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**The politics of development aid: the allocation and
delivery of aid from the United States of America to
Pakistan**

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the degree of
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New Zealand**

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Abstract

This thesis investigates two aspects of the United States of America (USA) foreign aid to Pakistan: allocation and delivery. Regarding the former, the study explores the principal determinants of USA foreign aid to Pakistan during three distinct periods: the Cold War, the post-Cold War of the 1990s and the 'war on terror' since 2001. In order to have a comprehensive, in-depth and balanced analysis of the primary motivations behind the USA aid disbursement to Pakistan, the study also examines the provision of USA aid to other important USA allies including Egypt, Israel and Turkey. The focus has been to explore to what extent USA foreign aid policies are driven by USA geo-strategic ambitions, and to what extent widely espoused international principles such as poverty reduction as well as democracy and respect for human rights determine USA aid allocations. This research has found that the USA aid regime, both historical as well as contemporary, has largely been motivated and sustained by USA geo-strategic, security and political goals. In the context of USA aid to Pakistan, the thesis finds that the contemporary USA-Pakistan alliance in the 'war on terror' has striking similarities with the Cold War period. Then, the primary objective of USA aid to Pakistan was anti-communism; now it is anti-terrorism.

In relation to the second aspect of the study, the thesis examines the delivery and utilization of USA aid in Pakistan within the 2005 Paris Declaration (PD) framework that contains five interrelated principles aimed at enhancing ownership, alignment, harmonisation, management for development results and mutual accountability between donors and partner countries. Both Pakistan and the USA are signatories to the PD; hence the respective roles of different ministries and departments of the Government of Pakistan (GoP) and the role of United States Agency for International Development (USAID) are examined in USA-funded projects. The aim is to investigate to what extent the PD commitments are being implemented in actual practices during the selection, design and execution of development projects. The study has found that there are issues from both the GoP and USAID ends that hinder the actual implementation of the PD commitments. On the part of the former, lack of institutional capacity and corruption are the key challenges. Concerning the latter, USAID still does not delegate authority to GoP institutions to design and implement projects and instead comes up with its own plans and executes these through its international partners working as substitutes for GoP institutions. As a result, almost half of the aid is being consumed by USAID's international contractors on the management and administration of USA-funded projects. Furthermore, most aid is being spent on activities which do not address the actual problems of the targeted population.

The thesis contributes to the body of knowledge concerning the allocation and delivery of aid from 'rich' to 'poor' countries. Its two-fold contribution is, first, it has uncovered the primary determinants of the historical as well as contemporary USA aid provision to Pakistan. Second, it is one of the very few in-depth studies that has looked into the implementation of the PD principles at the country level and has uncovered the constraints responsible for the lack of progress towards achieving the PD partnership commitments in the context of USA aid to Pakistan.

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Table of Contents

ABSTRACT	I
ACKNOWLEDGEMENTS	II
TABLE OF CONTENTS	IV
LIST OF FIGURES	VIII
LIST OF TABLES	VIII
LIST OF ABBREVIATIONS	IX
CHAPTER 1 INTRODUCTION	1
1.1 PRELUDE	1
1.2 WHAT IS DEVELOPMENT AID?	2
1.3 ORIGIN AND EVOLUTION OF INTERNATIONAL AID	3
1.4 THE ALLOCATION AND DELIVERY OF USA AID TO PAKISTAN AND THE RATIONALE AND SIGNIFICANCE OF THIS RESEARCH	6
1.5 RESEARCH QUESTIONS	8
1.6 STRUCTURE OF THE THESIS	10
CHAPTER 2 THE ALLOCATION OF DEVELOPMENT ASSISTANCE AND SELF-INTEREST OF DONORS	12
2.1 INTRODUCTION	12
2.2 WHY GIVE AID? HUMANITARIANISM AND DONORS' SELF-INTEREST IN THE ALLOCATION OF AID	12
2.2.1 <i>International aid and humanitarianism</i>	13
2.2.2 <i>Donors' self-interest in the allocation of development aid</i>	15
2.3 THE END OF THE COLD WAR AND NEW THEMES AND ISSUES IN AID ALLOCATION	22
2.4 TIED AID AND DONORS' TRADE AND COMMERCIAL INTERESTS	26
2.5 ARE SOME BILATERAL DONORS DIFFERENT THAN OTHERS? A COMPARISON OF DIFFERENT DONORS	27
2.6 CONCLUSION AND SUMMARY	28
CHAPTER 3 RESEARCH METHODOLOGY AND FIELDWORK IN PAKISTAN	30
3.1 INTRODUCTION	30
3.2 RESEARCH DESIGN: MIXED METHODS RESEARCH	30
3.3 COMPARISON, COMPARATIVE/MULTIPLE-CASE METHOD AND ITS UNITS	31
3.4 WHY COMPARE? ADVANTAGES OF COMPARISON AND COMPARATIVE POLITICS	34
3.4.1 <i>Variables employed: dependent and independent variables</i>	36
3.4.2 <i>Handling sources of quantitative data</i>	39
3.5 QUALITATIVE DATA: CASE STUDY APPROACH AND USAID IN PAKISTAN	39
3.5.1 <i>Semi-structured/non-structured open-ended Interviews</i>	41
3.6 DATA ANALYSIS BEFORE, DURING AND AFTER THE FIELDWORK	43

