improve their effectiveness to deliver services. But simply relying upon those, given the pervasive problems—and, quite frankly, they don’t want us interfering.

As you said yourself, they have resisted all sorts of monitoring. And I think there are a number of reasons for it.

I am also somewhat skeptical of relying upon elected officials as the silver bullet, in part because of Pakistan’s young democratic transition, but also, in larger measure, due to the way legislators are oriented vis-a-vis their constituents. They don’t deliver policy. They deliver patronage.

So when you look at local governance initiatives, for example, we supported that; although, it was really to support Musharraf, because he wanted local governance because it was a new way of patronage to create a series of supporters for his initiatives. But the execution of aid, from what I can tell there—it really becomes—contracts are given out to friends of the local administrators.

Again, this kind of goes back to—we really have to try a variety of different mechanisms. All of the available mechanisms have a number of various serious problems. And I suspect each of those mechanisms have their own particular monitoring requirements that would actually help them to be effective.

But the capacity at USAID—if you don’t have the capacity, it is simply irresponsible to shove all this money down this system, because of the corruption. I have heard people complain about the generosity of our aid because of the corruption. Whether I go to some shopkeeper in Anarkali Bazaar in Lahore, or a newspaper editor, they are all saying the same thing: “When you give money on this scale to these ministries, you make things worse for us, not better.”

Mr. FLAKE. Let us follow on that talk of corruption for a bit.

In Afghanistan, we have seen a couple of types of corruption on a large scale—both individual Governors or provincial authorities pocketing money that is given, or NGO's and others having to pay people to get a load of freight from one city to another.

What type of corruption are we more likely to see in FATA, or elsewhere in Pakistan? Is it the former or the latter, or all kinds? Or what should we be more concerned about, given the pace at which this aid is being distributed?

Dr. Wilder.

Mr. WILDER. I think in any country in the world, if you give vast amounts of money with little oversight, you are going to end up fueling corruption. And I think that is where I think we need to be committed for the long term, in terms of our development programs, to building capacity so that, over time, we can spend more money. But we need to link our funding levels not to the need, which is great, but to the capacity to spend money accountably and effectively. And I think that is what we are not seeing in the Afghanistan context and, I fear, is going to be the problem in Pakistan.

I am a firm believer that we need a long-term commitment in our aid program to Pakistan. But I think we will be fueling corruption if we try to give too much money too quickly, if it is not linked to local capacities.

And I think, there, it will be across the board. In terms of implementation, who should be doing the implementing? The chairman raised that in the opening remarks. I think we should—it is not an either-or question.

We need to be working with NGO's. We need to be working with the government. We need to be looking at local actors and international actors, because capacity is limited. We need all of the capacity that we have. But, again, all of those will be problematic if you try to push too much money through the system.

And I think that is what we are seeing. I mean, the idea that we should do aid—only through local actors—I mean, I think that is a problem. In Afghanistan, we are seeing that many of the local actors don't have a good face. I mean, they are all linked to the key ministers and relatives. And it is creating, again, I think, very perverse negative consequences.

I also wanted to just touch on one thing related to Congressman Fortenberry's dualism point in terms of how different other donors handle their aid programs. I think most of the European donors do tend to securitize their aid to a lesser degree than the United States. There is more distinction between their aid programs, which have development budgets, and then there are more political resources.

And I think that is, in a way, where I think we need to go in the United States, precisely for the reason that it is easier to get money if you justify that it is going to have security benefits. It is also, then, very easy—and I think we heard that from Congressman Duncan—to de-legitimize foreign aid when it ends up not making people like us. And if they don't—if our money isn't going to make them like us, let us, then, stop giving them money.

And I think that is a danger I see with our current securitized aid; whereas, in Pakistan, if we could distinguish our development

objectives, we could, then, be very happy that our health programs have had a significant impact in Pakistan over decades in terms of improved health indicators, reductions in maternal-infant mortality rates.

USAID, in the past, contributed to a very effective development of a health-management information system, which has been important; like support to the Lady Health Worker programs.

