Pakistan: U.S. Foreign Assistance

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April 10, 2012
Summary

The 112th Congress has been focused measures to reduce the federal budget deficit. This backdrop may influence congressional debate over the third-ranking U.S. aid recipient, Pakistan—a country vital to U.S. national security interests but that some say lacks accountability and even credibility.

Pakistan has been among the leading recipients of U.S. foreign assistance both historically and in recent years. The country arguably is as important to forwarding U.S. security interests as any in the world. Developments in 2011 put immense strains on bilateral relations, making uncertain the future direction of U.S. aid to Pakistan. Disruptions included the May killing of Osama bin Laden in a Pakistani city and a November NATO military raid into Pakistani territory near Afghanistan that inadvertently left 24 Pakistani soldiers dead. For many lawmakers, the core issue remains balancing Pakistan’s strategic importance to the United States with the pervasive and mounting distrust in the U.S.-Pakistan relationship, as well as with budget deficit-reduction pressures.

U.S. assistance to Pakistan has fluctuated considerably over the past 60 years. In the wake of 9/11, however, aid to Pakistan has increased steadily as the Bush and Obama Administrations both characterized Pakistan as a crucial U.S. partner in efforts to combat terrorism and to promote stability in both Afghanistan and South Asia. Since 1948, the United States has pledged more than $30 billion in direct aid, about half for military assistance. Two-thirds of this total was appropriated in the post-9/11 era from FY2002 to FY2011. Many observers question the gains accrued to date, viewing a lack of accountability and reform by the Pakistani government as major obstacles. Moreover, any goodwill generated by U.S. aid is offset by widespread anti-American sentiment among the Pakistani people.

In September 2009, Congress passed the Enhanced Partnership with Pakistan Act of 2009, which became P.L. 111-73. The law authorizes the President to provide $1.5 billion in annual nonmilitary aid to Pakistan from FY2010 through FY2014. It requires annual certification for release of security-related aid; such conditionality is a contentious issue. Congress also established two new funds in 2009—the Pakistan Counterinsurgency Fund (PCF) within the Defense Department appropriations and the Pakistan Counterinsurgency Capability Fund within the State-Foreign Operations Appropriations—to build Pakistan’s counterinsurgency capabilities. When $1.5 billion in “coalition support fund” military reimbursements are added to economic and military aid totals, the United States provided a total of $4.3 billion for Pakistan for FY2010 alone, making it the second-highest recipient after Afghanistan. In addition to these ongoing programs, in mid-2010 the United States pledged about $700 million in a humanitarian response to extensive flooding in Pakistan.

In an indicator of increased attention to aid oversight, Congress in December 2011 enacted a National Defense Authorization Act for FY2012 (P.L. 112-81) that would withhold 60% of any FY2012 appropriations for PCF unless the Secretary of Defense reports to Congress a strategy for the use of such funds and the metrics for determining their effectiveness, and a strategy to enhance Pakistani efforts to counter improvised explosive devices, among other provisions.

This report will be updated as congressional actions on aid to Pakistan unfold in the 112th Congress. For broader discussion of U.S.-Pakistan relations, see CRS Report R41307, Pakistan: Key Current Issues and Developments, and CRS Report R41832, Pakistan-U.S. Relations: A Summary, both by K. Alan Kronstadt.
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Introduction

Experts commonly list Pakistan among the most strategically important countries for U.S. policy makers. The 112th Congress continues to grapple with deeply troubled U.S.-Pakistani relations, as well as the need to balance Pakistan’s importance to U.S. national security interests with domestic budgetary pressures.

In the post-9/11 period, assisting in the creation of a more stable, democratic, and prosperous Pakistan actively combating religious militancy has been a central U.S. foreign policy effort. Global and South Asian regional terrorism, and a decade-long effort to stabilize neighboring Afghanistan, are viewed as top-tier concerns. Pakistan’s apparently accelerated nuclear weapons program and the long-standing dispute with India over Kashmir continue to threaten regional stability. Pakistan is identified as a base for numerous U.S.-designated terrorist groups and, by some accounts, most of the world’s jihadist terrorist plots have some connection to Pakistan-based elements. With anti-American sentiments and xenophobic conspiracy theories remaining rife among ordinary Pakistanis, persistent economic travails and a precarious political setting combine to present serious challenges to U.S. decision makers. Meanwhile, Americans tend to have poor views of Pakistan; one survey found only 2% identifying Pakistan as a U.S. “ally.” Aware of these and other concerns, the U.S. government has provided large-scale foreign assistance to Pakistan with an eye toward short-term U.S. security interests and longer-term interests in realizing a more stable, democratic, and prosperous Pakistani state.

The United States has provided significant foreign aid to Pakistan over the nearly 65 years since that country’s independence, but at levels that fluctuated widely. Major aid flows during some periods and drastic cuts in others contributed to creating a perception among many in Pakistan that the United States is not a fully reliable ally. At the same time, some U.S. lawmakers continue to question providing large amounts of aid to a Pakistani government that is seen as an unreliable partner in U.S. counterterrorism efforts—as evidenced in 2011 by revelations that Al Qaeda founder Osama bin Laden found refuge in a Pakistani city for several years and that the Haqqani Network of Afghan insurgents may continue to receive support for Pakistan’s main intelligence service. To many, Pakistan also appears incapable of providing sustainable economic development and security for its own people, and often is unaccountable to the United States for aid results. Beyond these issues, some question whether the aid results in public diplomacy benefits for the United States.

Pakistan is a poor, fragile, and insecure state, representing a daunting challenge to U.S. and other foreign donors. Pakistan’s estimated per capita GDP of $2,792 (at purchasing power parity) in 2011 ranks it 136th of 183 world countries (by comparison, the U.S. figure is $46,860 and India’s, with seven times as many citizens as Pakistan, is $3,703). From 2008 to 2010 the country experienced aggregate inflation of nearly 50% against GDP growth of less than 13%. Pakistan’s education sector is among the world’s least effective: the government devotes less than 2% of GDP to education and nearly one-quarter of primary school age children have no formal education of any kind. Less than half of Pakistanis have access to modern energy services, and

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1 For broader discussion of U.S.-Pakistan relations, see CRS Report R41307, Pakistan: Key Current Issues and Developments, and CRS Report R41832, Pakistan-U.S. Relations: A Summary, both by K. Alan Kronstadt.

2 Another 11% called Pakistan “friendly,” while 38% called it “unfriendly” and another 23% identified Pakistan as “an enemy of the United States” (see http://today.yougov.com/news/2011/05/23/2-call-pakistan-ally-us).
the energy infrastructure is so overburdened that chronic electricity shortages result in rolling blackouts lasting 10 or more hours per day, even in vital business centers such as Karachi. Potable water shortages are widespread, and a dilapidated health sector provides insufficient access to basic health services, meaning that many citizens—women and children, especially—die each year from preventable diseases. Meanwhile, security threats remain rife: Pakistan is home to multiple Islamist, separatist, sectarian, and other politically motivated militants and terrorist groups. The U.S. National Counterterrorism Center reports there were an average of more than 26 terrorist attacks each week in Pakistan in 2011; only Afghanistan and Iraq suffered a higher number of incidents.3

Recent Developments

• In angry response to the inadvertent killing of 24 Pakistani soldiers in November, Islamabad placed bilateral relations “on hold,” and ties have remained largely frozen for more than four months pending a Pakistani parliamentary review. However, the State Department indicates that civilian aid flows have not been interrupted, and that the United States “remains committed to a strong, mutually respectful relationship with Pakistan.”

• The Obama Administration’s FY2013 request for aid to Pakistan totals $2.2 billion, of which $800.0 million for PCCF is in Overseas Contingency Operations (OCO), considered to be short-term, temporary funds. $1.4 billion is considered to be enduring (or regular) funding.

• The goal to provide $1.5 billion in annual nonmilitary assistance to Pakistan from FY2010 through FY2014, as authorized by the Enhanced Partnership with Pakistan Act of 2009 (EPPA, also known as the Kerry-Lugar-Berman or “KLB bill”), has been met only in FY2010. It fell short in FY2011 by $414.0 million, in FY2012 by an estimated $500.0 million, and in the FY2013 request by $428 million. Administration officials say Congress did not appropriate the funds for FY2011 and FY2012. For FY2013, the Administration is not requesting $1.5 billion mainly due to budgetary constraints.

• The National Defense Authorization Act for FY2012 (H.R. 1540), signed into law on December 31, 2011 (P.L. 112-81), includes provisions to withhold 60% of any FY2012 appropriations for the Pentagon’s Pakistan Counterinsurgency Fund (PCF) unless the Secretary of Defense reports to Congress a strategy for the use of such funds and the metrics for determining their effectiveness, and a strategy to enhance Pakistani efforts to counter improvised explosive devices. The State-Foreign Operations Appropriations law (Division I of P.L. 112-74), signed on December 23, 2011, requires other certifications. As is common when conveying news about U.S. legislation, the Pakistani media produced inaccurate and...


confused reporting on the provision, widely characterizing it as a “cut” of $700 million in military aid. The U.S. Embassy issued a statement of correction.6

- Section 1025 of the Foreign Relations Authorization Act 2012 (H.R. 2583, reported out of the House Foreign Affairs Committee on September 23, 2011) would amend the EPPA by stating that no aid would be available to Pakistan unless the Secretary of State certifies that Pakistan is making measurable progress toward achieving the principal objectives of U.S. assistance to Pakistan as stated in the Pakistan Assistance Strategy Report. Furthermore, in order to receive security assistance within EPPA, Pakistan would have to show demonstrable progress in combating terrorist groups, including the Haqqani Network; fully assist the United States in investigating bin Laden’s residency in Pakistan; and facilitate entry/exit visas for U.S. military trainers and personnel for other cooperative programs and projects in Pakistan.

- As part of a reported review of the aid program for Pakistan, the Obama Administration in mid-2011 adjusted military aid levels. Congressional sources confirmed an indefinite hold had been placed on delivery of about $440 million worth of scheduled counterinsurgency training and equipment due to the reduced U.S. military trainer presence in Pakistan, along with obstacles to fulfilling agreements between the two countries. In addition, according to these sources, delays in processing U.S. visa requests had led to the suspension of $300 million in anticipated Coalition Support Fund (CSF) reimbursements. U.S. auditors have approved $600 million in CSF payments for the first half of FY2011, but these funds have not been transferred to date.

- The U.S. government, along with other bilateral donors, continues to consider the use of aid funds to kick-start Pakistan’s $12 billion Diamer-Bhasha dam project, which has languished for years due to lack of financing. The dam, to be set about 120 miles north of Islamabad in the Khyber Pakhtunkhwa (KPk) province, is expected to generate 4,500 megawatts of hydropower from the flow of the Indus River, an amount equal to more than half of Pakistan’s annual electricity shortfall. The Asian Development Bank is among the international financial institutions that vows to play a role in financing the project.

### Fluctuating U.S. Aid to Pakistan Before 9/11

Over the past six decades, the United States has turned aid to Pakistan on and off to correspond with U.S. foreign policy objectives and to reflect the state of the bilateral relationship. Aid was provided or restricted for numerous reasons over those 60 years. In some years, U.S. aid would support balance in the region and contain Soviet expansionism; in other years, the U.S. government would withhold aid because of nuclear weapons proliferation and lack of democratization gains. U.S. aid levels to Pakistan (after adjusting for inflation) peaked in 1962 when Pakistan aligned itself with the West by joining two regional defense pacts, the South East Asia Treaty Organization (SEATO) and the Central Treaty Organization (CENTO, also known as the “Baghdad Pact”; see Figure A-1). President Dwight D. Eisenhower famously called Pakistan America’s “most allied ally in Asia.” In contrast, U.S. aid to Pakistan was at its lowest level in the

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1990s after the Soviet Army withdrew from Afghanistan in 1989, and President George H. W. Bush suspended aid to Pakistan in 1990 because of its nuclear activities.

During and immediately after the Indo-Pakistani wars of 1965 and 1971, the United States suspended military assistance to both sides. This resulted in a cooling of the Pakistan-U.S. relationship and a perception among many in Pakistan that the United States was not a reliable ally. In the mid-1970s, new strains arose over Pakistan’s efforts to respond to India’s 1974 underground nuclear test by seeking its own nuclear weapons capability. President Jimmy Carter suspended most U.S. aid in response to Pakistan’s covert construction of a uranium enrichment facility. However, in 1979, the Soviet Union invaded Afghanistan, and the United States viewed Pakistan as a frontline ally in the effort to block Soviet expansionism. In 1981, therefore, the Reagan Administration negotiated a five-year, $3.2 billion economic and military aid package with Pakistan. As a result, Pakistan became a key transit country for arms supplies to the Afghan resistance, as well as home for millions of Afghan refugees, many of whom have yet to return.

