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# OPPORTUNITIES FOR INCREASED GERMAN-GULF COOPERATION IN SUPPORT OF SECURITY AND STABILITY IN PAKISTAN

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## RECOMMENDATIONS

### *Priority of direct, emergency aid to IDP's*

The most recent military offensive in Swat created a humanitarian crisis of unprecedented proportions. To prevent radicalization of Internally Displaced People (IDP) in the refugee camps by infiltrating Islamist militants, the care for the IDP must enjoy highest priority. That is why aid must reach the people directly – irrespective of governmental contribution or approval. The members of the Friends of Democratic Pakistan (FoDP)<sup>1</sup> initiative should intervene immediately and decide on immediate and direct aid distribution in close cooperation with UNHCR.

### *Extending the “AfPak” strategy*

The new U.S. strategy focusing on Pakistan and Afghanistan as common field of action is a step in the right direction. However, the primacy of military actions and Obama's slogan “to disrupt, dismantle and defeat” al-Qaeda neglect the necessity of development assistance and sustainable, confidence-building measures. Pakistan and Afghanistan are more than two interconnected battlefields, and the U.S. must take local economic and cultural conditions into consideration. To implement a broad-based approach towards development assistance, the EU and transnational institutions such as the FoDP and the Shanghai Cooperation Organization (SCO) should be engaged to foster international cooperation of donors and friends of Pakistan.

### *Political dialogue with GCC States to generate more development assistance to Pakistan*

Germany should conduct a systematic political dialogue with decision-makers in GCC countries in order to convince them that the stabilization of democratic Pakistan is in their own security interest. This should lead to an increased level of financial and technical assistance by the GCC States in close cooperation with Germany.

### *Disentangling development assistance by GCC countries from religious mission*

Security and economic concerns will prompt Saudi Arabia and the other GCC countries to distance itself explicitly from *madrasas* in Pakistan. However, as much as Saudi Arabia must reconsider its traditional patterns of engagement, it must be given incentives. The kingdom wants to act on an equal footing with international partners such as Germany and must be engaged beyond its role as a rich donor country. Thus, only well-structured development proposals with a clear task-sharing between Germany and Saudi Arabia will engage the kingdom in a constructive way.

### *Expanding the contribution of the United Arab Emirates (UAE)*

The UAE have a fairly long record of financial and development assistance for and investments in Pakistan. However, mistrust in Pakistani politics and the corrupt government still restrict an increasing engagement of the UAE in Pakistan. The Emirates will not accept the simple role as a financial donor for German supplies of technical and personal equipment to Pakistan. The UAE have a political interest in acting on an equal footing. As a Muslim state, it should be encouraged to focus on education. The Abu Dhabi Fund should extend its engagement in Pakistan by financing projects in agriculture, water management and Renewable Energy (RE). The UAE, like Saudi Arabia, will focus on projects related to food security in Pakistan. Those projects will have to be adapted to a community-based approach and planned accordingly. It is absolutely necessary, that a code of conduct has to be agreed on.

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<sup>1</sup> Members of the FoDP are Britain, France, Germany, the United States, China, the United Arab Emirates, Canada, Turkey, Australia and Italy plus the United Nations and the European Union.

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### *Supporting the rural population with direct, community-based assistance*

International development assistance has to concentrate on small and medium-sized projects that can be implemented at little cost and with minimal administrative or bureaucratic effort in order to avoid corruption and delay. To attain long-term sustainability of projects, the social heterogeneity between regions and districts, villages and towns as well as families and clans must be taken into consideration. The involvement of Gulf States to co-finance development projects in the education, energy, vocational training and agriculture sector could secure this sustainability.

### *Education must be enhanced and opened to all*

With a young population (50% under the age of 25) and a high illiteracy rate of 60%, Pakistan has to invest much more in general and quality education if it wants to be competitive in the globalised world. The road to social justice has to be paved with education of the right mindset and the fight against ignorance and radicalism. Here, moderate Muslim countries, like Turkey, could play an important role.

### *Integration of non-governmental players*

Religious authorities such as local mullahs as well as civilian players should be engaged in a strategy of mediation and participation in development projects. To build up a front-line against the militants' influence, religious leaders and incorrupt civilian role models from culture or sports who are independent from the political elite have to be strengthened. One agent of civilian opposition and reestablishment of the rule of law is the lawyers' movement. Lawyers and judges should be supported with technical assistance to strengthen the rule of law.