We need to be cautious not to assume that all the USAID programs have had no impact. There have been positive development impacts over time. But I think if we are looking for them to like us as a result of our aid program, then we are going to be disappointed. And I fear that is going to, then, over time, reduce U.S. public support for our foreign aid programs.

So, again, I would argue for a greater dualism in our foreign aid funding to Pakistan—between our development objectives and our more political and security objectives.

And, last, in terms of local perceptions of conditionality, I don't think you will have any Pakistani, again, objecting to conditionalities on how our aid money can be spent in a more transparent and less corrupt way, so that we demand accountability for how that money is spent.

I think the problems are in the conditionalities in the political realm, relating to the civil-military relations, the nuclear program—various programs like that. That is what generates a lot of unhappiness in Pakistan. Thanks.

Mr. FLAKE. In my short remaining time, just—we are going to be questioning administration witnesses coming up here soon—hopefully, early next year.

What is the one question—the most important question—we need to ask in terms of their capacity to monitor this aid? I mean, is it ramping up significantly the personnel, or the areas in which they do oversight among themselves, or what? What is the most important thing for us to ask, and to have them answer?

Dr. Fair.

Ms. FAIR. Well, you have kind of said it in your question: “Do they have the capacity to execute this money responsibly?”

This civilian surge—I mean I am wondering where these civilians are coming from. Yes, exactly. Many of them have no experience in South Asia. They are there for short-term contracts. So even if they plus-up the numbers, this does not in any way, shape, or form, make me confident that they are going to be able to execute this funding program responsibly.

Mr. FLAKE. Dr. Wilder, did you have anything to add to that? The same—

Mr. WILDER. No. I just share the same concerns, again, that we need that long-term commitment to support for Pakistan, but linked to our capacity.

And I think if the security situation continues to deteriorate in Pakistan—and yesterday's news was not, you know, positive in that regard—the capacity of USAID staff to actually do monitoring and oversight is going to be limited.

So just more numbers of people sitting in the embassy compound, with very severe constraints on their mobility is not necessarily, I think, going to increase the capacity. I mean, I think—oh, in gen-

eral, globally, I would argue we need to be investing a lot more in rebuilding USAID's capacity to program and implement projects so that they don't have to subcontract it all out.

But right now, in the short term, in Pakistan, I think that—and similarly in Afghanistan—civilian surges—there are big questions about what all these civilians are going to be able to do, in terms of what capacities they bring to the table. But, also, even those who would be effective are going to be so constrained in that insecure environment that, you know, I don't see that, in itself, is going to increase capacity sufficient to monitor the sheer volume of money we are talking about trying to spend within a fairly limited 5-year timeframe in Pakistan.

Mr. FLAKE. Thank you. Thank you——

Mr. TIERNEY. No. No, thank you.

Yes, we have the capacity problem. Excuse me a second.

Oh, you are back. Excuse me.

Mr. Fortenberry—5 minutes.

Doing the disappearing act—the Houdini thing again, is it?

Mr. FORTENBERRY. It is life as a public official.

Let me go back to some of my earlier comments. They were not intended—and I don't think they came across this way, but let me clarify—to disparage USAID outreach for capacity-building.

But I think as you further discuss the points—your comments were very germane, Dr. Ahmed, in that this is a fledgling democracy. We work off of certain operational assumptions—premises—that there is going to be capacity to absorb this type of aid quickly. And whenever you are not dealing with well-defined institutions—institutions that aren't necessarily fully reflective of the principles of self-determination and, therefore, are not going to be more transparent, and have power consolidated into the hands of fewer institutions, fewer people who may be in a situation to manipulate—your outcomes are going to be messy and difficult.

The benefit, though, of this hearing is actually staring that in the face under the very real constraints, though, of the geopolitical urgency in the area, and the new evolving U.S. strategy of security, capacity and stability, based upon a wedding of military operations, as well as social outreach and institutional civil-society-building.

We have had other hearings when we have just directly talked about whether or not the military itself, as they had to learn quickly how to do in Iraq, is better positioned, in some ways, to deliver the types of social-service inputs for capacity-building in a very insecure situation, versus a civilian component, which may not have the ability to deal with the security situation adequately.