In 1985 Congress passed the Pressler Amendment (Section 620E(e) of the Foreign Assistance Act of 1961) that required the President to certify to Congress that Pakistan did not possess a nuclear explosive device during the fiscal year for which the aid was provided. President Reagan and President George H. W. Bush certified Pakistan each year until 1990.

After the 1990 suspension of aid to Pakistan, U.S. aid to that country remained at low levels not seen since the early 1950s, largely due to a disengagement from Pakistan and Afghanistan after the defeat of the Soviet Union there, as well as an overall reduction in foreign aid in an effort to balance the U.S. budget. This left a lasting effect on Pakistani perceptions of the United States. Former Pakistani Army Chief and President Musharraf repeatedly voiced a narrative in which Pakistan joined the United States to “wage jihad” in Afghanistan in the 1980s, only to see “disaster” follow when the “military victory was bungled up” and the United States then left the region “abandoned totally.” When combined with ensuing sanctions on U.S. aid, this left many Pakistanis with the sense they had been “used and ditched.” According to the succeeding Pakistani President Asif Zardari, writing in January 2009, “Frankly, the abandonment of Afghanistan and Pakistan after the defeat of the Soviets in Afghanistan in the 1980s set the stage for the era of terrorism that we are enduring.”

Unpredictability of U.S. aid has contributed to Pakistan’s view that the United States is an unreliable partner. That view may play a role in Pakistan’s level of cooperation with the United States on various national security issues while keeping its options open with U.S. competitors, such as China. Pakistani Prime Minister Yousef Raza Gilani’s May 2011 state visit to Beijing was viewed by many as an implicit response to a recent deterioration in U.S.-Pakistan ties.

U.S. Aid to Pakistan After 9/11

Following a decade of alienation in the 1990s, U.S. relations with Pakistan were once again transformed in dramatic fashion, this time with the September 11, 2001, terrorist attacks on the United States and the ensuing enlistment of Pakistan as a pivotal ally in U.S.-led counterterrorism

7 “President’s Address at Royal United Services Institute, London,” January 25, 2008.
efforts. Post-9/11 U.S. aid to Pakistan rose dramatically and included a $600 million emergency cash transfer in September 2001. In 2003, President George W. Bush hosted then-Pakistani President General Pervez Musharraf at Camp David, MD, where he vowed to work with Congress on establishing a five-year, $3 billion aid package for Pakistan. Annual installments of $600 million each, split evenly between military and economic aid, began in FY2005.10

From FY2000 at $36.76 million to FY2001 at $187.7 million, U.S. aid increased five-fold, and in FY2002 (the first post-9/11 fiscal year) aid increased by another nearly 11-fold to $2,000 million. Aid trended up between 2006 and 2010; FY2007 was the first year of the Bush Administration’s plan to devote $750 million in U.S. development aid to Pakistan’s tribal areas over a five-year period. The 2010 U.S. aid to Pakistan of some $4.3 billion represented an increase of 2,185% when compared to the pre-9/11 level in FY2001. In FY2010, Pakistan ranked second among top U.S. aid recipients, after Afghanistan and before Israel. It ranks third in FY2012 with U.S. aid estimated at $2.1 billion, about half of the FY2010 peak.

About two-thirds of U.S. aid from FY2002 to FY2012, some $15.8 billion (including Coalition Support Fund reimbursements), has supported security assistance in Pakistan. Of that, about $9.5 billion has been funded through Defense Department appropriations, with $6.4 billion in security assistance for Pakistan funded through the Department of State appropriations. Economic assistance for Pakistan from FY2002 to FY2012 has totaled more than $7.8 billion. About 85% (or $6.6 billion) of that was within the Economic Support Fund (ESF),11 which grew dramatically in FY2009 and FY2010, but has been scaled back since.

Over the years, disbursements of aid to Pakistan generally track appropriation levels of aid. However, in some years not all aid appropriated is actually disbursed. For example, of the $400 million in PCF/PCCF funds in 2009, a total of $125 million has been received by Pakistan. With other accounts, some funds are transferred to meet certain needs on the ground. During years of natural disasters, some funds from ESF have been transferred to the International Disaster Assistance (IDA) or the Migration and Refugee Assistance (MRA) account. (See Table 2 for both appropriation and disbursement levels.)

**Bilateral Economic, Development, and Humanitarian Assistance**

The United States provides bilateral economic, development, and humanitarian assistance to Pakistan through a number of funding accounts: the Economic Support Fund (ESF), Food for Peace Title II (P.L. 480), Global Health and Child Survival, as well as International Disaster Assistance (IDA), and Migration and Refugee Assistance (MRA). Often funds within ESF are transferred to IDA or MRA for emergency assistance, such as in response to the Pakistan flooding crisis in 2010.

In FY2011, ESF funds reflected about 85% of U.S. economic assistance to Pakistan, with the above-noted accounts making up the remaining 15% (see Table 2). Some of the largest increases in ESF funding were from FY2009 and FY2010 supplemental appropriations passed by Congress. ESF is used to fund a wide array of activities. In Pakistan the program is used to help establish

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10 The Foreign Operations FY2005 Appropriations bill (P.L. 108-447) established a new “base program” of $300 million for military assistance for Pakistan.

11 ESF is a bilateral economic assistance program employed to advance U.S. strategic and political interests through the use of foreign aid.
political parties and bolster Pakistan’s ability to conduct elections; help the government provide services to its citizens; promote delivery of health-related technologies, such as vaccines; provide basic education support, such as building schools and providing funds for textbooks and teachers; and improve the quality of universities in Pakistan.

ESF funds also provide help for the government of Pakistan to pursue economic reforms, such as improving tax collection, strengthening border management, and building infrastructure—roads and power supply—to improve citizens’ faith in their government and promote job growth and stability. ESF promotes agriculture, which is a key component of job growth in rural districts, and supports linkages between farmers, markets, and business service providers to increase access to modern farm equipment. ESF also promotes private-sector competitiveness to strengthen the business community, create jobs, and expand the economy.

Food for Peace aid to Pakistan fluctuates from year to year, largely related to needs on the ground. During years of humanitarian crisis (either natural or war-related), food aid levels can rise dramatically. The 2010 floods in Pakistan created a severe humanitarian crisis, affecting more than 20 million people and resulting in the United States more than doubling food aid over the previous year’s level, from $55 million in 2009 to $124 million in 2010.

Global Health and Child Survival (GHCS) funding levels within the past decade range from $14 million in FY2002 to $34 million in FY2009 and totaled $249 million from FY2002 to FY2012. This program provides funds to Pakistani nongovernmental organizations, national, and provincial organizations to partner and fight more effectively the spread of HIV/AIDS and support the national HIV/AIDS strategy, among other things.

FATA Development Plan

Pakistan’s western tribal areas are remote, isolated, poor, and traditional in cultural practices. The social and economic privation of the inhabitants may make the region an attractive breeding ground for violent extremists. The U.S.-assisted development initiative for the Federally Administered Tribal Areas (FATA), launched in 2003, seeks to improve the quality of education, develop healthcare services, and increase opportunities for economic growth and micro-enterprise specifically in Pakistan’s western tribal regions.12 A senior USAID official estimated that, for FY2001-FY2007, about 6% of U.S. economic aid to Pakistan was allocated for projects in the FATA.13 Facilitating economic development through road-building has been a key aspect of the effort; to date, the United States has devoted more than $150 million for roads and other infrastructure projects in the South Waziristan agency alone.14

In 2008, the Bush Administration urged Congress to continue funding the five-year, $750 million aid plan for the FATA initiated in FY2007. The plan supports Islamabad’s own 10-year, $2 billion sustainable development effort there. In H.Rept. 111-151, the 111th Congress expressed its intention that the majority of the $399 million in unallocated FY2009 supplemental assistance for Pakistan be used to support programs in the FATA and KPk (formerly North West Frontier)
province “to counter the influence of violent extremists through local initiatives, including infrastructure, health, education, governance, rule of law, and employment opportunities.”

Skepticism has arisen about the potential for the policy of significantly boosted FATA-specific funding to be effective. Corruption is endemic in the tribal region and security circumstances are so poor that Western nongovernmental contractors find it extremely difficult to operate there. Moreover, as much as half of the allocated funds reportedly are devoted to administrative costs. Islamabad insists that implementation of aid programs in the FATA be carried out wholly by Pakistani civil and military authorities and that U.S. aid, while welcomed, must come with no strings attached. Attacks on aid workers exacerbate a circumstance in which corruption and tangled bureaucracy thwart U.S. aid efforts in the FATA. In 2009, the KPk governor himself complained that very little new assistance funds were reaching the tribal belt.

According to former USAID Afghanistan-Pakistan Task Force Director James Bever, aid efforts in the FATA have been hampered by the limited presence of Pakistani federal ministries and constrained provision of services. Some Pakistan-based analysts raise like concerns and have recommended that the United States and other international donors refrain from handing control of development programs in the crucial FATA region to the Pakistani government until political reforms and effective financial oversight mechanisms are in place. Given such limitations, USAID’s primary aim is to build confidence in the Pakistani government by working with the FATA Secretariat on small-scale projects in relatively secure areas. All of the activities are developed, monitored, and evaluated in partnership with the FATA's civilian authorities.

The Enhanced Partnership With Pakistan Act (EPPA) of 2009

A key aspect of the Obama Administration’s approach to Pakistan has been a tripling of annual nonmilitary aid to improve the lives of the Pakistani people, with a particular focus on conflict-affected regions, and increased U.S. military aid to Islamist on counterinsurgency goals while conditioning such aid on that government’s progress in both combating militancy and further democratizing. As Senators in the 110th Congress, President Obama, Vice President Joe Biden, and Secretary of State Hillary Clinton all supported the Enhanced Partnership With Pakistan Act of 2008 (which was never voted upon), and they strongly encouraged the 111th Congress to pass a newer version of that legislation.

During the first session of the 111th Congress, the full House passed a parallel Pakistan Enduring Assistance and Cooperation Enhancement Act of 2009 (H.R. 1886) and, three months later, the Senate unanimously passed The Enhanced Partnership With Pakistan Act of 2009 (S. 1707), both authorizing a tripling of nonmilitary aid to Pakistan for at least five years (through FY2014). President Obama signed the resulting Enhanced Partnership with Pakistan Act (EPPA) of 2009.

Pakistan: U.S. Foreign Assistance

into P.L. 111-73 on October 15, 2009. The legislation is sometimes referred to as the “Kerry-Lugar-Berman” or “KLB” bill (see the law’s principles and purposes in Appendix D).

Senate Foreign Relations Committee Chairman Senator John Kerry lauded the legislation as the product of extensive “bicameral, bipartisan, and inter-branch consultation” that was meant to forge a new long-term relationship between the people of America and Pakistan.” Then-House Foreign Affairs Committee Chairman Representative Howard Berman emphasized the importance of forging a “true strategic partnership with Pakistan and its people.” Secretary of State Clinton called the legislation’s passage “a historic chapter” in bilateral relations that would strengthen the bonds of friendship and cooperation between the American people and the Pakistani people. Independent analysts viewed the legislation as a landmark expression of the U.S. Administration’s and Congress’s intent to provide significant, long-term support for its Pakistani allies.

**Economic and Development Assistance Under the EPPA**

The EPPA authorizes $1.5 billion annually for economic and development aid to Pakistan from FY2010 to FY2014 to support democratic institutions and the expansion of rule of law, promote economic freedoms and sustainable economic development, support investment in people, and strengthen public diplomacy in Pakistan. The act states that no funds may be made available unless the Administration submits a Pakistan Assistance Strategy Report to the appropriate congressional committees (the Administration submitted the report on December 14, 2009). It also limits aid to $750 million unless the President’s Special Representative to Afghanistan and Pakistan (or, if vacant, the Secretary of State) certifies to Congress that aid provided thus far is making reasonable progress toward achieving U.S. objectives. The act allows for the Secretary of State to waive this certification requirement if it is in the U.S. national security interests to do so. It provides a sense of Congress that the same level of economic aid should continue in FY2015-FY2019 “subject to an improving political and economic environment in Pakistan.”

