

**Statement of John F. Tierney  
Chairman  
Subcommittee on National Security and Foreign Affairs  
Committee on Oversight and Government Reform  
U.S. House of Representatives**

**Hearing on “U.S. Aid to Pakistan (Part II): Planning and Accountability”**

**As Prepared for Delivery**

**March 16, 2010**

Good morning. Today, the Subcommittee will continue its ongoing oversight of the planning, accountability, and effectiveness of U.S. aid to Pakistan.

On October 15, 2009, President Obama signed the Enhanced Partnership with Pakistan Act, informally known as the Kerry-Lugar-Berman bill, tripling U.S. civilian economic and development assistance to Pakistan to \$1.5 billion annually until 2014. While Kerry-Lugar-Berman was a largely bi-partisan demonstration of U.S. commitment to long-term assistance to Pakistan, serious concerns remain regarding the ability of USAID and the State Department to effectively and efficiently manage and account for such a massive increase in assistance.

In November 2009, I led a congressional delegation to Pakistan in order to investigate, among other things, the status of U.S. assistance programs and the State Department’s and USAID’s capacity to manage and oversee Kerry-Lugar-Berman funding. After four trips, it is apparent that the security environment in Pakistan has grown markedly worse in recent years.

During the congressional delegation, we met with Pakistan’s civilian leadership and political opposition, and a wide variety of civil society members, NGOs, and international contractors. We also traveled to Peshawar to deliver aid supplies directly to the principal hospital that had been receiving wounded from the many bombings there over the last year.

Following that trip, in December 2009, the administration announced its new regional stabilization strategy for Afghanistan and Pakistan. That plan will “increase direct assistance through Pakistani institutions,” namely the ministries and local NGOs, and focus more money on high-impact projects such as major energy and water infrastructure. The plan also promises to reduce USAID’s overreliance on large international contractors as implementing partners.

I want to state at the outset that I am supportive of exploring a new aid approach and appreciative of the time and energy that our witnesses and the administration have put into crafting the administration’s new strategy. That said, given the importance of

U.S. national security interests in Pakistan, and the magnitude of U.S. taxpayer dollars authorized for development and economic assistance there, it is critically important that we carefully scrutinize plans for implementation of the new strategy, and particularly its accountability mechanisms.

In short, we must make certain the administration's new strategy will not send more money through weaker systems – systems that lack the internal controls developed with time and experience. This presents several challenges.

First, how will the State Department and USAID gain visibility into the operations of ministries that have historically resisted robust oversight? In light of Pakistan's sensitivities regarding impingements on its sovereignty, this challenge will be particularly acute.

Second, I am concerned about USAID's internal capacity to oversee and account for funds directed through Pakistan's ministries and local NGOs. For years, USAID has been marginalized and stripped of personnel while at the same time U.S. foreign policy has increasingly emphasized aid delivery in high risk conflict and post-conflict countries like Iraq, Afghanistan, and Pakistan. This challenge is only made more difficult by the current security environment that makes it very difficult for either USAID personnel or Western expats to see, let alone actively manage or oversee, many projects, particularly in the Federally Administered Tribal Areas, or FATA, and the Northwest Frontier Province.

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

I also want to highlight the recent challenges that the U.S. Embassy in Islamabad has had in obtaining visas from Pakistan for critical U.S. government personnel from State, USAID, and the Department of Defense. Many of the visa applications have been denied or delayed, including visas for auditors, accountants, and inspectors – the very people that both the agencies and the Congress rely on to make sure that civilian assistance is spent as it is intended.

From my position as Chairman of the National Security and Foreign Affairs Subcommittee, I want to make clear to the government of Pakistan that U.S. civilian assistance comes as a package: funding, programming, and oversight. Pakistan cannot accept the funding but deny U.S. agencies the personnel or the access critical to conduct oversight. I ask both witnesses here today to keep the Subcommittee informed regarding developments with the visa applications for their agencies' respective personnel, and to only fund programs and projects for which they have the personnel in place to perform proper oversight.

The third issue of concern to me is to ensure that U.S. funds directed to Pakistan's ministries are supplementing Pakistan's funding of those ministries, not simply displacing it. At the end of the day, the government of Pakistan must "own" and take responsibility for each of the projects we embark on together. Instilling a sense of such ownership will be a critical and delicate challenge going forward.

I am a strong believer that U.S. civilian assistance to Pakistan is critical to the stabilization and health of Pakistan, and to long-term U.S. national security interests. Kerry-Lugar-Berman is a major down payment on our shared future. In the best of circumstances, however, it is an extraordinary endeavor to create, manage, and oversee billions of dollars in development assistance programs, and Pakistan is not the best of circumstances. That is why this Subcommittee has made a great effort to exercise proactive oversight in order to ensure that critical accountability mechanisms are in place from day one.