3.7 ETHICAL CONSIDERATIONS _____	44
3.8 FIELDWORK IN PAKISTAN AND SOME EXCEPTIONAL ISSUES _____	46
3.9 SUMMARY AND CONCLUSION _____	47
CHAPTER 4 A COMPARATIVE ANALYSIS OF USA BILATERAL AID POLICIES TOWARDS EGYPT, ISRAEL, PAKISTAN AND TURKEY _____	48
4.1 INTRODUCTION _____	48
4.2 THE USA AID ALLOCATION TO EGYPT, ISRAEL, PAKISTAN AND TURKEY _____	48
4.3 RECIPIENTS' NEEDS VERSUS DONORS' INTERESTS _____	50
4.3.1 <i>Is the volume of USA ODA commensurate to the poverty needs of the comparators?</i> _	54
4.4 RECIPIENTS' DOMESTIC POLITICAL REGIMES AND USA BILATERAL AID ALLOCATIONS _____	56
4.4.1 <i>USA aid to the comparators and its role in strengthening/weakening democracy</i> _____	56
4.4.2 <i>Human rights records of Egypt, Israel, Turkey and Pakistan and USA aid</i> _____	59
Egypt's human rights performance and the disbursement of USA aid _____	63
Human rights abuses by Israel and the provision of USA aid _____	65
Human rights in Turkey and USA aid _____	66
Pakistan's human rights record and USA aid policies _____	67
4.5 CONCLUSION AND SUMMARY _____	70
CHAPTER 5 A COMPARATIVE ANALYSIS OF USA FOREIGN AID ALLOCATION FROM THE PERSPECTIVE OF GEO-STRATEGIC ORIENTATIONS _____	73
5.1 INTRODUCTION _____	73
5.2 POLITICAL, SECURITY AND GEO-STRATEGIC MOTIVES AND THE USA AID ALLOCATION _____	73
5.3 THE EARLY YEARS OF THE COLD WAR AND USA AID TO THE COMPARATORS _____	76
5.4 THE 1967 ARAB-ISRAELI WAR AND ITS IMPACTS ON USA AID TO ISRAEL AND EGYPT _____	81
5.5 THE OCTOBER 1973 ARAB-ISRAELI WAR AND ITS EFFECTS ON USA ASSISTANCE TO ISRAEL AND EGYPT _____	83
5.6 SADAT'S RE-ORIENTATION TOWARDS THE US, THE CAMP DAVID AND USA AID TO EGYPT AND ISRAEL _____	84
5.7 THE CYPRUSA ISSUE AND ITS CONSEQUENCES FOR THE USA-TURKEY AID RELATIONSHIP _____	85
5.8 1979: FALL OF SHAH OF IRAN, THE SOVIET INVASION OF AFGHANISTAN AND USA BILATERAL AID TO TURKEY AND PAKISTAN _____	87
5.9 COLLAPSE OF THE USSR, THE GULF WAR AND USA FOREIGN AID TO THE COMPARATORS _____	89
5.10 THE POST-9/11 PERIOD OF THE 'WAR ON TERROR' AND THE USA AID ALLOCATION _____	91
5.11 CONCLUSION AND SUMMARY _____	93
CHAPTER 6 PAKISTAN: COUNTRY PROFILE AND IMPLICATIONS OF ITS PAST AND PRESENT ALLIANCE WITH THE USA _____	97
6.1 INTRODUCTION _____	97
6.2 PAKISTAN: A GEOGRAPHIC AND SOCIO-ECONOMIC PROFILE _____	97
6.3 PAKISTAN'S INTERNAL AND EXTERNAL CHALLENGES FOR DEVELOPMENT AND THE POLICY OF LOOKING OUTWARDS _____	101