The Department of State has been bundling ongoing aid programs for Pakistan as EPPA economic assistance, including what some would call security assistance (INCLE and NADR). Using this tactic, the EPPA goal of providing $1.5 billion of economic aid to Pakistan was met in the first year, but not in FY2011 or FY2012. State Department officials say that the shortfall occurred because Congress did not fully fund the FY2011 or FY2012 requests. The FY2013 request is also below the EPPA funding authority level. Department of State budget officials stated that they requested less than $1.5 billion because they did not think Congress would appropriate that amount, and they had other programs for which to seek the funding (see Table 1).

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Table 1. Enhanced Partnership with Pakistan Funds

(in millions of current U.S. $)

<table>
<thead>
<tr>
<th></th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012 estimate</th>
<th>FY2013 request</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESF</td>
<td>$1,292.0</td>
<td>$918.9</td>
<td>$864.7</td>
<td>$928.3</td>
</tr>
<tr>
<td>GHCS-USAID</td>
<td>$29.7</td>
<td>$28.4</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>INCLE</td>
<td>$170.0</td>
<td>$114.3</td>
<td>$116.0</td>
<td>$124.0</td>
</tr>
<tr>
<td>NADR</td>
<td>$23.9</td>
<td>$24.8</td>
<td>$20.8</td>
<td>$19.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,515.6</td>
<td>$1,086.4</td>
<td>$1,001.5</td>
<td>$1,071.3</td>
</tr>
</tbody>
</table>

Source: Department of State, F Bureau, November 1, 2011.


A November 2011 State Department report on civilian engagement with Afghanistan and Pakistan repeatedly emphasizes a need for patience in implementing an aid program as large and complex as that with Pakistan. It asserts that the approach under KLB is innovative in four notable ways: (1) a focus on alignment with Pakistani priorities has meant increasingly working with Pakistani government agencies to the extent that in FY2010 more than half of civilian aid funding was being implemented by these institutions; (2) a focus on visible infrastructure projects, especially “signature” projects such as dams and roads; (3) a focus on priority sectors and regions vulnerable to violent extremism; and (4) a whole of government effort that taps expertise from a variety of U.S. agencies. In 2011, State reduced the number of projects in an effort to create a “more streamlined, visible portfolio.”

Security Assistance Under EPPA

The EPPA authorizes each year from FY2010 to FY2014 “such sums as be may be necessary” for security assistance. Security assistance and arms transfers are prohibited by the act unless the Secretary of State certifies that the government of Pakistan is continuing to cooperate with U.S. efforts to dismantle nuclear weapons-related material supplier networks and make significant efforts to combat terrorist groups, and if Pakistan’s security forces are not impeding political or judicial processes there. The Secretary of State may waive these limitations if doing so is deemed to be in the U.S. national security interest. Secretary Clinton issued the first such certification in March 2011.

The EPPA also clarifies activities related to the Pakistan Counterinsurgency Capability Fund (PCCF), established by Congress in the Supplemental Appropriations Act, 2009 (P.L. 111-32), including that aid within the PCCF is in addition to any other authority to provide assistance.

Debate in Pakistan Over the “KLB” Bill

In what many considered to be a surprisingly visceral reaction, significant segments of Pakistani officialdom and society were highly critical of the EPPA, seeing in its language an intent to

interfere with and dictate to Pakistan on sensitive foreign policy and national security issues, perhaps even with malicious goals. The “conditioning” of assistance was the focus of criticism. The main opposition party in Islamabad (the Pakistan Muslim League-Nawaz or PML-N) expressed “strong reservations” over the law’s conditions and requested that the government present the details for parliamentary approval. Even secular parties within the ruling coalition described the bill as “interference” in Pakistani affairs. The Lahore High Court Bar Association unanimously passed a resolution rejecting the law, saying its imposition of “cruel conditions” represented a violation of Pakistani integrity and sovereignty. In one representatively rancorous statement, a Pakistani commentator said the law was “less an assistance program than a treaty of surrender,” and he criticized its terms and conditions as amounting to a “ten-fold increase in national humiliation.” Another saw the conditions as aimed at “clipping the wings of Pakistan’s mighty security establishment.” President Zardari himself rejected all such complaints as misguided and uninformed.

The most serious criticism, however, came from the Pakistani military establishment itself. A statement following the 122nd Corps Commander Conference in October 2009 included an expression of “serious concern regarding clauses [of the law] impacting on national security.” In the diplomatic context, this was taken as an unusually explicit and strong condemnation; Army chief General Ashfaq Pervez Kayani was reported to have energetically complained in person to visiting U.S. commander General Stanley McChrystal, focusing especially on clauses related to civilian control over the military, and references to the Afghan “Quetta shura” and the Lashkar-e-Taiba’s Muridke compound, which locate U.S.-designated terrorists on Pakistani territory.

The widely negative and oftentimes vitriolic nature of Pakistani reactions caught many U.S. officials by surprise and spurred the Senate Foreign Relations Committee leadership to issue an unusual formal rebuttal of “myths” surrounding the bill. Primary among these was the widely held—and patently false—assumption that conditions had been placed on the $7.5 billion in nonmilitary aid authorized for Pakistan. Other important corrections of the record included clarifications that nothing in the bill threatened Pakistani sovereignty in any way; that the conditions placed on military aid only reinforced standing policies of the Pakistani government and military; and that the United States neither required nor desired an oversight role in internal Pakistani military operations such as promotion decisions, among several others. Senator Kerry then traveled to Islamabad days later in a largely successful effort to allay Pakistani concerns.

Secretary of State Clinton was in Islamabad the same month, only two weeks after Senator Kerry and, when asked about the strongly negative reactions in Pakistan to the U.S. legislation, she expressed American “shock”:

> For the United States Congress to pass a bill unanimously saying that we want to give $7.5 billion to Pakistan in a time of global recession when we have a 10 percent unemployment

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24 Ayaz Amir, “Kerry-Lugar: Bill or Document of Surrender?” (op-ed), Daily Times (Lahore); “Intiaz Gul, “Kerry-Lugar Aimed at Dispiriting the Army?” (op-ed), Friday Times (Lahore), both October 2, 2009.
26 See the SFRC’s October 9, 2009, release at http://kerry.senate.gov/cfm/record.cfm?id=318845.
rate, and then for Pakistani press and others to say we don’t want that, that’s insulting—I mean, it was shocking to us. So clearly, there is a failure to communicate effectively.  

Many independent observers saw the unexpectedly strong Pakistani reaction as being fueled and perhaps even generated by a combination of military elements and opposition political forces who shared a common cause of weakening the Pakistan People’s Party-led civilian government. Anti-government media outlets eagerly participated. More specifically, this perspective had Army Chief Kayani engaged in an ongoing struggle with President Zardari and Prime Minister Gilani over ultimate control of the country’s military. One effect of the U.S. legislation was to place the United States in the middle of this battle. However, the spate of criticisms ended almost as quickly as it had begun, and by the end of 2009, Pakistani officials and most media critics had fallen silent.

Security Assistance

As noted above, U.S.-Pakistan security cooperation accelerated rapidly in the post-9/11 period, and President George W. Bush formally designated Pakistan as a major non-NATO U.S. ally in 2004. The close U.S.-Pakistan security ties of the Cold War era, which came to a near halt after the 1990 aid cutoff, were restored as a result of Pakistan’s role in the U.S.-led anti-terrorism campaign. In 2002, the United States began allowing commercial sales that enabled Pakistan to refurbish at least part of its fleet of American-made F-16 fighter aircraft and, three years later, Washington announced that it would resume sales of new F-16 fighters to Pakistan after a 16-year hiatus. During the Bush Administration, a revived U.S.-Pakistan Defense Consultative Group (DCG)—moribund from 1997 to 2001—sat for high-level discussions on military cooperation, security assistance, and anti-terrorism. The forum continued under the Obama Administration.

Pentagon officials have for some time been frustrated by the allegedly feckless counterinsurgency efforts of the internally squabbling Islamabad government. Reports indicate that U.S. officials have been disheartened by signs that the Pakistani military is slow to shift away from a conventional war strategy focused on India, and they have made clear the United States stands ready to assist Pakistan in reorienting its army for counterinsurgency efforts. This is not a task the Pakistani military leadership has appeared eager to complete. In an effort to more effectively channel U.S. security assistance so as to specifically strengthen Pakistan’s counterinsurgency capabilities, the Pentagon proposed, and Congress later endorsed, creation of a dedicated fund, the Pakistan Counterinsurgency Fund (PCF), later designated as the Pakistan Counterinsurgency Capability Fund (PCCF).

In addition to conditions on security assistance found in the EPPA, Pakistan is subject to more general conditionality on such aid. For example, in the spring of 2010, concerns arose that

29 Appearing before both Senate and House panels in May 2009, Secretary of Defense Gates urged Congress to quickly provide significant new counterinsurgency funding for Pakistan, arguing that the newly authorized PCF/PCCF should be overseen by U.S. military commanders rather than by State Department civilians. Yet many in Congress voiced doubts about the wisdom of creating a major new stream of military funding under Pentagon oversight, as such aid traditionally has been subject to Foreign Assistance Act restrictions. When the House Appropriations Committee took up the issue, its members determined to place PCCF oversight in the hands of the State Department after FY2010, a plan then endorsed by the full House (“Gates Pushes Congress to Boost Pakistan Aid,” Washington Post, May 1, 2009; “Democrats Steer Pakistan Security Account to State,” Associated Press, May 7, 2009).
allegedly serious human rights abuses by the army—especially in the Swat Valley northwest of Islamabad—including extrajudicial killings and the holding of thousands of suspected militants in indefinite detention, would trigger so-called “Leahy Amendment” restrictions on future U.S. security assistance (Sec. 620J of the Foreign Assistance Act of 1961 (P.L. 87-195, as amended), also known as the Leahy Amendment, states that “No assistance shall be furnished under this Act or the Arms Export Control Act to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights”). In October of that year, the Obama Administration announced that it would abide by these provisions by withholding train and equip funding for several Pakistani army units believed to be complicit in human rights abuses, and it remains concerned about potential mass disappearances of detainees into the hands of Pakistani security forces.

Coalition Support Funds (CSF)

At the Bush Administration’s behest, Congress in FY2002 began appropriating billions of dollars to reimburse Pakistan and other nations for their operational and logistical support of U.S.-led counterterrorism operations. These “coalition support funds” (CSF) have accounted for nearly half of U.S. financial transfers to Pakistan since 2001; as of May 2011, some $8.9 billion had been disbursed. The amount equals roughly one-fifth to one-quarter of Pakistan’s total military expenditures during this period. According to Secretary of Defense Gates, CSF payments have been used to support many scores of Pakistani army operations and help to keep more than 100,000 Pakistani troops in the field in northwest Pakistan by paying for their food, clothing, and housing. They also compensate Islamabad for coalition usage of Pakistani airfields and seaports.

During the latter years of the previous decade, however, concerns grew in Congress and among independent analysts that standard accounting procedures were not being employed in overseeing these large disbursements from the U.S. Treasury. The Government Accountability Office (GAO) was tasked to address oversight of coalition support funds that go to Pakistan. Its 2008 report found that, until about one year before, only a small fraction of Pakistani requests were disallowed or deferred. In early 2007, the value of rejected requests spiked considerably, although it still represented one-quarter or less of the total. The apparent increased scrutiny corresponded with the arrival in Islamabad of a new U.S. Defense Representative, Vice Admiral Michael Lefever, who reportedly played a greater role in the oversight process. GAO concluded that increased oversight and accountability was needed over Pakistan’s reimbursement claims for coalition support funds.

The State Department claims that Pakistan’s requests for CSF reimbursements are carefully vetted by several executive branch agencies, must be approved by the Secretary of Defense, and

30 “Pakistan Army Accused of Extrajudicial Killings, Human Rights Abuses,” Washington Post, April 5, 2010; “Pakistan Holding Thousands in Indefinite Detention, Officials Say,” Washington Post, April 21, 2010. When asked directly during a June 2010 Senate Appropriations Committee hearing, Secretary Gates assured Congress that his department was working to ensure that the “Leahy Law” is being implemented in both Pakistan and Afghanistan (statement of Secretary of Defense Robert Gates before the Senate Appropriations Committee, June 16, 2010).


