

TESTIMONY OF ANDREW WILDER
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HEARING ON
U.S. AID TO PAKISTAN: PLANNING AND ACCOUNTABILITY

HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT
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INTRODUCTION

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

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

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

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

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

³ For further details and publications, see the following website:

<https://wikis.uit.tufts.edu/confluence/pages/viewpage.action?pageId=19270958>.

THE QUESTIONABLE ASSUMPTION THAT AID “WINS HEARTS AND MINDS”

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

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

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

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

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

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

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

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

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

LOSING HEARTS AND MINDS IN AFGHANISTAN

Smart Development Aid Can Promote Positive Development Outcomes

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

Development Aid is Not Winning Afghan Hearts and Minds

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

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

Aid Can be Destabilizing

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

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

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

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

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

REBUILDING THE “STEEL FRAME” OF THE PAKISTAN CIVIL SERVICE

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

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

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

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

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

CONCLUSION

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

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

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

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