So we are in a very constrained situation. I think that is the point. The institutions simply aren't sufficiently developed. We have a policy based upon the nature of our government, where we have to do things quickly based on changing policy dynamics but the urgency of the security situation, as well, is compelling us to make this move, as difficult as it is.

And I understand the intention that—what you are talking about—to separate the outcome measures of how you might be implementing a health-care clinic and what the outcome of that is, versus did it stabilize the institutional capacities for, again, governance and security for the people over the long term.

We just don't have strategic long-term thinking. Everybody recognizes that. But it is very hard to have that with the nature of our political system; with the nature of the, again, geopolitical movements in the arena; and with nuclear weapons sitting over the horizon, potentially falling into hands of people with very twisted ideologies, who want to do us grave harm.

That might be beyond the realm of what your expertise is, given the very good comments you had in terms of making our efforts more effective. But that is the constraints that we are operating under.

And I guess your recommendations, short of—I heard what you said—“separating the objectives of security and social-capacity building, and measuring those distinctly.”

I think, if we had time, the investment in social-justice outcomes does pay security dividends. I think it is a matter of time. The truncated allocation, though, of time, compresses this into an artificial period without the capacities to absorb it quickly, without the experiential level, perhaps, on our side, as you were just suggesting.

The last thing we need is people holed up in an embassy, who are spending a lot of money, who can't get out and do good things, or are doing good things, empowering the wrong people, that actually undermine the stability of the society over the long term.

So that is a long editorial comment on just how, I think, complex this is. And if you want to talk about any other recommendations—given, again, the constraints of time and the nature of the political system there, as well as ours—that we improve the chances of meeting the dual goals of social justice, but also security.

Yes?

Ms. FAIR. Mostly, my work is on security issues. So counterinsurgency—and it is very—I understand what you are saying. But when there is no data that justifies that what we are doing has any impact, and it seems to be having a negative impact upon our strategic relationship with the country—I think that justifies calming down this faux timeline of urgency.

Let me give you a really good example of what is going on in Pakistan. I don't like to call it counterinsurgency, because what they are doing is not population-centric COIN. It is actually low-intensity conflict, which is resulting in massive damage and huge displacements of persons.

But even if they can clear an area, they have traditionally had problems with holding. And this is because, for example, they have inadequate police that are able to do this holding. And in counterinsurgency, that is exactly the agency that should be doing holding.

I know that Dr. Ahmed has done a lot of work on police reform in Pakistan. We would like to bring DynCorp in there, and churn out police in large numbers, over a week. That is not how you make police. So if you want to do clear, hold, and build, you can't get to the “build” part if there is no security.

The Pakistanis have not shared with us their operational plans. After they conduct an operation—

Mr. FORTENBERRY. Do they have them?

Ms. FAIR. They don't, for example, in Swat.

If you are going to think about “build,” you need to have, as a part of your planning, the civilian component—for example, the relief to the IDPs. If they had coordinated with us their operational plans, we could have helped them put into place the civilian relief.

Now, the army says that they are holding, and they are waiting for the “inept civilians” to come in. That is their narrative. It is the “inept civilians.” Of course, the civilians are inept because they have been hollowed out for 10 years. But if they had actually been genuine partners with us, we could have helped them think through what would be the civilian requirement.

So another concern that I have, other than this fake urgency—and I say “fake urgency” because we imposed this upon ourselves, when, in fact, I don’t believe we can execute this aid program effectively in the time constraints and in the quantity—with the quality, and given the security environment—this is—just seems an impossible task.

But we certainly can’t do it without Pakistani partners. And when I look at different sectors—another good example that has immediate security implications is justice sector. One of the things that the Taliban do well is actually justice provision.

They go around. They can resolve disputes expeditiously—not complicated things—family disputes, land disputes. There is no recidivism. Justice is really key. Yet, the Asian Development Bank—and I believe Dr. Wilder is more knowledgeable about this than I am—has spent millions of dollars doing justice-sector reform. What they want is the computerized case management. They want the courthouses to be redone. But what they don’t want is actual human-capital development.