32 Statement before the Senate Armed Services Committee, February 6, 2008.

ultimately can be withheld through specific congressional action. However, a large proportion of CSF funds likely have been lost to waste and mismanagement over the years, given a dearth of adequate controls and oversight. The Bush Administration may have concluded in late 2008 that Pakistan diverted much of the funds toward a military buildup focused on India.34

Senior Pentagon officials reportedly have taken steps to overhaul the process through which reimbursements and other military aid are provided to Pakistan. The National Defense Authorization Act (NDAA) for FY2008 (P.L. 110-181) for the first time required the Secretary of Defense to submit to Congress itemized descriptions of coalition support reimbursements to Pakistan. More recent NDAA's require the Secretary of Defense to submit to Congress detailed quarterly reports on the uses of CSF. In 2010, the now deceased Special Representative for Afghanistan and Pakistan Ambassador, Richard Holbrooke, claimed that about 60%-65% of Pakistan reimbursement requests under CSF are fulfilled. When questioned about CSF oversight at a March 2011 House hearing, the Commander of U.S. Central Command stated that he had “some very keenly attentive field grade officers in Islamabad” who track the money “very, very carefully.”35 A May 2011 press report suggests that this is being accomplished, and that U.S. auditors are now much more careful in their examination of Pakistani claims.36

Defense Supplies

Major U.S. arms sales and grants to Pakistan since 2001 have included items useful for counterterrorism operations, along with a number of “big ticket” platforms more suited to conventional warfare. In dollar value terms, the bulk of purchases are made with Pakistani national funds, but U.S. grants have eclipsed this in recent years. The Pentagon reports total Foreign Military Sales agreements with Pakistan worth $5.4 billion for FY2002-FY2010 (in-process sales of F-16 combat aircraft and related equipment account for more than half of this). The United States also has provided Pakistan with more than $2.1 billion in Foreign Military Financing (FMF) grants since 2001 (including FY2010 funds). These funds are used to purchase U.S. military equipment for longer-term modernization efforts. Pakistan also has been granted U.S. defense supplies as Excess Defense Articles (EDA). Major post-2001 defense supplies provided or soon to be provided under FMF include

- eight P-3C Orion maritime patrol aircraft and their refurbishment (valued at $474 million; two delivered);
- about 6,312 TOW anti-armor missiles ($186 million; at least 2,007 delivered);
- more than 5,600 military radio sets ($163 million);

34 “Pakistani Military ‘Misspent Up to 70% of American Aid,’” Guardian (London), February 28, 2008; “Revamping Aid to Pakistan is Expected in Bush Report,” New York Times, December 7, 2008. In mid-2008, the leader of Pakistan’s ruling party, now-President Zardari claimed, without providing evidence, that, as president, Pervez Musharraf had been passing only a fraction of the funds over to the Pakistani military, leaving some $700 million of reimbursements per year “missing” (quoted in “Where’s the Money?,” Sunday Times (London), August 10, 2008).


36 By this account, Pakistan has “routinely” submitted “unsubstantiated” or “exaggerated” claims, and denial rates have climbed from less than 2% in 2005 to 44% in 2009 (“U.S. Balks at Pakistani Bills,” Wall Street Journal, May 17, 2011).
six AN/TPS-77 surveillance radars ($100 million);

six C-130E transport aircraft and their refurbishment ($76 million);

five refurbished SH-2I Super Seasprite maritime helicopters granted under EDA ($67 million);

the USS *McInerney*, an ex-Perry class missile frigate (via EDA, $65 million for refurbishment);

20 AH-1F Cobra attack helicopters via EDA ($48 million, 12 refurbished and delivered); and

121 refurbished TOW missile launchers ($25 million).

Supplies paid for with a mix of Pakistani national funds and FMF include

- up to 60 Mid-Life Update kits for F-16A/B combat aircraft (valued at $891 million, with $477 million of this in FMF; Pakistan’s current plans are to purchase 45 such kits); and

- 115 M-109 self-propelled howitzers ($87 million, with $53 million in FMF).

Notable items paid for entirely with Pakistani national funds include

- 18 new F-16C/D Block 52 combat aircraft, with an option for 18 more (valued at $1.43 billion, all delivered);37

- F-16 armaments including 500 AMRAAM air-to-air missiles; 1,450 2,000-pound bombs; 500 JDAM bomb tail kits for gravity bombs; and 1,600 Enhanced Paveway laser-guided bomb kits, also for gravity bombs ($629 million);

- 100 Harpoon anti-ship missiles ($298 million);

- 500 Sidewinder air-to-air missiles ($95 million); and

- six Phalanx Close-In Weapons System naval guns ($80 million).

Other major articles transferred via EDA include

- 14 F-16A/B combat aircraft; and

- 59 T-37 military trainer jets.38

Under Coalition Support Funds (part of the Pentagon budget), Pakistan has received 26 Bell 412 utility helicopters, along with related parts and maintenance, valued at $235 million. Under Section 1206 (global train and equip), Frontier Corps, and PCF/PCCF authorities (overseen by the Defense Department to date), Pakistan has received four Mi-17 multirole helicopters (another six were provided temporarily at no cost), two King Air 350 surveillance aircraft, 450 vehicles for the Frontier Corps, 20 Buffalo explosives detection and disposal vehicles, helicopter spare parts, sophisticated explosives detectors, night vision devices, radios, body armor, helmets, first aid kits,

37 The first of the new F-16s were delivered in June 2010, when three aircraft were inducted into the Pakistani Air Force at the Shabaz Air Base near Jacobabad. The final plane was delivered in February 2012. These advanced aircraft are subject to especially stringent security to prevent any technology leakage to third parties.

38 Figures reported by the U.S. Department of Defense. See also CRS Report RS22757, *U.S. Arms Sales to Pakistan*. 
Pakistan is eager to receive more counterinsurgency hardware for use in western Pakistan, potentially including armored personnel carriers, laser target designators, laser-guided munitions, and more night-vision goggles and surveillance gear. They also request better and more sophisticated surveillance and communications equipment, along with more attack and utility helicopters.

Despite the provision of equipment suited to unconventional warfare, some analysts have continued to criticize the programming of security-related aid to Pakistan. Foremost among these are assertions that the Pakistani military maintains an institutional focus on conventional war-fighting capabilities oriented toward India and that it has used U.S. security assistance to bolster these capabilities while paying insufficient attention to the kinds of counterinsurgency capacity that U.S. policy makers might prefer to see strengthened. For example, of the some $2.1 billion in Foreign Military Financing provided to Pakistan from FY2002-FY2010, more than half has been used by Islamabad to purchase weapons of limited use in the context of counterterrorism. These include maritime patrol aircraft, anti-armor missiles, surveillance radars, update kits for F-16 combat aircraft, and self-propelled howitzers. Counterarguments contend that such purchases facilitate regional stability and allow Pakistan to feel more secure vis-à-vis India, its better equipped neighbor.

The Defense Department has characterized F-16 fighters, P-3C patrol aircraft, and anti-armor missiles as having significant anti-terrorism applications. The State Department has claimed that, since 2005, FMF funds have been “solely for counterterrorism efforts, broadly defined.” Such claims elicit skepticism from some observers, and analysts who emphasize the importance of strengthening the U.S.-India strategic partnership have called U.S. military aid to Pakistan incompatible with U.S. strategic goals in the region. Moreover, U.S. officials are concerned that Pakistan has altered some conventional U.S.-supplied weapons in ways that could violate the Arms Export Control Act. Such alleged modifications include expanding the capability of both Harpoon anti-ship missiles and P-3C naval aircraft for land-attack missions. The Islamabad government categorically rejects the allegations. Indian observers were unsurprised by the claims; New Delhi’s leaders continuously complain that Pakistan diverts most forms of U.S. assistance toward India. Some more suspicious analysts even see purpose in such a dynamic: a U.S. wish to maintain Pakistan’s viability as a regional balancer to Indian hegemony.

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39 The Omnibus Appropriations Act, 2009 (P.L. 111-8), limits FY2009 Foreign Military Financing for Pakistan to counterterrorism programs only, and it bars the Administration from using such funds for any programs initially funded under Section 1206 of the 2006 defense authorization (P.L. 109-163), which pertains to Pentagon programs for training and equipping foreign military forces.

40 Of the $2.1 billion, about $1.2 billion was used to upgrade P-3C maritime patrol aircraft and F-16 combat aircraft, and for the purchase of TOW anti-tank missiles and launchers.

41 See, for example, the Pentagon’s June 28, 2006, notification at http://www.dsca.osd.mil/PressReleases/36-b/2006/Pakistan_06-09.pdf.

42 F-16 aircraft are reported by some to be effective in Pakistan’s counterinsurgency efforts, with improved training and enhanced capabilities allowing for more precise targeting resulting in fewer civilian casualties (see the December 17, 2009, statements of a Pentagon official at http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4528); State’s release at http://2001-2009.state.gov/p/sca/els/rm/2007/97946.htm.


During the course of autumn 2009 fighting in South Waziristan, Pakistan received low-profile but significant U.S. assistance in the form of transport helicopters, parts for helicopter gunships, and infantry equipment, along with unprecedented intelligence and surveillance video sharing from American UAVs. In anticipation of new counterinsurgency operations in 2010, the United States provided the Pakistani air force with about 1,000 quarter-ton bombs, along with up to 1,000 kits for making gravity bombs laser-guided-capable. As noted above, transfers to Pakistan of such offensive weaponry are viewed with a wary eye by the Indian government.

Pakistani officials have continued to complain that U.S.-supplied defense equipment, especially that most needed for counterinsurgency operations such as attack and utility helicopters, has been too slow in coming. The Pakistani Ambassador to the United States has been quoted as claiming that, in his first two years in Washington, Pakistan received only eight used Mi-17 transport helicopters and that Pakistan’s military operations have been hindered by a lack of equipment. Such claims rile U.S. officials, who document that the United States has provided Pakistan with at least 50 helicopters since 2006—12 of them armed Cobra models—and who note that the delivery of more top-line attack helicopters has been delayed because of Pakistani inaction.45 Former U.S. Joint Chiefs Chairman and Secretary of State Colin Powell has urged the Obama Administration to do a better job of providing the Pakistani military with the mobility and intelligence capabilities needed for counterinsurgency operations.46

Military Training and Law Enforcement

The George W. Bush Administration launched an initiative to strengthen the capacity of the Frontier Corps (FC), a 65,000-man paramilitary force overseen by the Pakistani Interior Ministry. The FC has primary responsibility for border security in Pakistan’s western Khyber Pakhtunkhwa (KPk) and Baluchistan provinces, which border Afghanistan. In 2007, the Pentagon began using its funds to train and equip the FC, as well as to increase the involvement of the U.S. Special Operations Command in assisting with Pakistani counterterrorism efforts. Americans have also engaged in training Pakistan’s elite Special Service Group commandos with a goal of doubling that force’s size to 5,000. These efforts continued under the Obama Administration. The U.S. program to train Pakistan’s paramilitary forces reportedly has been hampered by Pakistan’s reluctance to send troops who are needed for urgent operations elsewhere. Some analysts also contend that only U.S. military personnel (as opposed to contractors) can effectively train Pakistani soldiers.

Other security-related programs for Pakistan are aimed especially at bolstering Islamabad’s counterterrorism and border security efforts, and have included U.S.-funded road-building projects in the KPk and FATA. The United States also has undertaken to train and equip new Pakistan Army Air Assault units that can move quickly to find and target terrorist elements. U.S.-funded military education and training programs seek to enhance the professionalism of Pakistan’s military leaders, and develop respect for rule of law, human rights, and democratic values. At least 2,000 Pakistani officers have received such training since 2001.

U.S. security assistance to Pakistan’s civilian sector is aimed at strengthening the country’s law enforcement capabilities through basic police training, provision of advanced identification systems, and establishment of a new Counterterrorism Special Investigation Group. U.S. efforts

may be hindered by Pakistani shortcomings that include poorly trained and poorly equipped personnel who generally are underpaid by ineffectively coordinated and overburdened government agencies. Pakistan’s weak criminal justice sector is marked by conviction rates below 10%, poorly trained investigators, and rampant corruption. Some analysts link the problem to democratization more broadly, and urge much greater U.S. and international attention to bolstering Pakistan’s civilian security sector. The findings of a 2008 think-tank report reflected a widely held view that Pakistan’s police and civilian intelligence agencies are better suited to combating insurgency and terrorism than are the country’s regular army. The report found that Pakistan’s police forces are “incapable of combating crime, upholding the law, or protecting citizens and the state against militant violence,” and placed the bulk of responsibility on the politicization of the police forces. The report recommended sweeping reforms to address corruption and human rights abuses.