6.4 USAID IN PAKISTAN: ITS PAST AND PRESENT AT A GLANCE _____	103
6.5 THE USA-PAKISTAN ALLIANCE DURING THE COLD WAR AND ITS IMPLICATIONS _____	108
6.6 REPERCUSSIONS OF THE CONTEMPORARY USA-PAKISTAN COALITION _____	109
6.7 CONCLUSION AND SUMMARY _____	114
CHAPTER 7 THE 2005 PARIS DECLARATION ON AID EFFECTIVENESS AND PAKISTAN _	116
7.1 INTRODUCTION _____	116
7.2 THE ORIGINS AND EMERGENCE OF THE PD _____	117
7.3 THE 2005 PARIS DECLARATION COMMITMENTS _____	120
7.3.1 <i>Ownership</i> _____	120
7.3.2 <i>Alignment</i> _____	122
7.3.3 <i>Harmonisation</i> _____	123
7.3.4 <i>Managing for Results</i> _____	124
7.3.5 <i>Mutual Accountability</i> _____	125
7.4 THE PD COMMITMENTS: RHETORIC AND REALITY _____	128
7.5 PARIS DECLARATION AND DEVELOPMENT PLANS OF THE GoP _____	129
7.5.1 <i>Poverty Reduction Strategy Papers (PRSPs) of the GoP</i> _____	130
7.5.2 <i>Other long-term development plans of the GoP</i> _____	136
7.6 OTHER PRACTICAL INITIATIVES OF THE GoP IN THE PD FRAMEWORK _____	138
7.6.1 <i>Donor Coordination Cell and Aid Effectiveness Unit</i> _____	138
7.6.2 <i>Establishment of a Development Assistance Database</i> _____	139
7.6.3 <i>GoP-Partner Aid Effectiveness Steering Committee</i> _____	140
7.6.4 <i>Establishment of Joint Working Groups on Aid Effectiveness</i> _____	140
7.6.5 <i>Launching of the Paris Declaration Baseline Survey</i> _____	141
7.7 CONCLUSION AND SUMMARY _____	143
CHAPTER 8 THE DELIVERY OF USA AID IN PAKISTAN AND THE PARIS DECLARATION	
PRINCIPLES _____	146
8.1 INTRODUCTION _____	146
8.2 ROLE OF THE GoP AND DONORS IN DEVELOPMENT PROJECTS: AN OVERVIEW _____	146
8.3 THE PD PRINCIPLES AND USAID PRACTICES IN PAKISTAN: RHETORIC AND REALITY, POLICY AND PRACTICE _____	148
8.3.1 <i>Who has ownership, the GoP or USAID?</i> _____	148
Ownership, USAID and the EAD _____	149
Ownership: Instances from KP and FATA _____	151
The costs of the lack of ownership _____	153
Lack of ownership, creation of project implementation structures and brain drain _____	155
8.3.2 <i>Alignment of USAID projects with the GoP</i> _____	157
Education sector in KP and FATA and USAID interventions _____	157
Alignment of the capacity building initiatives in the education sector _____	161
USAID student exchange programme and its alignment with the priorities of the GoP _____	162
The PD, use of the country procurement system and tied aid _____	163