So I will make the other argument that it is not only the limitations of USAID numbers—their security environment—but it is also the political system in which our partners are embedded. And this comes to a much larger issue, which I think Dr. Wilder knows a lot more about than I do—and that is civil service reform.

So you keep rolling back the things that have to happen before we can effectively spend these sums of money effectively, and you realize there is no substitute to anything but a long-term commitment to capacity-building.

Mr. TIERNEY. Thank you.

The point that was made earlier about USAID, in terms of the numbers of personnel, the capacity, is well taken. And we have spent some time.

I think as disturbing to those of us that were visiting there just a little bit ago was they have those 6-month rotations—6-month rotations. If you are a USAID worker, how much oversight can you do for a project that is 2, 3, or 5 years in a contract length? So I think that is just another impediment—looking at the whole structure of how we—how we do staff-up USAID, and what their appointments are on that basis.

Do we run any risk—let me ask you this—in terms of security, if we were to slow down the distribution of aid in the Northwest Frontier Province and in FATA, until we had in place a system and a mechanism for compiling the data that would tell us where best to allocate the resources, to prioritizing them, putting together an implementation plan, putting together an effective monitoring plan,

an evaluation plan, and moving at a much slower pace than is anticipated?

Sometimes when we talk about this kind of insurgency, “We are going to do it all at once. We are going to go in and secure, hold, build the world again, and move on.” What security risk, if any, do we run in slowing things down and doing it as I have described?

Doctor.

Ms. AHMED. One of the things we have to recognize—and I agree with you, Congressman, is that these are staff choices—staff choices for regional security and for global security—emerging out of a very ugly conflict. So I don’t think we have the luxury of time, frankly speaking, to sit around and look at the data—assess it, look at the mechanisms, do all these studies, and then decide what kinds of interventions are possible at all.

Let me also say this: Afghanistan and Pakistan are two different countries. There is a different level of capacity in Pakistan from that of Afghanistan.

What you need in Afghanistan is to build the institutions. What you need in Pakistan is to reform the institutions. And, there, I think you can actually use aid quite effectively to ensure that you are building the capacity of the institutions in terms of reform. There is a police force. There is a judiciary. There is a civil service. There are political parties. There is a legislature. Nothing has to be created by the United States.

But finding the partners that you will need in the meantime, and building the capacity, quite obviously, is a multi-year endeavor, which is why I think this bill is a good bill—because it is a multi-year investment in Pakistan.

But at the same time, we have to look at different types of tasks that have to be undertaken. The IDPs—the internally displaced people—do we wait another few years before we decide what are their needs, and how do we access them, and how do we actually make sure that there is a semblance of stability that returns to what is, actually, a fairly large part of Pakistan—not just in FATA, but also in Malakand Division.

Should we be working right now with the civil administration, the ministries and the elected representatives? I beg to differ. You know, these are not just patron-client relationships. These are elected representatives. Let us give them their due here. They do know their constituents. They meet their constituents.

We can use all the channels that we have right now to assess, first of all, the urgent needs, and the urgent programming that needs to be done, and then the middle—the medium-term and long-term.

Let me also say this: I agree with Dr. Wilder. I think we are forgetting one thing. There have been long-term programs that USAID has run in Pakistan in the fields of health and education and infrastructure-building. But what we have right now is a crisis. And we have to respond to that as well as talk in terms of what we should be looking at in terms of a partnership.

Mr. TIERNEY. So I understand that you have a sort of a mixed view. There are things that need to be done right now, and things that can wait for a more nuanced and planned aspect. But if I could press you just a little bit—what security risks would be con-

fronted if, in fact, we did just that—we just took care of some immediate needs—the crises aspect, and the humanitarian aspect—and, then, had a more thoughtful approach in the long run, instead of just putting all the money out there right now?

Ms. AHMED. I do think that if the programming is actually divided into the quick-impact—humanitarian needs, development-needs based projects—to the medium-term projects, with a certain degree of consultation which isn't there, and which—frankly speaking, there is another factor we should be looking at, which, again, we neglected thus far in this discussion—is on the survivability of the democratic transition, because if this political order disintegrates, we are not back to square one.