Pakistan Counterinsurgency Fund/Pakistan Counterinsurgency Capability Fund (PCF/PCCF)

Title III of the Supplemental Appropriations Act, 2009 (P.L. 111-32; H.Rept. 111-105), appropriated $400 million for the Secretary of Defense, with the concurrence of the Secretary of State, for the newly established Pakistan Counterinsurgency Fund (PCF) to provide assistance for Pakistan’s security forces to bolster their counterinsurgency efforts. The House Appropriations Committee recommended that the funding be in the DOD appropriations for FY2009 and that the Secretary of Defense authority would expire with the expiration of the funds. An additional $400 million was appropriated within the State Department appropriations to be made available as of September 30, 2009, for its Pakistan Counterinsurgency Capability Fund (PCCF). The committee recommended that the Secretary of State authority (PCCF) would be assumed in subsequent fiscal years. The committee noted that DOD would be responsible for delivery of the assistance.

Other International Economic Donors

Of the $5.1 billion in total aid committed for Pakistan in 2010, about 24% was from multilateral agencies and 76% from bilateral sources. The United States is the largest single bilateral donor of development assistance to Pakistan, providing more than half of all bilateral commitments (56.3%) in 2010. Japan committed 11.7%, Germany committed 5.5%, and the United Arab Emirates committed 1.7% that same year.

The largest multilateral agency commitments in 2010 were $430 million from the World Bank’s International Development Association (as compared with $1.9 billion in FY2009), $270 million from European Union Institutions, and $290 million from the Asian Development Fund. See Appendix C for bilateral economic development aid commitments to Pakistan by other donor countries in FY2009.

Global cooperation involving a “Friends of Democratic Pakistan” (FODP) group was launched in September 2008, when President Zardari and the top diplomats of the United Arab Emirates, Britain, and the United States were joined by foreign ministers from Australia, Canada, France,
Germany, Italy, Japan, and Turkey, and representatives of China, the European Union, and the United Nations. A resulting statement expressed agreement to work in strategic partnership with Pakistan to combat violent extremism; develop a comprehensive approach to economic and social development; coordinate an approach to stabilizing and developing border regions; address Pakistan’s energy shortfall; and support democratic institutions.\footnote{See State’s September 26, 2008, release at http://2001-2009.state.gov/r/pa/prs/ps/2008/sept/110353.htm.}

In April 2009, 31 countries and 18 international institutions sent representatives to an FODP/Donors’ Conference in Tokyo. There Ambassador Holbrooke announced the Administration’s intent to provide a total of $1 billion in assistance to Pakistan over the 2009-2010 period, bringing to more than $5 billion the total offered by the international community in addition to the $11.3 billion International Monetary Fund package first arranged in late 2008. In the lead-up to the 2009 conference, Pakistani officials called for a “Marshall Plan” for Pakistan that would provide $30 billion in international donations over a five-year period. The Pakistani Ambassador to the United States is among those who called the proposed $5.7 billion in aid “miniscule” when compared to the bailouts being provided to American automobile and other companies, a characterization that rankled some in Congress.\footnote{“Pakistan Asks U.S. for 30 Billion Dollar ‘Marshall Plan’ to Stabilize Region” (interview), \textit{Washington Times}, April 8, 2009.}

At an FODP summit meeting in New York in September 2010 co-chaired by President Obama, President Zardari, and British Prime Minister Gordon Brown, the forum reiterated its central goals, but no further specifics were discussed pending more detailed Pakistani development proposals. The FODP’s Third Ministerial Meeting took place in October 2010, when donors continued to press Pakistan to reform its economy, especially through an expansion of the tax base.\footnote{“Friends Tell Pakistan to Shape Up in Exchange for Aid,” \textit{Daily Times} (Lahore), October 16, 2010.}

China, a close and longstanding ally of Pakistan in part because of its own rivalry with India, has provided some aid and loans to Pakistan, but nothing close to the level of the United States and other major donors. Between 2004 and 2009, China provided $9.0 million in grant assistance and $217 million in loans to Pakistan.\footnote{The Center for Global Development, \textit{Pakistan Aid Facts}, by Wren Elhai, August 26, 2010. http://blogs.cgdev.org/mca-monitor/2010/08/pakistan-aid-facts.php?utm_source=nl_weekly} China, through large-scale and mainly extractive investment projects, stands to gain access to resources in Pakistan, and may even benefit from a planned pipeline that would deliver Iranian natural gas through Pakistan.

\footnote{\textit{Congressional Research Service}}
### Table 2. Direct Overt U.S. Aid and Military Reimbursements to Pakistan, FY2001-FY2012

(appropriations, with disbursements in parentheses, rounded to the nearest millions of dollars)

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<td>1,663</td>
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<td>2,102</td>
<td>23,600</td>
<td>2,227</td>
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**Sources:** U.S. Departments of State, Defense, and Agriculture; U.S. Agency for International Development.

**Abbreviations:**
1206: Section 1206 of the National Defense Authorization Act (NDAA) for FY2006 (P.L. 109-163, global train and equip; Pentagon budget); CN: Counternarcotics Funds (Pentagon budget); CSF: Coalition Support Funds (Pentagon budget); CSH: Child Survival and Health (Global Health and Child Survival, or GHCS, from FY2010); DA: Development Assistance; ERMA: Emergency Refugee and Migration Assistance; ESF: Economic Support Funds; FC: Section 1206 of the NDAA for FY2008 (P.L. 110-181, Pakistan Frontier Corp train and equip; Pentagon budget); FMF: Foreign Military Financing; HRDF: Human Rights and Democracy Funds; IDA: International Disaster Assistance (Pakistani earthquake and internally displaced persons relief); IMET: International Military Education and Training; INCLE: International Narcotics Control and Law Enforcement (includes border security); MRA: Migration and Refugee Assistance; NADR: Nonproliferation, Anti-Terrorism, Demining, and Related (the majority allocated for Pakistan is for anti-terrorism assistance); PCF/PCCF: Pakistan Counterinsurgency Fund/Pakistan Counterinsurgency Capability Fund (Pentagon budget through FY2010, State Department thereafter)

**Notes:**
n/a=not available. Country allocations were not available at the time of publication. Disbursements may not be spent in the same year as funds are appropriated or may reflect transfers from one account to another and thus may exceed some years' appropriations levels. MRA/ERMA appropriations are not allocated specifically by country; these disbursements are estimates that reflect payments to nongovernmental organizations or international organizations for MRA/ERMA-funded protection and humanitarian assistance in Pakistan. Food Aid data only shows disbursements since food aid appropriations are not designated by country.

- a. CSF is Pentagon funding to reimburse Pakistan for its support of U.S. military operations. It is not officially designated as foreign assistance.
- b. Includes $220 million for Peacekeeping Operations reported by the State Department.
- c. Congress authorized Pakistan to use the FY2003 and FY2004 ESF allocations to cancel a total of about $1.5 billion in concessional debt to the U.S. government. From FY2005-FY2007, $200 million per year in ESF was delivered in the form of “budget support”—cash transfers to Pakistan. Such funds have been mostly “projectized” from FY2008 on.
- d. Includes $110 million in Pentagon funds transferred to the State Department for projects in Pakistan’s tribal areas (P.L. 110-28).
- e. This funding is “requirements-based;” there are no pre-allocation data.
f. Congress appropriated $1.6 billion for FY2011 and $1.69 billion for FY2012, and the Administration has requested $1.75 billion for FY2013, in additional CSF for all U.S. coalition partners. Pakistan has in the past received more than three-quarters of such funds. Disbursements to Pakistan have been on hold since December 2010, with approximately $600 million approved for the first two quarters of FY2011.

g. Includes a “bridge” ESF appropriation of $150 million (P.L. 110-252), $15 million of which the Administration later transferred to INCLE. Also includes FY2009 supplemental appropriations of $539 million for ESF, $66 million for INCLE, and $2 million for NADR.

h. The Administration’s request for supplemental FY2010 appropriations includes $244 million for ESF, $40 million for INCLE, and $60 million for FMF funds for Pakistan. These amounts are included in the estimated FY2010 total.

i. P.L.480 Title I (loans), P.L.480 Title II (grants), and Section 416(b) of the Agricultural Act of 1949, as amended (surplus agricultural commodity donations). Food aid totals do not include freight costs.
FY2013 Request for Aid to Pakistan and Objectives

The FY2013 budget request veers away from previous years’ assertions that aid was to support a partnership with Pakistan, but stated the following instead:

The United States seeks to foster economic and political stability in Pakistan through sustained assistance, which directly supports the core U.S. national security objective to disrupt, dismantle, and defeat Al Qaida, as well as to deny safe haven to it and its affiliates in the region. Despite recent challenges in the relationship, the United States and Pakistan must continue to identify shared interests and cooperate on joint actions that will help achieve these objectives.53

For FY2013, the Administration is requesting a total of $2,227.6 million within the International Affairs 150 function (State-Foreign Operations Appropriations). Of this amount, about 42% is for economic assistance and 58% is for security assistance, including $800.0 million for PCCF, considered to be Overseas Contingency Operations (OCO) that is not part of the core request, but is identified by the Administration as extraordinary, temporary funding needs for frontline states. Consistent with the EPPA, the FY2013 civilian assistance will focus on five key areas: energy, stabilization, social services (especially health and education), economic growth (including agriculture), and improving governance, including transparency and gender equality. Security assistance will focus building counterinsurgency and counterterrorism capabilities, strengthening military-to-military cooperation, and addressing long-term modernization needs of the Pakistan military.

The Administration’s FY2013 request of funds for Pakistan continues the six objectives put forth by the Bush Administration: (1) Peace and Security, (2) Governing Justly and Democratically, (3) Investing in People, (4) Economic Growth, (5) Humanitarian Assistance, and (6) Monitoring, Evaluation, and Oversight. Performance assessments are to be used to determine resource allocations for Pakistan in the budget and planning process in future years.54

The Economic Support Fund (ESF), $928.25 million for Pakistan in the FY2013 request, supports

- **Governing Justly and Democratically**—ESF strengthens the rule of law and human rights, supports good governance activities, building political competition and civil society. (FY2011—$122.0 million; FY2012 estimate—$120.0 million; FY2013 request—$124.0 million.)

- **Investing in People**—ESF promotes health and education services and provides protection for vulnerable populations. (FY2011—$203.4 million; FY2012 estimate—$213.8 million; FY2013 request—$150.0 million.)

- **Economic Growth**—ESF funds are used to build a macro foundation for growth in the economy by expanding trade and investment, improving the financial sector, building infrastructure, supporting the agricultural sector, encouraging

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53 The Congressional Budget Justification Foreign Operations Annex: Regional Perspectives, FY2013, p. 687.
54 Program information is based on details found in the Department of State’s Congressional Budget Justification for FY2012, Foreign Operations, Vol. II, pp. 660-675.
private sector competitiveness, and expanding economic opportunity. (FY2011—$583.5 million; FY2012 estimate—$525.0 million; FY2013 request—$649.3 million.)

- **Humanitarian Assistance**—ESF is used directly or is transferred to other accounts to assist Pakistan during humanitarian crises. (FY2011—$10.0 million; FY2012 estimate—$5.9 million; FY2013 request—$5.0 million.)

**Global Health and Child Survival (GHCS)** funds are not part of the FY2013 request. In FY2011, GHCS funds were used for

*Investing in People*—GHCS funds supported the health sector generally, as well as the National HIV/AIDS Strategy and local health nongovernmental organizations (NGOs). (FY2011—$28.4 million; FY2012 estimate—$0; FY2013—$0.)

**Food For Peace Title II**, none requested for Pakistan in FY2013, provides aid for

- **Humanitarian Assistance**, particularly during emergencies. (FY2011—$115.1 million; FY2012 estimate—$0; FY2013—$0.)

**Foreign Military Financing (FMF)**, $350 million for Pakistan in the FY 2013 request, provides support for

- **Peace and Security**—FMF funds are used to develop increased professionalism in Pakistan’s military, promote closer ties with the United States, and complement other security-related activities such as counterterrorism and its own defense capabilities. (FY2011—$295.4 million; FY2012 estimate—$295.4 million; FY2013—$350.0 million.)

**International Military Education and Training (IMET)**, $6 million for Pakistan in the FY2013 request, supports

- **Peace and Security**—IMET funds support military education and training, mostly in the United States, for Pakistani military personnel and leaders to develop personal ties with their U.S. counterparts, promoting long-term respect between them. (FY2011—$4.1 million; FY2012 estimate—$5.0 million; FY2013 request—$6.0 million.)

**Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR)**, $19.3 million for Pakistan in the FY2013 request, supports

- **Peace and Security**—NADR funds assist Pakistan with antiterrorism efforts and combating weapons of mass destruction. (FY2011—$24.8 million; FY2012 estimate—$20.8 million; FY2013 request—$19.3 million.)

