

Oral Testimony, May 9, 2007

Mr. Chairman and Mr. Vice Chairman:

I want to thank you and your distinguished colleagues for the opportunity to testify before you today. It's with great humility that I do so. I'm here because I'm leading a CSIS study with Rick Barton on U.S. assistance to Pakistan since 9/11.

It is a study about the U.S. government approach to large aid recipient nations like Pakistan. We spent the last year asking the experts in the U.S. and Pakistan a few simple questions:

- What are U.S. goals?
- Is there a coherent strategy?
- How much are we spending and on what?
- What has been the impact of our aid?

We have a report due out in the next week, and with your permission we'd like to submit it for the record.

The conclusion we reached from our conversations is that the current U.S.-Pakistan relationship is the legacy of a deal made after 9/11: U.S. assistance in return for Pakistani cooperation on counterterrorism and the war in Afghanistan.

This may well have been the right deal after 9/11, but it has now run its course. There are three main reasons why this is so:

First, we've put our eggs in one basket and that basket may be breaking. Musharraf's position is quickly weakening and recent protests may signal the beginning of his political end.

Second, by most accounts, Pakistan is failing to deliver on a key U.S. foreign policy goal: denying Taliban sanctuary on its western border. U.S. soldiers are dying in Afghanistan and the reconstruction project is under threat due to these cross-border raids.

And third, we are not doing enough to help shape the Pakistan that will emerge 10-20 years down the road. By 2030, Pakistan will have 250 million people. It will have the largest Muslim population in the world, and more than half will be below the age of 18.

There have been genuine gains for the last 5-plus years of cooperation: on intelligence sharing, economic growth, and a thawing of relations with India. But too many in Washington and Pakistan still see this as an alliance of convenience.

Our current assistance package has reinforced this notion that America stands primarily behind Musharraf and the Pakistani military rather than the Pakistani people.

Our research has shown that the U.S. has provided Pakistan with over \$10 billion in military, economic and development assistance in the past six years since 9/11.

- The majority of this money—close to 60%—has gone toward reimbursing the Pakistani military for its assistance on the War on Terror through coalition support funds.

- Roughly 15% has gone to security assistance, with the vast majority of this money being used to purchase major U.S. weapons systems that are better suited for military confrontation with India than confronting al Qaeda or the Taliban.
- Another 15% has gone to budget support, which is a direct cash transfer to the government of Pakistan based on loosely worded shared objectives with few accountability mechanisms built in.
- This leaves about 10% for long-term development and short-term humanitarian assistance, including our response to the October 2005 earthquake.

Education—which the 9/11 Commission rightly said was critical to making a long-term commitment to Pakistan—comes in at only 3.4% of total U.S. spending. We encourage the government of Pakistan to spend 4-6% of its GDP on education, but we don't even do this with our aid.

The U.S. is spending about \$64 million per year for 30-50 million school-aged children—somewhere between \$1 and \$2 per child per year. U.S. objectives far outstrip our means of achieving them.

We all know the scale of the problem:

- Women's literacy under 30%
- School enrollment under 30%
- Teachers who lack skills and incentives and fail to show up for work
- More Pakistanis avoiding public schools and attending madrassahs

Let me close by making three recommendations for your consideration:

First, let's become the country that provides opportunity to young Pakistanis rather than the country at war with Islam—which is how we're perceived. We can't sacrifice our short-term security, but our long-term security may depend on such a shift.

Second, education reform requires governance reform. The dominant view is the Pakistani military is the only effective institution. Rather than reinforce this through our assistance, we should be supporting civilian institutions and democratic processes.

And finally, rather than trying to gain leverage by conditioning aid—which is unlikely to work—Congress ought to take a harder look at what we're spending now and consider a different mix of assistance and greater accountability mechanisms. We need to trust, but to verify.

Thank you.