8.3.3 <i>Harmonisation and USAID in Pakistan</i>	166
Lack of coordination and harmonisation in the aftermath of the 2005 earthquake	167
Donors' harmonisation and the GoP health sector programme	169
Mining sector in FATA and the role of donors	171
8.3.4 <i>USAID and its development impact: Managing for Results</i>	173
8.3.5 <i>USAID and the GoP: the concept of mutual accountability</i>	177
8.4 CONCLUSION AND SUMMARY	181
CHAPTER 9 DISCUSSION AND CONCLUSION: AN ASSESSMENT OF THE USA AID	
ALLOCATION AND DELIVERY TO PAKISTAN	184
9.1 THE EVENTS OF RAYMOND DAVIS AND OSAMA BIN LADEN AND THE POLITICS OF THE USA AID	
ALLOCATION	184
9.2 THE ALLOCATION OF USA AID: WHAT DOES THIS THESIS CONTRIBUTE?	189
9.3 THE PD, GoP AND USAID: HAS THE PARADIGM SHIFT OCCURRED?	190
9.3.1 <i>The GoP as a recipient</i>	191
9.3.2 <i>The US/USAID as a donor</i>	192
9.3.3 <i>The PD as an essence of the new aid paradigm and the contribution of this study</i>	192
9.4 WHERE TO FROM HERE? POLICY RECOMMENDATIONS FOR ENHANCING AID EFFECTIVENESS	194
9.4.1 <i>To the GoP</i>	194
9.4.2 <i>To USAID</i>	196
9.4.3 <i>The significance of the PD principles in a complex environment</i>	197
9.5 LIMITATIONS OF THIS RESEARCH	200
9.6 FUTURE RESEARCH	201
9.7 CONCLUSION	202
APPENDIX I: CHRONOLOGY OF KEY DEVELOPMENTS IN THE HISTORY OF AID	204
APPENDIX II: USA ECONOMIC AND MILITARY AID AND ARMS SALES TO EGYPT, ISRAEL, PAKISTAN AND TURKEY	206
APPENDIX III: GDP PER CAPITA, LIFE EXPECTANCY AT BIRTH AND TOTAL POPULATION OF THE COMPARATORS	208
APPENDIX IV: RESEARCH PARTICIPANTS AND THEIR PROFILES	210
APPENDIX V: CHRONOLOGY OF MAJOR EVENTS AND DATES AFFECTING USA BILATERAL AID TO AND TIES WITH THE COMPARATORS	213
APPENDIX VI: INFORMATION SHEET FOR EXPERTS	215
APPENDIX VII: INFORMED CONSENT	216
APPENDIX VIII: INTERVIEW SCHEDULE	217
APPENDIX IX: MEMORANDUM OF UNDERSTANDING BETWEEN THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN AND INGO NAME	218
REFERENCES	222

List of Figures

FIGURE 4.1: A GRAPHICAL ILLUSTRATION OF USA AID TO EGYPT, ISRAEL, PAKISTAN AND TURKEY (US \$ MILLIONS, 2008 CONSTANT)	49
FIGURE 4.2: A GRAPHICAL ILLUSTRATION OF GDP PER CAPITA OF THE COMPARATORS (US \$, 2000 CONSTANT)	52
FIGURE 4.3: AVERAGE LIFE EXPECTANCY AT BIRTH OF THE COMPARATORS (YEARS)	52
FIGURE 4.4: TOTAL POPULATION OF THE COMPARATORS (MILLIONS)	53
FIGURE 4.5: RELATIONSHIP BETWEEN TOTAL USA ODA TO THE COMPARATORS AND TOTAL POPULATION .	55
FIGURE 4.6: PTS AVERAGES OF EGYPT, ISRAEL, PAKISTAN AND TURKEY	63
FIGURE 5.1 TOTAL USA ECONOMIC AND MILITARY AID AND ARMS SALES TO THE COMPARATORS	76
FIGURE 5.2: USA ECONOMIC AND MILITARY AID AND ARMS SALES TO TURKEY	78
FIGURE 5.3 USA ECONOMIC AND MILITARY AID AND ARMS SALE TO ISRAEL	79
FIGURE 5.4: USA ECONOMIC AND MILITARY AID AND ARMS SALES TO EGYPT	80
FIGURE 5.5: USA ECONOMIC AND MILITARY AID AND ARMS SALES TO PAKISTAN	81
FIGURE 6.1 ADMINISTRATIVE MAP OF PAKISTAN	98
FIGURE 6.2: USA ECONOMIC AND MILITARY AID AND ARM SALES TO PAKISTAN IN THE 1980S (CONSTANT 2008 US\$)	106
FIGURE 7.1: STEPS UNDERTAKEN IN ESTIMATING COSTS TO ACHIEVE THE MDGs	135