**International Narcotics Control and Law Enforcement (INCLE)**, $124 million for Pakistan in the FY2013 request, contributes

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55 Food For Peace (P.L. 480 Title II) is within the 150 function but is not in the State-Foreign Operations appropriations; it is funded within the Agriculture appropriations. During humanitarian crises, funds from certain Foreign Operations accounts, such as the International Disaster Assistance and Economic Support Fund, may be transferred to the Food For Peace account for critical food needs.
Pakistan: U.S. Foreign Assistance

- **Peace and Security**—INCLE funds support the government of Pakistan’s access to the frontier areas to combat militant and criminal elements, anti-narcotic operations, and law enforcement training, particularly in the provinces. (FY2011—$107.2 million; FY2012 estimate—$105.0 million; FY2013 request—$115.6 million.)

- **Governing Justly and Democratically**—INCLE helps Pakistan to expand the rule of law program that is jointly administered by the Department of State’s Bureau of International Narcotics and Law Enforcement Affairs (INL) and the Department of Justice with prosecutor and judicial training. It also supports corrections programs and training in Pakistan and jail renovations. (FY2011—$7.1 million; FY2012 estimate—$11.0 million; FY2013 request—$8.4 million.)

**Monitoring and Program Evaluation.** The Administration is fostering community and third-party oversight of aid programs in Pakistan. The oversight combines with USAID monitoring and regular audits done by State and USAID Inspector Generals, the U.S. Government Accountability Office, the Pakistan Auditor General, and Pakistani accounting firms to expand the capability of accomplishing the sixth objective:

- **Performance Monitoring and Evaluation.** USAID is basing FY2012 project choices and budgetary decisions in Pakistan on the resulting performance information.

In August 2011, USAID initiated a five-year, $71 million monitoring and evaluation contract that provides for third-party monitoring and evaluation services across all USAID projects. Critics contend that many of the stated institutional and development goals of U.S. assistance to Pakistan remain largely unmet. For much of the post-2001 period, this was at least in part due to a perceived U.S. overreliance on security-related aid, which has accounted for the great bulk of U.S. assistance to Pakistan. Many observers argue that it would be more useful to target U.S. assistance programs in such a way that they more effectively and more directly benefit the country’s citizens.

**Issues for Congress**

A number of issues concern many in Congress about making Pakistan one of the top U.S. aid recipients, not the least of which is its willingness or capability to be a reliable partner. Notable issues follow.

**Conditions on Aid to Pakistan**

**Debate Overview**

One idea long floated in foreign assistance critiques is the “conditioning” of aid to Pakistan, mainly through the creation of benchmarks and certification that they have been met. For

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56 A major 2007 study found that only about one-tenth of U.S. post-2001 aid was directed toward development, governance, and humanitarian programs (Craig Cohen, “A Perilous Course: U.S. Strategy and Assistance to Pakistan,” Center for Strategic and International Studies, August 2007).
example, in 2003, a task force of senior American South Asia watchers issued a report on U.S. policy in the region that included a recommendation to directly link U.S. support for Islamabad to that government’s own performance in making Pakistan a more “modern, progressive, and democratic state.”

Some commentators have emphasized that, to be truly effective, conditionality should be applied by many donor countries rather than just the United States and should be directed toward the Pakistani leadership—especially the military—to the exclusion of the general public. In the wake of political crises and deteriorating security circumstances in Pakistan in the late 2000s, some senior Members of Congress became more vocal in calling for conditions on further U.S. assistance in the absence of improvements in these areas.

Many analysts, however, including policymakers in the George W. Bush Administration and some in the Obama Administration, have contended that conditioning U.S. aid to Pakistan had a past record of failure and likely would be counterproductive by reinforcing Pakistani perceptions of the United States as an unreliable partner. From this perspective, putting additional pressure on an already weak Islamabad government might lead to significant political instability in Pakistan. For numerous Pakistan watchers, a policy of enhanced cooperation and structured inducements is viewed as likely to be more effective than a policy based on pressure and threats. In a May 2011 Senate Foreign Relations Committee hearing, Ranking Member Senator Richard Lugar stated, “American conditionality, ‘you need to do A, B and C,’ is not necessarily helpful. What is helpful is identifying the most appropriate projects and then following through, not changing midcourse.”

One senior Washington-based analyst, a longtime advocate against placing conditions on U.S. aid to Pakistan, instead offered an admittedly modest approach: he argued for modifying current U.S. policy through more forceful private admonitions to Islamabad to better focus its own counterterrorism efforts while also targeting Taliban leadership, increasing provision of U.S. counterinsurgency technologies and training to Pakistani security forces, and establishing benchmarks for continued provision of coalition support funding. Private admonitions are considered by some analysts to be meaningless in the absence of public consequences, however.

For Pakistanis themselves, aid conditionality in U.S. legislation can raise unpleasant memories of 1985’s Pressler Amendment, which led to a near-total aid cutoff in 1990. Islamabad’s sensitivities are thus acute: in 2007, the Pakistan Foreign Ministry said aid conditions legislated in the Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53) “cast a shadow” on existing U.S.-Pakistan cooperation and create linkages that “did not serve the interest of bilateral cooperation in the past and can prove to be detrimental in the future.”

57 Specifically, the experts urged directing two-thirds of U.S. aid to economic programs and one-third to security assistance, and conditioning increases in aid amounts to progress in Pakistan’s reform agenda (“New Priorities in South Asia: U.S. Policy Toward India, Pakistan, and Afghanistan,” Chairmen’s Report of an Independent Task Force Cosponsored by the Council on Foreign Relations and the Asia Society, October 2003).


60 See, for example, Daniel Markey, “A False Choice in Pakistan,” Foreign Affairs, July 2007.


conditionality from some in Congress led Islamabad to again warn that such moves could harm the bilateral relationship and do damage to U.S. interests. Nevertheless, the State Department in 2009 reported being “comfortable” with congressional conditions and “confident” that required reports could be issued.64

After Osama bin Laden was found in a military cantonment city not far from Islamabad, expert witnesses at a May 2011 Senate hearing asserted that certification and conditionality should be taken far more seriously than they have been in the past, but that economic assistance to Pakistan should continue. However, Senator Carl Levin, chairman of the Senate Armed Services Committee, reportedly has suggested that he would favor a curtailment of development rather than security aid, the argument being that short-term U.S. interests in combating terrorism and Afghan insurgents trump longer-term interests in seeing Pakistan transformed into a more prosperous and democratic state.65

**Current Conditionality and Administration Certification**

Section 203 of The Enhanced Partnership with Pakistan Act of 2009 (P.L. 111-73) contains the most explicit and stringent conditions on U.S. assistance to Pakistan in the post-2001 period. As noted above, these substantive conditions apply only to security-related assistance for FY2011-FY2014 and arms transfers for FY2012-FY2014.66 The law precludes such assistance and transfers until the Secretary of State certifies annually for Congress that

1. the Government of Pakistan is continuing to cooperate with the United States in efforts to dismantle supplier networks relating to the acquisition of nuclear weapons-related materials, such as providing relevant information from or direct access to Pakistani nationals associated with such networks;

2. the Government of Pakistan during the preceding fiscal year has demonstrated a sustained commitment to and is making significant efforts towards combating terrorist groups ... including taking into account the extent to which the Government of Pakistan has made progress on matters such as A) ceasing support, including by any elements within the Pakistan military or its intelligence agency, to extremist and terrorist groups, particularly to any group that has conducted attacks against United States or coalition forces in Afghanistan, or against the territory or people of neighboring countries; B) preventing al Qaeda, the Taliban and associated terrorist groups, such as Lashkar-e-Taiba and Jaish-e-Mohammed, from operating in the territory of Pakistan, including carrying out cross-border attacks into neighboring countries, closing terrorist camps in the FATA, dismantling terrorist bases of operations in other parts of the country, including Quetta and Muridke, and taking action when provided with intelligence about high-level terrorist targets; and C) strengthening counterterrorism and anti-money laundering laws; and

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65 Senate Foreign Relations Committee, Hearing Transcripts, pp. 8, 9, 13, May 5, 2011; Sen. Levin quoted in “Pakistan Military Aid Safer Than the Economic Aid,” The Cable (ForeignPolicy.com), May 11, 2011.

66 For these purposes, “security-related assistance” is defined as grant assistance to carry out section 23 of the Arms Export Control Act (22 U.S.C. 2763) and assistance under chapter 2 of part II of the Foreign Assistance Act of 1961 (22 U.S.C. 2311 et. seq.). It does not include assistance authorized to be appropriated or otherwise made available under any provision of law that is funded from accounts within budget function 050 (National Defense) or amounts appropriated or otherwise available to the Pakistan Counterinsurgency Capability Fund established under the Supplemental Appropriations Act, 2009 (P.L. 111-32).
(3) the security forces of Pakistan are not materially and substantially subverting the political or judicial processes of Pakistan.

In apparent conflict with problematic U.S. government reporting on Pakistan’s progress in these areas was a March 18, 2011, certification by Secretary Clinton required under Section 203. In the wake of revelations that Al Qaeda’s founder was living in plain sight in a Pakistani city, and top U.S. military officials persistently complaining that Pakistan has failed to take action against the Haqqani network of Afghan insurgents in the FATA, this kind of certification has been met with deep skepticism and appears to many observers to be driven primarily by political considerations rather than realities on the ground. When asked about the certification during an October 2011 House hearing, Clinton insisted she had “closely considered the requirements set forth in the statute” and “determined that on balance Pakistan had met the legal threshold.”

**Government Reform**

The politics of reforming Pakistan’s governance process and tax structure may be among the most important obstacles to improving aid effectiveness. The United States has provided assistance in recent years to help build governance capacity in Pakistan, improve political party competition, promote participation of women and religious minorities in government, and expand rule of law training. On several occasions Secretary Clinton has pushed Pakistan on tax reform. For example, when speaking about Pakistan’s flood crisis in October 2010 she said

> The international community can only do so much. Pakistan itself must take immediate and substantial action to mobilize its own resources, and in particular, to reform its economy. The most important step that Pakistan can take is to pass meaningful reforms that will expand its tax base. The government must require that the economically affluent and elite in Pakistan support the government and people of Pakistan.... It is absolutely unacceptable for those with means in Pakistan not to be doing their fair share to help their own people while taxpayers of Europe, the United States, and other contributing countries are all chipping in to do our part.

Secretary Clinton is one of several top U.S. officials critical of Pakistan’s 9% tax-to-GDP ratio, one of the lowest in the world. For most observers, this represents what essentially is mass tax evasion by the country’s economic elite, and is exacerbated by a federal budget overemphasizing military spending. The government has pursued establishment of a Reformed General Sales Tax, but to date has found it difficult to win sufficient parliamentary support for what are considered even modest changes.

The energy sector provides another representative example of needed government reform. International donors have for many years pressed Pakistani leaders to reduce price subsidies on electricity, without success. In the words of one group of aid experts,

> Time and again, project documents cite the same problems, the donors recommend the same solutions, the government of Pakistan promises to implement the same reform, the government breaks (and donors lament) the same promises. Meanwhile, the basic politics

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68 P.J. Aroon, “Clinton: It’s ‘unacceptable’ that Pakistani elites aren’t paying more taxes,” Foreign Policy, October 14, 2010.
maintaining the status quo have not changed—there are too many reaping the benefits of subsidized power, and ordinary consumers feel they aren’t getting service that warrants paying more.69

Pakistan’s prime minister has contended that his government is firmly committed to economic reforms, but asks donors to “kindly be patient” with this “work in progress.”70 Nevertheless, there is a resistance to long-term policy reform in Pakistan which may counter any progress U.S. aid achieves, and more than one year after Gilani’s plea no meaningful reforms have been effected.