### *Corruption and bad governance*

Corruption and bad governance could endanger every development assistance project. Pakistan's administrative and bureaucratic system is interspersed with corruption. Although the licensing of projects will necessitate some degree of cooperation with the bureaucracy, emphasis has to be put on local partners and NGOs rather than on state actors.

### *Change the Pakistani's attitude towards the insurgent regions*

A strong correlation exists between the deterioration of the people's general living conditions and the rise of anti-government and anti-U.S. feelings. To counter that tendency, military operations must be careful to avoid collateral damages. Civilians killed by U.S. drone attacks and the Pakistani perception that all Pakistanis are suspected as militants by the U.S. raise the hatred against the "foreign invaders" and the own government. Thus, the Pakistani government as well as the new U.S. administration must offer peaceful, alternative options for the future. Development assistance projects on a small or medium scale are one of these alternatives: These projects could be implemented more quickly so that people could benefit from the efforts after a short time. This will gradually return the people's trust in the government and significantly reduce the influence of the militants.

### *Cooperation between Pakistan and Afghanistan*

Pakistan and Afghanistan must cooperate more closely on bilateral issues. To overcome the bilateral tensions, confidence-building measures and compromises from both sides are necessary. The controversial status of the Durand Line should be resolved and cross-border projects implemented. For the rural population of the Pakistani and Afghani border region, a border between the states is in fact inexistent - familial ties are crossing borders. Pakistan and Afghanistan are often perceived solely as objects of military action and battlefields, but not as regional actors. By supporting the improvement of bilateral relations and ongoing, joint development projects, both countries could act to stabilize their deteriorating security situation and to pacify the border region.

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### *Strengthening the role of Turkey and Qatar*

Turkey may be a promising partner to achieve sustainable stability in Pakistan. Pakistan's government initiated domestic education programs organized and executed by Turkish teachers and staff to create a secular counterweight to the religious *madrasas*. Turkey as a secular Muslim state with a system of education of good reputation may play the role of an "honest broker," neither seen as a corrupt or extremely westernized regime, nor rejected as negotiator by the international community, like Iran or Saudi Arabia. Qatar could be engaged in two ways: First, it may be committed to support development assistance projects, similar to Saudi Arabia and the UAE. Second, as an emerging centre of political influence in the Gulf region with good relations to conflicting, regional players - such as Saudi Arabia or Iran - Qatar, like Turkey, may bridge gaps and act as a relatively neutral negotiator.

### *Participation of Iran and India in regional initiatives*

Iran has a vital interest in stabilizing Afghanistan and consequently Pakistan.<sup>2</sup> To benefit from this interest, the international community has to start direct negotiations with Iran immediately. Iran is a difficult partner for negotiations but Obama tried to open new windows of opportunity and the situation in Afghanistan and Pakistan is such an opportunity. The West, the Gulf States and Iran share the same interests, namely to contain the Talibanisation as well as the smuggling of narcotics<sup>3</sup> from Pakistan and Afghanistan. Furthermore, the interrupted peace negotiations between Pakistan and India have to be continued. Both states have to settle the bilateral conflict and should concentrate on fighting the common threat posed by the militants. To create an atmosphere of trust and openness, both states should build up cooperation between the intelligence and the security services.

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<sup>2</sup> To increase the economic cooperation, Iran and Pakistan signed the initial agreement for the Iran-Pakistan-India (IPI) gas pipeline project in May 2009. Furthermore, Iran is supporting Pakistan with 100 MW electricity free of cost for the harbor in Gwador. See Pakistan, Iran finally signed gas pipeline accord, in: The Dawn online, May 24, 2009, <http://www.dawn.com>, accessed May 25, 2009 and Bakhtawar Mian, Iran to provide Gwador port 100MW, in: The Dawn online, May 22, 2009, <http://www.dawn.com>, accessed May 25, 2009.

<sup>3</sup> Iran, Pakistan and Afghanistan signed the "Tehran Declaration" to combat religious extremism and drugs smuggling. See 'Tehran Declaration' pledges to combat extremism, in: The Dawn online, May 25, 2009, <http://www.dawn.com>, accessed May 25, 2009.