Mr. TIERNEY. Thank you.

Dr. Wilder.

Mr. WILDER. Yes, I also think the situation is urgent and deteriorating. My only question is whether money is going to reverse that if it is spent ineffectively. And I think that is where the real focus needs to be: How do we spend the money accountably and effectively? Then, I think there can be positive benefits from it.

And I think that is where, you know, throwing money at the problem in short timeframes is going to exacerbate matters. And I think that is what we are seeing in the Afghanistan context.

I absolutely agree with Dr. Ahmed's point that Pakistan and Afghanistan are very different. And I think the issue of the civil service is a critical difference there, where you do have a history of an inherited institution which was very strong. And it has been weakened over time, overly politicized.

I included this in my written remarks, but I didn't really have time to comment on it today—but just the importance of prioritizing civil service reform. And I actually think that this is an area of opportunity where the United States can help. It is an area where the U.S. Government has tended not to take a lead role, and left it up to donors like the British and the World Bank.

I think it is maybe not a comparative advantage where the United States has to lead on it, but certainly to support multilateral efforts for a long-term effort to strengthen the civil service and public administration reform, in general, in Pakistan.

In the past, civil service—the problems in civil service reform are not technical ones. They are political ones. The main actors who need to push the reform have a vested interest in maintaining the status quo, which is working quite well.

But the push for reform in the past has come at times when Pakistan has been in crisis financially. IMF conditionalities and the consequences are often viewed in terms of downsizing, and negatively.

I think that now that there are resources, there is an opportunity to have a politically smart strategy of incentivizing some of the critically important reforms that need to take place. I would put this forward as one concrete way where I think the United States could engage and support a multilateral initiative to push civil service reform in Pakistan.

A more general point is, I think when you are the lead donor, and have lots of money to spend quickly, there is also a tendency to try to do it alone. I think this is an area where the United States

is not always very good in working with the other multilateral and bilateral donors in Pakistan. And I would urge that as a concrete recommendation—that our aid effort there try to work more closely with the multilateral and bilateral partners.

And I think, in that—that is one way of trying to ensure that it will be more effective. Thank you.

Jeff, you have any more questions?

Mr. TIERNEY. If there are not, let me just close with one question—if you will indulge me for a second—so I am hearing very clearly that we need to take immediate care of the humanitarian urgencies and crises. And I clearly understand that we also need to—with respect to the rest of the moneys—not be so anxious to just put it out there somewhere, but to get together a plan of how we are going to engage local people and really get their cooperation and input—have them take some responsibility and accountability for it, and develop your plan for implementation, oversight, and all that, which is good.

I don't hear anybody saying there is going to be negative security implications if we take that path. Am I correct?

You seem to think there will be negative security in place—no? OK.

So my last question to each of you is: Can you give me examples of the types of incentives that could be used to facilitate the civilian government moving forward on reform, and to the extent necessary—of course, having the military not impede that—what types of incentives might be put in place to make that happen?

Because I think one of the problems is their will. Is there a will within the current structure, who is, I think, benefiting quite a bit from the chaos and the way we are distributing money right now, and the inherent corruption.

So if we could just go once over, we will let you go. Thanks.

Ms. FAIR. Well, FATA, for example—that aid should have been conditional upon the Pakistan government having a plan for political integration. The FATA Development Plan, which they marketed as integration, had nothing to do with political integration. Something as simple as extending the Political Parties Act so that FATA has genuine representative of the kind that Dr. Ahmed talked about, would have been incredibly valuable.

I think that whatever ministry we engage—they need to come up with a plan.

Now, so often, when I have read these plans, it looks as if an international contractor wrote them, because of the particular idiomatic English that has been employed. The Pakistanis themselves should come up with outcome measures, and we should agree upon the data that will be used to monitor success along those outcomes. And there needs to be a pretty serious plan for remediation if those outcome measures aren't met.

So what I am basically saying is that we need to incentivize the Pakistani government to be partners, rather than merely, you know, recipients.