Corruption, Transparency, and Oversight Issues

Corruption and Transparency

Corruption is endemic to South Asia and to Pakistan in particular. It presents a persistent and serious problem for the national economy, harming both domestic and foreign investment rates, as well as creating skeptical international aid donors.71 For 2011, Berlin-based Transparency International (an organization that tracks global corruption trends) placed Pakistan 134th out of 183 countries in its annual ranking of world corruption levels, giving it a lower ranking than such countries as Mozambique and Bangladesh, among others.72 A September 2010 agreement between the U.S. government and Transparency International (TI) established a hotline through which people can report any misuse of U.S. assistance funds. TI subsequently contended that its workers in Pakistan have faced threats and harassment, and there were even reports that the Islamabad government planned legal action against TI for allegedly paying bribes to officials to extract information.73

Corruption and lack of sufficient transparency is identified as a key obstacle to effective implementation of U.S. aid programs in Pakistan, and has drawn significant attention in Congress. A 2009 House hearing addressed what one senior Member called the “serious accountability and transparency concerns that have plagued U.S. programs and operations in both Afghanistan and Pakistan for the past seven years.” At the hearing, Administration witness Ambassador Holbrooke expressed his support for expanding the responsibilities of the Special Inspector General for Afghanistan Reconstruction (SIGAR) to monitor U.S. aid programs in Pakistan.74 At a subsequent House hearing on potential fraud and waste in U.S. aid to Pakistan and Afghanistan, a senior House Member expressed “serious concerns about the [U.S. aid] community’s ability to provide comprehensive coverage that keeps pace with the rapid boom in

70 Quoted in “Pakistan PM Urges Donors for Patience on Reforms,” Reuters, November 15, 2010.
71 A major 2011 public opinion survey found that combating corruption was by far the most important priority identified by respondents, with fully 48% ranking corruption as the “greatest threat to Pakistan” (in second place was the United States, named as the greatest threat by 29%). Bribery, nepotism, and profit from public office were each identified as “huge problems” by about three-quarters of respondents (Joel Faulkner Rogers, “Public Opinion in Pakistan and the Newfound Popularity of Pakistan Tehreek-e-Insaf (PTI),” YouGov-Cambridge, December 23, 2011).
U.S. activities in the region.”75 During a 2010 hearing on security and stability in Pakistan, the chairman of the House Armed Services Committee acknowledged that the Administration had developed “good metrics” for tracking progress in Pakistan, but expressed being disappointed that insufficient information was being provided to Congress.76

Ambassador Robin Raphael, the U.S. Coordinator for Economic and Development Assistance in Pakistan, vowed in mid-2009 that the United States will employ the “highest standards of accountability” in efforts to minimize future administrative outlays.77 While such efforts are no doubt sincere, evidence of substantive improvements is scarce nearly three years later. Moreover, U.S. funds to the government of Pakistan for budget support have been comingled with other resources, according to a 2010 U.S. Inspectors General report, contributing to further ongoing accountability and reporting challenges.78

A reliance on foreign contractors may have fueled significant resentment among Pakistanis who saw them as enriching themselves with aid dollars.79 According to skeptics, large-scale U.S. aid only engenders Pakistani corruption and has allowed Islamabad to boost its India-oriented military capabilities in ways that would not have otherwise been possible. Corruption concerns reportedly have led to resentment in Pakistan, where some officials feel slighted after launching a vigorous and risky campaign against militants.80

There are concerns that consulting fees and administrative overhead account for too large a proportion of appropriated aid, meaning significant sums may never reach the people they are meant to benefit.81 Press reports suggest that roughly half of all U.S. assistance pledged for Pakistan is spent on administrative costs, including highly paid foreign experts, thus forwarding the argument that aid flows would be more effective if channeled through Pakistani agencies.82 Pakistani officials have tended to agree with those in the United States who believe that administrative costs can be reduced by channeling U.S. aid primarily through Pakistani government agencies rather than through NGOs.83 Under Ambassador Holbrooke’s guidance, the State Department in late 2009 made plans to significantly scale back its use of U.S. aid contractors in Pakistan and begin channeling more money directly to Pakistani officials and local groups.84 This shift has not come without resistance from some quarters, with analysts warning

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77 "US Aid Administrative Costs to be Minimalized,” Daily Times (Lahore), August 29, 2009.
83 “Gilani Opposes Aid Disbursement Though NGOs,” Daily Times (Lahore), September 7, 2009.
84 “State Dept Rethinks How to Deliver Aid to Pakistan,” USA Today, October 2, 2009.
that Pakistan’s civilian bureaucracies do not have sufficient capacity to be effective implementing partners.85

**U.S. Government Oversight and Auditing**

A 2011 GAO report listed substantive risk mitigation strategies undertaken by USAID in its shift to increased reliance upon local and Pakistani government implementing partners—now accounting for more than half of economic assistance disbursements—while also recommending executive action going forward:

> To help prevent waste, fraud, and abuse of U.S. funds, it is important that USAID effectively implement and monitor efforts to address the weaknesses and enhance the capacity of these [local] organizations, particularly those that are identified as having a high-risk or medium-risk of not meeting standards for managing U.S. funds.... To enhance the accountability of U.S. civilian assistance to Pakistan, we recommend that the USAID Administrator should ensure that U.S. assistance to Pakistani organizations identified as high- or medium-risk be provided through contracts, grants, or agreements that require these organizations to address weaknesses identified in their preaward assessment that would improve the accountability of funds.86

In a sign that oversight of its assistance to Pakistan was becoming more stringent, USAID had in late 2010 suspended a U.S.-based nonprofit organization from receiving new awards pending an investigation into “evidence of serious corporate misconduct, mismanagement, and internal controls.”87

Problems with USAID-run programs have persisted. A February 2011 report issued by the Inspectors General of USAID, State, and the Pentagon addressed in some detail USAID’s improved oversight and monitoring of its programs, especially though the conducting of pre-award assessments of local implementing partners, and with the establishment of oversight entities to ensure that aid funds are protected against waste and theft. However, it also found that, during the period October-December 2010, two audited U.S. aid development programs in the FATA “had made little progress” in achieving their goals. While sections of the report on “risk and mitigation strategies” and “oversight status” listed numerous initiatives meant to ensure better aid management, the auditors identified a considerable lack of progress overall: “We believe that USAID has an imperative to accumulate, analyze, and report information on the results achieved under its programs. One year after the launch of the civilian assistance strategy in Pakistan, **USAID has not been able to demonstrate measureable progress**” [emphasis added].88

85 One major early 2010 study on reforming Pakistan’s civil service warned U.S. and other donor countries to refrain from supporting bureaucracies such as the FATA Secretariat until reforms there increase transparency and reduce the risk of large-scale corruption in these “inefficient and unaccountable institutions.” An April 2010 Government Accountability Office report provided supporting evidence for such warnings, identifying ongoing problems with efforts to track U.S. development assistance in the FATA (85 “Reforming Pakistan’s Civil Service,” International Crisis Group Asia Report No. 85, February 16, 2010, at http://www.crisisgroup.org/home/index.cfm?id=6528; GAO, “Combating Terrorism: Planning and Documentation of U.S. Development Assistance in Pakistan’s Federally Administered Tribal Areas Need to Be Improved, April 2010, at http://www.gao.gov/products/GAO-10-289).


Similarly, a late 2011 IG audit determined that USAID’s “Firms Project”—a four-year, $90 million effort to boost productivity and competitiveness in small- and medium-sized Pakistani firms—was “not on track to achieve its main goal” two years after its May 2009 launch. Despite a sustained effort, “no measureable increases in sales or employment” were found in the five sectors engaged (leather, livestock, textile, date, and mango). Auditors determined that the AID mission’s performance management plan did not meet agency standards, that the approving official did not provide sufficient procurement oversight, and that the mission had failed to complete required annual performance evaluations. Lack of success caused the mission to curtail project activities in all but the mango sector, but even this effort became stalled. The Firms Project was one of three USAID Pakistan projects to appear in a U.S. Senator’s annual “Wastebook” guide to “some of the most wasteful and low priority government spending.”

The State Department and USAID have responded to congressional pressure for better oversight of Pakistan assistance. A November 2011 State Department report acknowledged that increased funding, an unstable security environment, and the decision to implement through Pakistani institutions combine to create significant oversight challenges. Steps taken to address these include:

- subje...ng all Pakistani organizations, including government agencies, to pre-award assessments to ensure that an adequate level of financial and management controls are in place before any U.S. funds are disbursed;
- establishment of State and USAID Inspectors General offices in Islamabad to uncover waste and/or fraud, and to boost the capacity of the Auditor General of Pakistan;
- minimizing the risk of fraud with fixed amount reimbursements made only after infrastructure work is completed and inspected;
- establishment of a Transparency International hotline for anonymous reporting of any suspicious activity related to U.S.-funded projects;
- increased personnel and improved process for oversight and monitoring; and
- initiation of a nation-wide monitoring and evaluation (M&E) contract with a U.S. firm to provide third-party oversight.

The report expresses confidence that substantial mechanisms are in place “to discourage deliberate fraud, identify and prosecute fraud cases, and help our Pakistan partners develop better monitoring and evaluations systems of their own.”

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90 The two others were a $10 million effort to create a Pakistani version of the Sesame Street television program and a $12 million project to encourage energy savings in Pakistani industry (Senator Tom Coburn’s “Wastebook 2011” is at http://www.coburn.senate.gov/public/6946d43b-bccf-4579-990e-15a763532b40.html).
Aid Delivery and Security Concerns

Security concerns in Pakistan raise several issues, including the inability of American aid workers to deliver aid and therefore the need to have Pakistani institutions handle much of the delivery; the difficulty in monitoring and evaluating the effectiveness of the aid; and the security risks associated with showing the American flag or labeling the aid as coming from the American people (see following section). Security woes continue to hamper implementation of many foreign assistance programs, especially in the KPk and FATA regions.

Because of militant attacks, the Pakistani army’s public works division is carrying out numerous U.S. aid projects in the form of roads, water, and electricity in South Waziristan. A senior Pakistani government official in the region said that the projects have gained support, but it is too dangerous to put any USAID logos on them because of possible reprisals against the workers. A tribal elder in the region said that while locals support the road between the towns of Tank and Makin, they “don’t like America any more” as a result. In 2010, the U.S.-based Mercy Corps agency halted operations and shut nearly 50 offices due to security issues in both Sindh and Baluchistan. Similarly, World Food Program operations in northwest Pakistan were temporarily halted in December 2010 after a suicide bomb attack at a Bajaur food station killed 46 people.

Along with direct attacks on NGO operations, Pakistani public perceptions of NGOs appear largely unfavorable. Revelations of a CIA-run ruse employing a phony vaccination campaign in an effort to pinpoint bin Laden’s location reinforced conspiracy theories that foreign agents were using the cover of Western humanitarian projects. The Pakistani doctor involved, Shikal Afridi, had claimed to be working for the aid group Save the Children, spurring that organization to fly eight expatriate workers out of the country for fear they would face detention. Meanwhile, the International Committee of the Red Cross elected to shut down at least three of its KPk offices after personnel access to the locations became too difficult.

Branding and Public Diplomacy

Anti-American sentiment is powerful and pervasive in Pakistan. There is a widely held view that substantial, long-term development assistance is the only way to win hearts and minds in that country, and that this should be delivered predictably and through transparent processes that are in large part prioritized and monitored by locals. Some studies support the argument that donor countries can reap public diplomacy benefits, perhaps especially through humanitarian aid. A study of the relationship between foreign disaster assistance following Pakistan’s 2005 earthquake and local attitudes found evidence that trust of foreigners was measurably increased in areas closest to the fault-line: “The results provide a compelling case that trust in foreigners is malleable, responds to humanitarian actions by foreigners and is not a deeply-rooted function of

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94 “Pakistanis Distrust of Foreigners Impedes Aid Groups,” Los Angeles Times, January 15, 2012. When asked in a 2010 survey if NGOs are “working for the welfare of the country and society” or are “making money and nothing else,” about two-thirds of Pakistani respondents gave the latter answer (see http://www.gallup.com.pk/polls/show.php?id=2010-03-05).
local preferences. In 2010, there were reports of U.S. public diplomacy benefits resulting from the provision of flood relief in Swat and other areas.

A rebuttal to these conclusions contends there is very little evidence that humanitarian or development assistance is effective in promoting greater stability or improved public perceptions of the United States in Pakistan, and it offers a warning that “greater instrumentalization and securitization of aid” give the military too large a role in the humanitarian and reconstruction sectors. Figure 1 (below) suggests there is no notable correlation between U.S. humanitarian aid and Pakistani views of the United States, and that, in Pew Center surveys over the past decade, favorable views of the United States have never been found in more than 27% of the Pakistani population. Some evidence suggests that even Pakistanis who directly benefitted from U.S.-funded aid organizations after the catastrophic mid-2010 floods did not change their views of the United States—an increasingly negative view has persisted even after the U.S. provision of more than $700 million in related humanitarian assistance. This attitude may be partially explained by the many Pakistanis who are ill-informed about levels of U.S. assistance to their country and express being unaware of any benefits, as well. The perception gap to an extent may have resulted from the portions of aid lost to corruption and the lack of labeling of aid as coming from America in some provinces due to security concerns.

Some reports have U.S. officials seeking greater public diplomacy benefits by pressing international aid groups to more prominently advertise the source of the goods and services they provide. Ambassador Holbrooke was himself among those expressing concern that the United States was not receiving sufficient credit for its assistance efforts. Yet many of those groups are reluctant, fearing that such visibility would make them targets for militants; 11 of them penned a letter to USAID asking that requirements on use of U.S. government labels be reconsidered.