## I. INTRODUCTION

The current state of affairs of Pakistan can be compared to pre-revolutionary political and social conditions in the 18<sup>th</sup> century of Europe. Pakistan faces widespread insecurity, poverty, lawlessness, inequality between the wealthy and the poor and a lack of education. **This explosive mixture makes Pakistan one, perhaps the most important hot spot in international affairs.** The vast majority of people find themselves without prospects for a better future, notably in the rural areas. The ongoing crisis in the Swat valley and other areas with millions of internally displaced people (IDP) exemplifies the widespread despair and challenges. The internal stability of the country is in the eye of the storm and the future is unpredictable at this moment. The possibility of Pakistan turning into a failed state is a scenario viewed with grave concern by policymakers not only in the West but around the world. This is due to the fact that recent times have witnessed a growing deterioration relating to the critical areas mentioned above. Additionally, the conflict in Afghanistan has worsened rather than improved since the arrival of the NATO-led International Security Assistance Force (ISAF) in the country; and the determination of both Iran and North Korea to pursue their nuclear programs has cast further doubts on the international arms control environment including the Nuclear Non-Proliferation Treaty.

Pakistan's current crisis is defined by two factors.

**First, there is a direct conflict between militant pseudo-religious actors striving to establish a political system based on Islamic values and rules, and secular corrupt actors such as the government, the army and the intelligence service.** Although Pakistan was founded as an Islamic republic in 1947, the Islamisation process is a relatively new phenomenon. The founder of Pakistan, Muhammad Ali Jinnah (1876-1948), formulated the "two-nations-theory" and aspired to create a Muslim country separated from the Hindus in India.<sup>4</sup> He proclaimed a secular state based on tolerance and Islam that offered freedom to all individual faiths and religious practices.<sup>5</sup> The actual Islamisation process began during the reign of military dictator Zia ul-Haq (1977-1988). A widespread network of religious schools (*madrasas*) was created and religion gained ever more influence in political affairs: Jinnah's dream of a harmonious and tolerant Muslim society withered away.

Today, the situation is dramatic: Several Islamist militant groups and the army are clashing daily in the northern areas of Pakistan, the security situation deteriorated not only in the tribal areas such as in the Federally Administered Tribal Areas (FATA) or the North-Western Frontier Province (NWFP) but also in the heartlands of Pakistan. As a result of the fightings in the valley of Swat, over two million people had to flee from their homes. Today, the clash is more than an Islamist uprising against the central government - it has become a civil war. "Moderate Islam (...) is already (...) unable to defend itself against this [the radical Islamist, DOI] onslaught."<sup>6</sup>

*The current state of affairs of Pakistan can be compared to pre-revolutionary political and social conditions in history.*

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<sup>4</sup> See Malte Gaier, Hanspeter Mattes, Pakistans innenpolitische Krise: Militärherrschaft und ihre Gegenkräfte, in: *Giga Focus Nahost 1* (2008): In an environment of Hindu-dominated colonial rule, the Muslim leaders Muhammad Iqbal and Muhammad Ali Jinnah implemented their vision of the "movement of Pakistan". The main goal was the foundation of an own Muslim state, called Pakistan, which was formulated in the resolution of Lahore in 1940. They aspired founding a "country of the pure" and Iqbal created the so-called "two-nations-theory" – the division in a Muslim (Pakistan) and a Hindu state (India). The understanding of Islam focused on the Arab World as the origin of Islam. On August 15, 1947, India and Pakistan were decolonialised and became independent.

<sup>5</sup> Khalid Duran, Munir D. Ahmed, Pakistan, in: Werner Ende and Udo Steinbach (ed.), *Der Islam in der Gegenwart*, volume 5, Munich 2005, p. 336-362.

<sup>6</sup> Mahboob Mahmood, *A New Beginning for Pakistan: America's Strategy for Success*, March 23, 2009, unpublished, p. 4.

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There is no rule of law. The corrupted judicial system is under strong political influence. It will need immense efforts to transform it into an acceptable and functioning body, which meets the expectations of the people and the standards of the rule of law. As long as this is not the case the people will accept any other model promising them justice. This malaise poses a chance to the Taliban and other Islamist groups to gain influence. The reinstatement of the former Chief Justice Iftikhar Muhammad Chaudhry is a first step in the right direction. He has recently shown that he will take up matters by his own – *suo moto* principle – and attempt to do more for the efficiency of the judiciary, which again should guarantee “justice for all” and uphold the rule of law. However, it remains questionable whether a true reform of the judiciary can be achieved within such short time.