Mr. TIERNEY. And I am only just now imagining what the reaction will be when we do that. We had a visit of about 30 military people at one point in time. They came in with their hair on fire. And I had an opportunity to speak up in Cambridge, MA, on an-

other occasion, and when I finished speaking in defense of the conditions, because we had been involved in putting them on, one half of the room stood up to berate us for treating them like children, and the other half of the room stood up to tell us, "You should have had stronger conditions on there. You can't trust us." So it goes on.

Dr. Wilder.

Mr. WILDER. Yes, again, just to reiterate, don't ignore the civil service. I think that is an opportunity.

I would also say that there is a tendency often, of the U.S. Government, to prefer to work with executive authority and the military. And I think we should not ignore the parliament in Pakistan. And I think USAID is supporting a parliamentary-strengthening program.

But I think that this is an area—it is linked also to the issue of center-periphery relations, or the relationship between the Federal Government and the provincial government in Pakistan, where there has been a tendency, I think, to overly centralize powers at the Federal level.

And I think working through parliament and trying to strengthen parliament could be a positive—it is something I think the USAID should continue doing.

And finally, just to also—to end on a positive note—is that—

Mr. TIERNEY. Ah, the silver bullet arrives.

Mr. WILDER. USAID has provided valuable support to the electoral process in Pakistan. And as someone who did my Ph.D. research on electoral politics in Pakistan, and has been present at virtually every election since 1970—I was monitoring the last one, and it was, you know, a considerable improvement over previous ones. And I think that there was valuable support from donors, in general, and the United States, in particular, for strengthening that process.

But just to end, I think it is important that we, again, try to move away from this feast-and-famine approach. Because of the urgency of the moment—the tendency to, in some ways, often spend too much money in the short term. I mentioned in my written testimony, a Pakistani friend, last week, told me, "Try to convince them to view their support to Pakistan as a marathon, rather than a series of unsustainable sprints."

And I think, if I could just end on that note—let us take that long-term approach to our aid program for Pakistan. Thank you.

Mr. TIERNEY. And, Doctor, you came the longest distance. The final word goes to you.

Ms. AHMED. [Off mic.]

Mr. TIERNEY. How do you envision that support?

Is your mic on, by the way? OK? And how do you envision that support? We hear a lot of times they need support—the civilian government needs support. Do they have the will to accept the support and do something with it? What exactly would that support look like to be effective?

Ms. AHMED. This is a public program that was announced from a public platform. This is not behind-closed-doors discussions. The reform package also came as the result of consultations with FATA representatives.

Mr. TIERNEY. But I think you said that the military push-back has stopped it from being implemented.

Ms. AHMED. Absolutely.

Mr. TIERNEY. So how do we get beyond that?

Ms. AHMED. All you need right now is the president's directive to be—it is called a notification, sent to the Governor—and it is law. And that is where, I think, the president does need support.

As you know, that is not the only front on which the president is being attacked by the military and other opposition power circles. That is one issue.

The second, in terms of the legislature—and I have said this in our report. We have said it in the written testimony, and we have said it in our reports, and repeatedly—that in delivering assistance, make sure that there is a legislative connection to the monitoring aspects and the planning and the implementation aspects.

Now, through the public account committees of the provincial and the Federal parliaments—and let me say this: These are very good committees, and they are functioning well. I think you can—you will have stakeholders, then, in a process that will also provide that missing link not just in terms of monitoring, but also in terms of community consultation.

So let us go beyond—and I think it is great that USAID is helping build the capacity of the Pakistani legislature. But let us involve the legislators, the parliamentarians, in the kind of process that we are involved in, in Pakistan.

You know, their collective history, if you look at how many parliaments they have served, it would be quite a couple of hundred years. So these are not novices. It is just that because there was no opportunity at constructive intervention, they were left out of the policy loop. And I think we can engage them now.

Mr. TIERNEY. At the risk of being painfully obvious on this, but for the record, you talked about President Zardari needing only to issue a directive for that to become law. And, then, you talk about our support. Are we talking about the need for the U.S. Government, through the secretary of state or the president to make some public declaratory statement, or to work through our Department of Defense with the military to get them to back off?