List of Tables

TABLE 3.1 ADVANTAGES OF COMPARISON	35
TABLE 3.2: DEPENDENT AND INDEPENDENT VARIABLES ANALYSED	37
TABLE 3.3: TOTAL NUMBER OF INTERVIEWS	42
TABLE 4.1: USA ECONOMIC AID TO EGYPT, ISRAEL, PAKISTAN AND TURKEY (US 2008 \$, MILLIONS)	50
TABLE 4.2: DECADE-WISE AVERAGE GDP PER CAPITA, LIFE EXPECTANCY AT BIRTH AND TOTAL POPULATION	51
TABLE 4.3: PTS AVERAGES OF THE COMPARATORS	62
TABLE 5.1: USA ECONOMIC AND MILITARY AID AND ARMS SALES TO EGYPT, ISRAEL, PAKISTAN AND TURKEY	74
TABLE 6.1 ADMINISTRATIVE UNITS OF PAKISTAN AND THEIR DEMOGRAPHIC FEATURES	99
TABLE 6.2: USA ECONOMIC AND MILITARY ASSISTANCE AND ARM SALES TO PAKISTAN DURING THE AFGHAN WAR (US \$ MILLIONS)	105
TABLE 6.3: USA ECONOMIC AND MILITARY AID, ARMS SALES TO PAKISTAN IN THE 'WAR ON TERROR' PERIOD	106
TABLE 6.4: LOSSES CAUSED BY THE 'WAR ON TERROR' IN FATA	111
TABLE 6.5 COST OF THE 'WAR ON TERROR' FOR PAKISTAN	112
TABLE 6.6: ANNUAL FATALITIES OF THE 'WAR ON TERROR' IN PAKISTAN	113
TABLE 7.1 ESTIMATED COST OF THE MDGs IN EDUCATION, HEALTH AND WATER AND SANITATION	135

LIST OF ABBREVIATIONS

AEU	Aid Effectiveness Unit
AI	Amnesty International
AQI	Aid Quality Index
AusAID	Australian Agency for International Development
CPIA	Country Policy and Institutional Assessment
CPI	Corruption Perception Index
CRPRID	Centre for Research on Poverty Reduction and Income Distribution
DAC	Development Assistance Committee
DCC	Donor Coordination Cell
DE	Directorate of Education
DFID	Department for International Development
DG	Director General
DHS	Directorate of Health Services
DODG	Director Office of Democracy and Governance
DoE	Department of Education
DS	Deputy Secretary
EAD	Economic Affairs Division
EC	Education Chief
EC	European Community
EU	European Union
FAO	Food and Agriculture Organisation
FATA	Federally Administered Tribal Areas
FDA	FATA Development Authority
FDE	Federal Directorate of Education
FDI	Foreign Direct Investment
FR	Frontier Region
GDP	Gross Domestic Product
GNI	Gross National Income
GNP	Gross National Product
GoP	Government of Pakistan
IMF	International Monetary Fund
IPS	Institute of Policy Studies
IPRI	Islamabad Policy Research Institute
ISSI	Institute of Strategic Studies Islamabad
IDF	Israel Defence Force
JS	Joint Secretary
ICJ	International Court of Justice
KLB	Kerry Lugar Bill
KP	Khyber Pakhtunkhwa
LLDC	Least Developed Countries
MB	Muslim Brethren
MEO	Monitoring and Evaluation Officer
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
NWFP	North West Frontier Province
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
PD	Paris Declaration
PERRA	Provincial Earthquake Reconstruction and Rehabilitation Authority
PMS	Project Management Specialist
PQLI	Physical Quality of Life Index

SEATO	Southeast Asia Treaty Organisation
SO	Senior Official
SSI	Semi-Structured Interview
TI	Transparency International
TL	Team Leader
UK	United Kingdom
UN	United Nations
UNCHR	United Nations Commission on Human Rights
UNDP	United Nations Development Programme
UNGA	United Nations General Assembly
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USSR	Union of Soviet Socialist Republics
WB	World Bank
WHO	World Health Organisation