Second, the military elites with their authoritarian structures and the feudal landowners have conflicting interests with the majority of the civil society and the masses. The government is representative for an oligarchic elite completely disconnected from its people, interested in nothing but its own well-being, without social conscience or responsibility for the common welfare. Growing income disparities split the society. The upper class is very small, making up an estimated 3 % of the population, whereas over 70 % of the population live in poverty and have to fight for their daily survival. The politics of the traditional network of powerful, feudal landowners, political actors and military leaders have destroyed the trust of the people in value-based political leadership and vision of a just and equal society. In the fact, Pakistan has two governments: a weak, democratically elected one and a strong unelected one. The latter is made up of the army and the Inter-Security Intelligences (ISI), which control nearly all decisions related to the national security and foreign policy of Pakistan.<sup>7</sup> The army and the intelligence services as a “state within the state” wield deeply-rooted influence in the political, economic and cultural spheres. The army firms control the nuclear weapons of the country.

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The free press and even more the electronic media transmit the mismanagement of the civilian authorities, the security crisis and the economic hardship into the minds of the masses on a daily basis. They are unhappy to continue in their misery, but there is no class or elite in Pakistan which could act as a catalyst for real change. The army as the sole guardian of stability would immediately intervene and prevent any insurgence on the streets. Any real change would abolish the privileges of the officers’ corps and jeopardize the economic interests of the army. The civil government thus far has not shown readiness to finally bring the army and the ISI under civilian control. Active members of the civil society understand the problems but have been weakened by decades of military dictatorship and cannot be effective agents for societal change.

Furthermore, the army still exploits the traditional conflict with India for political reasons. Today, Pakistan has a population of 176 million, of which more than 95% are Muslims (75% Sunni, 20% Shi’a).<sup>8</sup> During the decades following the division, the two countries had a difficult and adverse relationship based on mistrust, hatred and ideological controversies. The main reason for this poor relationship is the unresolved question of the Kashmir territory, which resulted in four wars between India and Pakistan (1947-1948, 1965, 1971, 1999). The bilateral relations started improving consid-

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<sup>7</sup> See Peter Bergen, Afghanistan and Pakistan. Understanding a Complex Threat Environment, Testimony presented before the House of Representatives Committee on Oversight and Government Reform Subcommittee on National Security and Foreign Affairs, March 4, 2009.

<sup>8</sup> See CIA The World Factbook, Pakistan, <http://www.cia.gov/library/publications/the-world-factbook/geos/pk.html>, accessed April 3, 2009.

erably in 2002. However, the recent terrorist attacks in Mumbai, organised by Pakistan-based Islamist radicals, continue to have a negative impact on the ongoing dialogue. In the prevailing Islamic mindset, India is still seen by many as a dangerous enemy of Islamic Pakistan.

The internal structures of Pakistan's society are very traditional and deeply marked by tribalism and feudalism. Basic values such as justice, dignity, solidarity and the belief in family ties are the "solid castle" and the "real constitution" for the vast majority.<sup>9</sup> Modern democratic ideas and identities have to compete with older, better established affiliations, such as tribes, feudalism, casts (even in Muslim Punjab), different ethnic groups and religion. Meanwhile, the security situation is further deteriorating in many parts of the country and the conflict between Sunni and Shi'a groups and sectarian violence is again escalating, which will further split the population and increase feelings of insecurity. There is a powerful feeling of belonging to specific groups which are fighting against others for political and economic influence. Thus, Pakistan is a state but far away from being one nation.<sup>10</sup>

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The masses remain discontent, though passive. The political parties in Pakistan cannot be agents of change because they are neither democratic nor representative in the western sense, but rather serve as "support groups" for certain families and clans to remain in or gain power. The ruling Pakistan Peoples Party (PPP) largely represents the landowning elites and feudal oligarchies of Sindh and Punjab, but not the people. There is a widespread feeling in Pakistan today that something needs to happen in order to create a change for better. There is growing concern among a part of the intellectual and upper middle class about the prevailing injustice and the creeping Islamisation. These groups organised an impressive demonstration in the streets of Lahore on April 4, 2009 protesting against the Taliban rule in Swat. Thus, the Islamisation process is not being supported by the overwhelming majority. More than 60 million people follow the mystical paths of Islam (*Sufism*). There are still signs of spirituality, culture, intellectual vitality and entrepreneurial drive among the people to create a very different country.<sup>11</sup> But these are far too few to make a difference.

The solution as to the future development of Pakistan remains unclear and hardly predictable. Fighting terrorists and radical Islamists will not be enough to solve the problems of the country. However, the political parties and groups continue to fight for their own interests. They are unable to bridge the differences, reach national consensus and act *uni sono* to overcome the actual explosive internal situation of Pakistan.