95 The study found more than three in five Pakistanis living on or very close to the earthquake fault line saying they trusted foreigners, while slightly more than one in five who lived at least 40 miles from the fault line saying they did so (Tahir Andrabi and Jishnu Das, “In Aid We Trust: Hearts and Minds and the Pakistan Earthquake of 2005,” September 2010). See also “Study: Aid After 2005 Quake Won Trust in Pakistan,” Washington Post, September 7, 2010.

96 See, for example, Zubair Torwali, “Changing Perceptions of the US” (op-ed), Friday Times (Lahore), September 3, 2010.

97 Andrew Wilder, “Aid and Stability in Pakistan: Lessons From the 2005 Earthquake Response,” Disasters, October 2010. At a 2009 House hearing on U.S. aid to Pakistan, this same nongovernmental expert contended that development assistance is unlikely to “win hearts and minds” or promote U.S. security objectives. He further warned that aid can have significant destabilizing effects through its fueling of large-scale corruption, which in turn is corrosive of government and institutional legitimacy. In order to avoid such an outcome, he argued, a robust effort to rebuild and repair Pakistan’s civil service bureaucracy should be a priority (Testimony of Andrew Wilder before the House Oversight and Government Reform Subcommittee on National Security and Foreign Affairs, “U.S. Aid to Pakistan: Planning and Accountability,” December 9, 2009).


Anti-American sentiment related to perceived gross sovereignty violations—including the May 2011 Abbottabad raid, NATO raids across the Pakistan-Afghanistan border that have left Pakistani soldiers dead, and ongoing drone strikes—has led the U.S. government to minimize its “footprint” when providing aid in certain regions, especially those bordering Afghanistan. This has meant that some projects are conducted in ways similar to covert operations under the cover of Pakistani government agencies. Although such an approach facilitates delivery of aid, public diplomacy gains can be sacrificed when aid beneficiaries are unaware of the origin of the assistance they are receiving. Because development of Pakistan’s tribal areas is identified as a key U.S. national security goal in and of itself, such costs may be considered acceptable.

Press reports indicate, however, that in 2011 the U.S. government began pressuring aid groups to more openly advertise their delivery of American assistance. Even a previous ban on such branding in the FATA was replaced with case-by-case evaluations, and the U.S. Ambassador began requiring that the American flag be added to the printed AID logo to better ensure that illiterate Pakistanis know the source of aid. The new policy has upset aid organizations that fear such branding will make them more vulnerable to targeting by religious militants. The international humanitarian aid group CARE is among those that have at times rejected U.S. funding due to AID’s branding requirements. Still, some Pakistanis believe branding is the only means by which the United States can significantly increase local awareness of projects.100

Possible Adjustments to U.S. Assistance Programs

In a response to the Administration’s December 2009 Pakistan Assistance Strategy, a report by a large coalition of U.S.-based international nongovernmental organizations lauded the new U.S. approach while also presenting numerous recommendations meant to ensure greater accountability and effectiveness in U.S. civilian aid to Pakistan. More recently, a working group convened by a Washington, D.C., think tank issued a 2011 report strongly endorsing the so-called “KLB approach” to civilian aid for Pakistan as being of vital importance to both countries. The report contends that “mid-course changes” are required for KLB to attain its core goals and it offered nearly 30 recommendations in this regard, among them:

- Continue to implement KLB aid without adding security- or economic-reform-related conditions—but advocate reforms. Press Pakistan to return to an arrangement with the International Monetary Fund (IMF).
- To ensure that U.S. aid augments and does not replace local funding, require Pakistani co-investment in all KLB civilian aid projects except disaster relief.
- Establish a more realistic timeline, with benchmarks, for stepping up the percentages of U.S. aid to be dispensed through Pakistani government structures.
- Devise metrics for KLB programs in cooperation with Pakistani implementers.
- Use independent third parties for KLB project evaluations.
- Partner with local civil society organizations to improve input from aid beneficiaries, local citizen watchdog groups, and impacted populations through the life of a program.
- Enhance in-country aid coordination with like-minded bilateral donors.
- Help fill the Pakistan government’s most critical expertise gaps at the federal and provincial levels—but with ‘payback’ conditions for beneficiaries.
- Make vocational skills training the main U.S. contribution to education in Pakistan.
- Create mechanisms to mobilize resources from and tap technical and management skills of the Pakistani diaspora in the United States and elsewhere for new ventures in Pakistan.
- Do not substitute bilateral trade, as valuable as it is, for aid, as some Americans and Pakistanis have proposed. Pakistan needs both development and growth.

102 Wilson Center officials explained their thesis in Jane Harman and Robert Hathaway, “Why Pakistan Still Needs U.S. Assistance” (op-ed), Washington Post, December 1, 2011. Other analyses also emphasize the importance of development rather than military aid to Pakistan, usually with the assumption that the latter has largely failed to achieve its objectives for either country (see, for example, S. Akbar Zaidi, “Who Benefits From U.S. Aid to Pakistan?” Carnegie Endowment for International Peace Policy Outlook, September 21, 2011).
• Be aware of issues on which U.S. pressure might be counterproductive to development objectives; keep expectations modest; and be patient in our approach.103

In 2012, another nongovernmental working group sent a letter to the State Department with three specific recommendations for improving the effectiveness of U.S. aid to Pakistan: (1) expand market access for Pakistani goods while dropping plans to establish ROZs; (2) task the U.S. Overseas Private Investment Corporation with establishing a new facility for small business lending in Pakistan; and (3) publically signal U.S. support for the proposed Diamer-Bhasha dam project.104

Other Aid Issues

Several other concerns regarding the effectiveness and long-term results of U.S. aid in Pakistan are noted and being addressed by USAID, including

• Pakistan’s vulnerability to natural disasters such as earthquakes and floods creates emergencies causes development aid to be reprogrammed to meet recurring critical needs. USAID supports surface water management and dam projects to mitigate flooding.

• Environmental concerns. Some development projects such as certain sections of roads, dams, etc. are prone to producing adverse environmental impacts that may solve one problem but create others. Assessments may be required before certain projects are begun.

• A high turnover rate with the leadership in the Pakistani government’s agricultural sector disrupts projects and has led to requirements to ensure continuity of key personnel.

• Limited institutional capacity in Pakistan, especially in the FATA, KPk, and Baluchistan, to implement aid projects or deliver aid can result in lost resources, theft, and a general inability to manage large amounts of funding. USAID is supporting technical advisors and units within government ministries, providing training in accounting and auditing for greater transparency and accountability. USAID also collaborates with Pakistan on a fraud reporting hotline and education program.105

Conclusions

Major upheavals in U.S.-Pakistan relations in 2011 caused the already troubled bilateral relationship to further sour. Following NATO’s November 2011 border incursion, bilateral ties have largely been put “on hold” by Islamabad as the Pakistani Parliament completes a


104 See the January 6, 2012, Center for Global Development letter at http://www.cgdev.org/content/publications/detail/1425847.

comprehensive review of ties, a review that is expected to call for stringent new restrictions and conditions on future engagement.

Nevertheless, many U.S. government and independent analysts continue to assert that U.S. strategic interests are inextricably linked with a stable Pakistan that can effectively rule all its territory, assist the United States with efforts to stabilize Afghanistan, as well as with the fight against terrorism, and contribute to the stability in the region. While there exist numerous concerns about whether Pakistan can be accountable in how it uses U.S. aid and whether it will pursue needed reforms, these observers emphasize the importance of maintaining a close bilateral engagement, with an eye toward encouraging and facilitating Pakistani democratization. Given the current budgetary constraints facing the United States and the recent strained relationship, some in the 112th Congress question the return on such large investments in Pakistan, among the largest recipients of U.S. aid. Lawmakers will continue to seek the right balance between U.S. aid expenditures to promote U.S. national security interests in Pakistan and the region versus belt-tightening budget cuts to foreign aid programs and accountability measures to address the lack of trust between the two governments.
Appendix A. History of U.S. Aid to Pakistan

**Figure A-1. U.S. Aid in Current and Constant Dollars**

**Source:** U.S. Overseas Loans and Grants (Greenbook), U.S. Agency for International Development, The Department of State’s Congressional Budget Justifications, FY2002-FY2012, and CRS calculations.

Appendix B. Current Year Request

**Figure B-1. FY2013 Budget Request for Aid to Pakistan**

![Pie chart showing the distribution of aid to Pakistan for FY2013](image)

**Source:** The Department of State Congressional Budget Justification, FY2013 and CRS calculations.

**Notes:** Includes only aid from the State-Foreign Operations Appropriation Request. Defense Department funds for FY2013 are not yet available. ESF=Economic Support Fund; FMF=Foreign Military Financing; IMET=International Military Education and Training; INCLE=International Narcotics Control and Law Enforcement; NADR=Nonproliferation, Anti-terrorism, Demining, and Related Programs; and PCF/PCCF=Pakistan Counterinsurgency Fund/Pakistan Counterinsurgency Capability Fund.
Appendix C. Major Donor Bilateral Development Assistance to Pakistan, CY2010

Figure C-1. Official Development Assistance to Pakistan, by Donor
(In millions of U.S. $ and percentages)

- United States $2,182, 56.3%
- Japan $453, 11.7%
- Germany $211, 5.5%
- United Kingdom $173, 4.5%
- Australia $122, 3.1%
- France $120, 3.1%
- Canada $101, 2.6%
- Kuwait $91, 2.4%
- Norway $75, 1.9%
- United Arab Emirates $64, 1.7%
- Netherlands $64, 1.7%
- Other $215, 5.6%


*Notes:* In addition to bilateral development assistance, in 2010 Pakistan received $1.2 billion from multilateral agencies, including the World Bank’s International Development Association—$430 million, European Union Institutions—$270 million, and the Asian Development Fund—$290 million.
Appendix D. Principles and Purposes of the Enhanced Partnership with Pakistan Act of 2009

Principles:

1. Pakistan is a critical friend and ally to the United States and share goals of combating terrorism, firmly establishing democracy and rule of law, and promoting social and economic development in Pakistan;

2. U.S. aid to Pakistan is to supplement, not replace, Pakistan’s own efforts;

3. The United States requires a balanced, countrywide strategy that provides aid throughout the country;

4. The United States supports Pakistan’s struggle against extremism and recognizes its sacrifices in this regard;

5. The United States intends to work with the Government of Pakistan
   • to build mutual trust by strengthening mutual security, stability, and prosperity of both countries;
   • to support the people of Pakistan and democracy there, including strengthening its parliament, judicial system, and rule of law in all provinces;
   • to promote sustainable long-term development and infrastructure projects, including healthcare, education, water management, and energy programs;
   • to ensure all people of Pakistan have access to public education;
   • to support curricula and quality of schools throughout Pakistan;
   • to encourage public-private partnerships in Pakistan to support development;
   • to expand people-to-people engagement between the United States and Pakistan;
   • to encourage capacity to measure program success and increase accountability;
   • to help Pakistan improve its counterterrorism financing and anti-money laundering;
   • to strengthen Pakistan’s counterinsurgency/counterterrorism strategy to prevent any territory of Pakistan from becoming a base for terrorist attacks;
   • to aid in Pakistan’s efforts to strengthen law enforcement and national defense forces under civilian leadership;
   • to have full cooperation on counterproliferation of nuclear weapons;
   • to assist Pakistan in gaining control and addressing threats in all its areas and along its border; and
   • to explore ways to consult with the Pakistani-American community.
Purposes of Democratic, Economic, and Development Assistance:

1. To support democratic institutions in Pakistan to strengthen civilian rule and long-term stability;
2. to support Pakistan’s efforts to expand rule of law, build capacity, transparency, and trust in government, and promote internationally recognized human rights;
3. to support economic freedom and economic development in Pakistan such as investments in water resource management systems, expansion of agricultural and rural development (i.e., farm-to-market roads), and investments in energy;
4. to invest in people, particularly in women and children, regarding education, public health, civil society organizations, and to support refugees; and
5. to strengthen public diplomacy to counter extremism.

Purposes of Security Assistance:

1. To support Pakistan’s paramount national security need to fight and win the ongoing counterinsurgency within its borders;
2. to work with the Pakistani government to improve Pakistan’s border security and control and help prevent any Pakistani territory from being used as a base or conduit for terrorist attacks in Pakistan, or elsewhere;
3. to work in close cooperation with the Pakistani government to coordinate action against extremist and terrorist targets; and
4. to help strengthen the institutions of democratic governance and promote control of military institutions by a democratically elected civilian government.

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