What types of support are you thinking of there?

Ms. AHMED. I do think publicly welcoming the reform effort would be a useful way to go—so at a high level, coming from the U.S. Government.

Mr. TIERNEY. Well, I am going to have to ask for the panel's forbearance, here, for a second.

Mr. Lynch, would you like to make an opening and a closing, and your questions?

Mr. LYNCH. I am sorry. There is a lot going on here at the same time. But I have been following the testimony in the anteroom.

The question I had is: The problems that we have seen on both sides of the border, along the Pakistan and Afghanistan borders—at least what we have seen visiting the federally administered tribal areas and the Northwest Province area—Frontier Province—are similar to what we are seeing on the Afghan side—and that is very weak government institutions that don't get out into those areas.

And we seem to have seized upon a model where we pair USAID or some other NGO with a military-support group in order to get that done—a PRT model. And that is the model we have been pursuing here. And from what we have been hearing and seeing in Pakistan—is this the right model? Is this the right model that we are using here, because it doesn't seem to be the case from this end.

And I worry about squandering the resources that we are dedicating toward this effort. And if we have to come up with another model that allows us the accountability and the transparency that we need to make sure the money is going to the people that we want to help, and that it has been used effectively.

Then we have to come up with the right idea before we pump more money into their system, because, otherwise, it will just be wasted. And I wouldn't blame the American people one bit if they grew frustrated with, you know, just continually pumping money in here. We have to show some progress.

You know, Dr. Wilder, you mentioned some of the areas that received the greatest amount of resources have shown very little progress. I am wondering, is it the model that we are trying to use—is it the wrong tool for this job?

Mr. WILDER. Well, there is a serious problem between the need for quick results, when we are not going to get quick results. State-building can't be done on the quick. It is a generational thing. It is a long-term process. And that is the critical—

Mr. LYNCH. Just to distinguish—some of the PRT models are very long term. And so it is not an idea that we are going to go in there with a PRT and turn things around in a matter of months, or even a couple of years. It is capacity-building.

I am more concerned that framework—the pairing of a military unit with the capacity to allow some of the development work to go forward—is that the wrong model here, or should we be trying something different?

Mr. WILDER. Sorry—are you talking about Afghanistan? Because, in Pakistan, I think the PRT model would certainly not be a good option.

I mean, I think part of my problem with the PRT model in Afghanistan is that Afghanistan has never had much in the way of government, and the same in FATA, in these areas.

So I am not sure that it is actually the weak government in some of these areas which is also fueling the insecurity. My concern with the PRT model is the more we end up doing with this civil military teams, the more we end up, in a way, setting up the Afghan government to fail, because they don't have the capacity to come in and take over.

The more we end up doing with our PRTs, the more it complicates an exit strategy, because who is going to step in and do this eventually?

I mean, I think we do need a long-term process of trying to build-up government institutions and capacity. But that is not going to happen in the timeframes within which—even the 5-year or 10-year timeframes we are talking about, in terms of our troop presence in places like Afghanistan.

I think this is where the problem is. There isn't a quick fix. And the military—civil military—the PRT model is a stop-gap measure. It is not a long-term solution.

Mr. LYNCH. OK. I do want to say thank you for your willingness to come before the committee and help us with our work. This is a very complicated situation. And your insight and your astute observations are very helpful to us. So thank you.

Mr. TIERNEY. Thank you, Mr. Lynch.

Again, I thank all of you very much. Your work has helped inform what we will be discussing with the administration's witnesses when they come.

And Mr. Flake and I were discussing the need for us to try and make sure that some of what you shared with us gets reflected in our work going forward. So you have been tremendously helpful.

We thank you for coming to Washington, and thank you for coming all the way from Pakistan, as well; and for the written testimony, as well as your verbal testimony. And I know that we can take the liberties of coming back to you again, as we do so often. But your help is important. And thank you very, very much for it. Meeting adjourned.

[Whereupon, at 12:01 p.m., the subcommittee was adjourned.]