Besides political guidance, structural development assistance is needed more than ever. Most important, funds must be invested in the right projects, by the right actors and by making use of the right institutions. It is absolutely necessary to implement a strategy of community-based development assistance targeting small rural communities. The bureaucracy of Pakistan is eroded by corruption. Thus, the implementation of development assistance projects is often hindered by corrupt local politicians, police forces, government institutions, etc. Both the assurance of "good will" by politicians and the planned mega-projects must be tighter monitored. To put it frankly: The Pakistani government has high hopes for huge financial assistance while the implementation of

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<sup>9</sup> See Georg Pfeffer, Staat und Gesellschaft in Pakistan seit der Entstehung – eine Innenperspektive, speech held on the conference on the occasion of the National Day of Pakistan at the German Bundestag, March 25, 2009.

<sup>10</sup> See Steve Coll, On the Grand Trunk Road. A Journey into South Asia, London 2009, p. 74f.

<sup>11</sup> Mahboob Mahmood, A New Beginning for Pakistan: America's Strategy for Success, March 23, 2009, unpublished, p. 10.

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planned projects within a clear time frame is anything but guaranteed. Therefore, the recommendations of the German Orient-Institute (DOI) focus on small-scale projects in agriculture, water management, renewable energies, education and vocational training. Considering the current situation in Pakistan, small-scale projects are much easier to implement than extensive actions. Projects with limited financial scopes could be implemented by Non-Governmental Organisations (NGOs) or local actors. The corrupt bureaucratic structures should be avoided whenever possible. All development projects of this kind should be community-based and ownership should be given to the local communities.

Due to the traditionally close ties between the Gulf States and Pakistan, the United Arab Emirates (UAE), Saudi Arabia and Qatar should be more involved in development assistance projects. The Gulf States are closely interlinked with Pakistan in political, economic and security matters. The Gulf States and Pakistan share similar political views on the situation in the Palestinian territories, Iraq or Afghanistan. The economies of Pakistan and the Gulf States are likewise closely interlinked through investments in infrastructure, the energy sector, real estate, steel, shipping, financing and agriculture by the Gulf States in Pakistan.

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The GCC States benefit from the largely unskilled workforce of Pakistan – one of the most important “export goods” of Pakistan. This workforce was essential to realize enormous business projects in Dubai and Abu Dhabi during the times of the construction and housing boom. Currently, 1.67 million Pakistani foreign workers live and work in the Gulf States, the second largest foreign community after Indian workers. The vast majority hopes to earn enough money to support their families left behind in Pakistan. The Pakistani workers in Saudi Arabia, many of them from NWFP or FATA, are also strongly influenced by the strict Wahhabi interpretation of Islam.

Vice versa, the Gulf States intend to invest in agricultural projects to secure domestic food supply because they face increasing scarcity of arable land, water shortages in their own countries and surging world food prices. Thus, they need to develop new ways of supporting their growing populations and have started to look for opportunities abroad to ensure their food security for coming generations. Their main strategy is to secure agricultural land in partner countries, such as Pakistan, by offering the country capital and oil contracts so as to generate a win-win-situation. Of course, this food security policy is controversially discussed. Furthermore, there is hope that the Gulf States could help improve the relationship between India and Pakistan and play “the role of a catalyst bridging the gap,” particularly after the terror attacks in Mumbai in 2008.<sup>12</sup> In an environment of widespread mistrust towards the West, in particular towards the U. S., and their political agendas moderate economically strong Muslim countries with traditionally good links to India and Pakistan, could take up the difficult task of improving the hostile relationship between the two neighbouring states. The Gulf States could and should act as an “honest broker”.<sup>13</sup>

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<sup>12</sup> See Faryal Leghari, GCC Investments in Pakistan and Future Trends, January 2007, Gulf Research Center, <http://www.grc.ae>, accessed February 20, 2009.

<sup>13</sup> However, the political will in fighting terrorism with long-lasting sustainability is barely existent, especially in Saudi Arabia as described below.

## II. CURRENT POLITICAL AND SOCIAL SITUATION

Pakistan faces a multitude of political and social challenges that cannot be met by financial and development assistance alone. If not contained, the combined negative impact on the country could ultimately lead to the breakdown of the government with unpredictable repercussions for regional security and stability. The situation now is deteriorating day by day: Control over parts of the population has involuntarily been transferred to Islamic non-state actors. By now, parts of Pakistan are in fact controlled by Islamist groups, radical movements such as the *Tehrik-e-Taliban Pakistan* (TTP) of Baitullah Mehsud and pseudo-religious leaders, who wield power through a widespread and uncontrolled network of religious schools (*madrasas*) and militant Islamist organisations. A number of different insurgency groups operate in the tribal areas and NWFP. They are referred to as Taliban but do not form a coherent organisation. They have local commanders and vary in their ideology and motivation. A strong Islamic conviction, the belief in Islamic law (*shari'a*) as the sole legal system and the rejection of Westernisation of their society are main motives for resistance. The security situation remains volatile in wide parts of the country, notably along the north-western border to Afghanistan. Heavy fighting is still going on in the Malakand District and Swat.

Despite all ongoing efforts, it seems unlikely that President Ali Asif Zardari, who succeeded General Pervez Musharraf in 2008, will be able to solve even the most urgent or basic problems. He has already lost the first year in office concentrating on power struggles with the opposition party PML-N. Pakistan is at risk of becoming a “failing state” for several reasons:

- Bad governance and growing insecurity in parts of the country
- Social inequality
- Lack of justice and democracy
- Widespread corruption

### II.1. Bad governance and growing insecurity in parts of the country

The confidence of the people in state institutions is almost totally eroded. “The government (...) does not exist for the common people; it delivers them only the barest shreds of identity, security, justice, education, health and welfare.”<sup>14</sup> Furthermore, “the deep divide between the different branches of government, the dearth of honest, rational leadership, the near-complete breakdown of control at the district and local level and the pervasive lack of effective governmental communication and coordination”<sup>15</sup> led to the widespread perception that the only “moral castles” or “genuine constitutions” are the family, the clan and the tribe. Thus, the most important safeguards in rural communities are social networks, which are often criticised by the West since they foster many communities based on kinship and religion rather than building one society

*In a political landscape of corruption and a lack of trustworthiness in the state, the reliance on family, clan or tribal ties often remains the only solution to cope with fundamental problems.*

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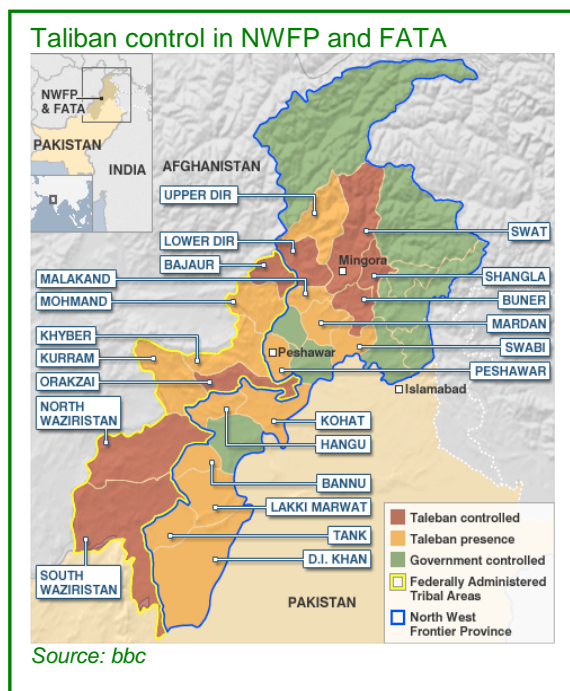
<sup>14</sup> Mahboob Mahmood, A New Beginning for Pakistan: America's Strategy for Success, March 23, 2009, unpublished, p. 7.

<sup>15</sup> Mahboob Mahmood, A New Beginning for Pakistan: America's Strategy for Success, March 23, 2009, unpublished, p. 26.

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based on citizenship.<sup>16</sup> However, in a political landscape of corruption and a lack of trustworthiness in the state, the reliance on family, clan or tribal ties often remains the only solution to cope with fundamental problems.

Thus, the majority of the poor population is longing for good governance that will strive against the moral degeneration within the elites and present a new vision of justice and hope. If this cannot be realized soon and if the domestic situation will not improve, the support for Islamist movements will gradually surge, considering that “militant justice might be better than no justice at all.”<sup>17</sup> The deteriorating security situation was dramatically reflected by the attacks on the central police building in Lahore on May 27, 2009<sup>18</sup>, the attacks on the Sri Lankan cricket team in March 2009, the suicide blast at the Marriott Hotel in Islamabad in September 2008 and the assassination of former Prime Minister Benazir Bhutto, wife of Zardari and daughter of the former Prime Minister Zulfikar Ali Bhutto in December 2007. By and large, the Pakistani people do not want an Islamic state. They need a state which can deliver jobs, credits, market access, stable prices, food, clean water, electricity, education, technical knowledge, hospitals, good policies, security, peace, justice, and representation.<sup>19</sup> Whether all this is based on Islamic or secular principles is the least concern for a people which are not immersed in sophisticated elaborations on political theory, but simply fights for daily survival.



The situation in the tribal areas is particularly troublesome, since Taliban control has increased dramatically during the last months. “Decades rather than years of poverty and exclusion from the mainstream processes of socio-political and economic development have alienated the people of the FATA. (...) The people of the FATA have never been consulted or taken on board by any government in the last sixty years (...)”<sup>20</sup> As a conclusion, it seems difficult to see light at the end of the tunnel regarding the security situation in FATA.<sup>21</sup> The absence of state power in FATA combined with the rising strength of militant activists led to military actions against suspected terrorists, U.S. air strikes and the permanent deployment of 80,000-100,000 Pakistani soldiers in the volatile

<sup>16</sup> See Georg Pfeffer, Staat und Gesellschaft in Pakistan seit der Entstehung – eine Innenperspektive, speech held on the conference on the occasion of the National Day of Pakistan in the German Bundestag, March 25, 2009.

<sup>17</sup> Ibid.

<sup>18</sup> See Tote bei Terrorangriff auf Cricket-Team, in: *Zeit online*, <http://www.zeit.de/online/2009/10/pakistan-krieket-cricket-terrorangriff>, March 3, 2009, accessed March 12, 2009, Perlez, Jane, 20 Are Detained After Cricket Attack, in: *New York Times*, [http://www.nytimes.com/2009/03/05/world/asia/05pstan.html?\\_r=1&scp=2&sq=cricket&st=cse](http://www.nytimes.com/2009/03/05/world/asia/05pstan.html?_r=1&scp=2&sq=cricket&st=cse), March 4, 2009, accessed March 5, 2009 and Mubashir Zaidi and Irfan Raza, Investigators see LeT footprints in Lahore attack, in: *The Dawn online*, <http://www.dawn.net/wps/wcm/connect/Dawn%20Content%20Library/dawn/news/pakistan/investigators+see+let+footprints+in+laware+attack--sal-up>, March 6, 2009, accessed March 15, 2009.

<sup>19</sup> Mahboob Mahmood, A New Beginning for Pakistan: America's Strategy for Success, March 23, 2009, unpublished, p. 19.

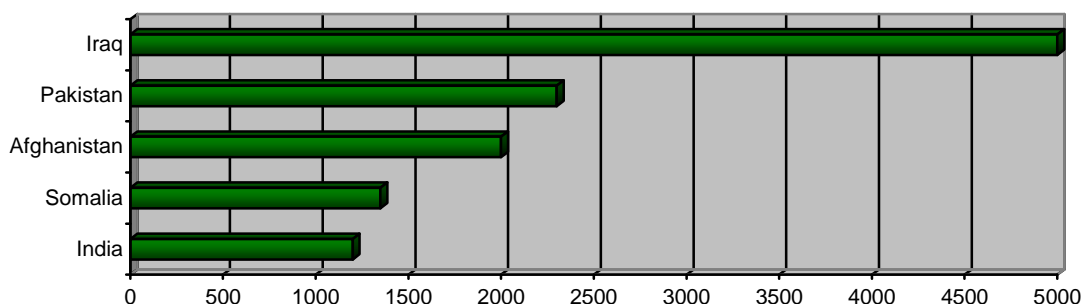
<sup>20</sup> See Naveed Ahmad Shinwari, Understanding FATA. Attitudes towards Governance, Religion & Society in Pakistan's Federal Administered Tribal Areas, Study by Community Appraisal and Motivation Programme (CAMP), 2008.

<sup>21</sup> See Wirtschaftstrends Pakistan Jahreswechsel 2008/09, in: bfai Wissen weltweit.

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regions bordering Afghanistan.<sup>22</sup> After government negotiations with radical Islamists and the introduction of the *Nizam-e-Adl* in the Swat valley<sup>23</sup> and *shari'a* in the North Western Frontier Province (NWFP), it became apparent that the Pakistani state is not able even to control territories outside the threatened region of the Federal Administered Tribal Areas (FATA) at the Afghan border.<sup>24</sup> Swat, formerly known as “the Switzerland of Pakistan,” has suffered from continuous clashes between the Pakistani army and militant Islamists since May 5, 2009. Pakistani Taliban groups are gaining influence in several areas, especially in Bajaur, Mohmand, Aurakzai, Khyber and Kurram Agencies, as well as in northern and southern Waziristan (as showed in the map). The civilian population suffers from poverty, underdevelopment, unemployment and daily attacks. Even before the most recent Pakistani offensive in May 2009, inhabitants had to flee their villages in order not to fall victim to the battle between army and the Taliban. In May 2009, more than two million internally displaced people (IDP) fled their homelands. In 2008, 2,300 people died in terrorist attacks and 1,264 hostages were taken, 340% more than in 2007. Thus, these facts characterized Pakistan as the most dangerous country after Iraq.<sup>25</sup>

Countries with most death caused by terrorists



Source: *Economist*, May 2009

The tribal areas have often been described as “safe haven” for terrorists and militant Islamists ever since FATA was established as a launching zone for the *mujahedin* in the 1980s. At this time, it served as a recruitment centre for the Afghan *mujahedin* and later Taliban.<sup>26</sup> After the fall of the Taliban regime in 2001, many fighters took refuge in FATA and NWFP, where they organized their so-called “resistance war”. Local religious and tribal leaders as well as students of the *madrasas* support them to this day.<sup>27</sup> The upsurge in militancy goes hand in hand with the radicalisation and recruitment of fighters in that region – foremost an expression of tribal revolts against foreign presence and inference in FATA, while Islamisation is rather the catalyst than the root cause for this process. The radicalisation process is a sign of opposition to non-

<sup>22</sup> See Andreas Rieck, Pakistan zwischen Demokratisierung und “Talibanisierung”, in: *Aus Politik und Zeitgeschichte* 39/2007, Bundeszentrale für Politische Bildung (bpb), September 24, 2007, p. 24 - p.29.

<sup>23</sup> See Jane Perlez, Pakistan Makes a Taliban Truce, Creating a Haven, in: *The New York Times*, February 17, 2009: “The concessions to the militants (...) were criticized by (...) analysts as a capitulation by a government desperate to stop Taliban abuses and a military embarrassed at losing ground after more than a year of intermittent fighting.” Also: International criticism mounts over Sharia deal, in: *The Dawn online*, <http://www.dawn.com>, February 17, 2009: The international criticism was explicitly impressed by the new U.S. special envoy Richard Holbrooke who is “troubled and confused” about the current events taking place in Swat.

<sup>24</sup> After a process of Talibanisation and an unsuccessful fight of 12.000 Pakistani soldiers against 3.000 militants in the former holiday destination, the Pakistani government negotiated in February 2009 with the militant *Tehrik-i-Nifaz-i-Shariat-Muhammadi* in Swat about a truce. In return, Islamic law (the *shari'a*) is allowed to be introduced legally.

<sup>25</sup> See Bombed again. Pakistan is increasingly vulnerable to terrorism, in: *The Economist*, May 27, 2009, <http://www.economist.com>, accessed may 28, 2009.

<sup>26</sup> See Faryal Leghari, Feasibility of Developing the FATA Friendship Initiative (Role of the Gulf States) and Andreas Rieck, Pakistan zwischen Demokratisierung und “Talibanisierung”, in: *Aus Politik und Zeitgeschichte* 39/2007, Bundeszentrale für Politische Bildung (bpb), September 24, 2007, p. 24 - p.28.

<sup>27</sup> Peter Rudolf, Christian Wagner, Christian Fröhlich, Die USA und Pakistan. Probleme einer Partnerschaft, in: *SWP aktuell*, Stiftung Wissenschaft und Politik (SWP), June 2008.

participation, poverty and underdevelopment.<sup>28</sup> The rural Pashtun people in FATA reject the Pakistani army and government factions, but are united against the cross-border U.S. drone attacks.<sup>29</sup> The border, the Durand Line, is porous and the Pashtun population has always migrated from one side to the other according to the needs of finding jobs, pursuing business, smuggling and access to grazing lands for their livestock. The relationship between Afghanistan and Pakistan has traditionally been difficult due to the border dispute. Several times, the two countries have accused each other of interfering in their respective domestic affairs.

Despite the support given by Pakistan during the *jihad* against the Soviet Union, suspicion runs deep in the minds of leaders of both countries. Kabul still refuses to recognize the Durand Line as the international border between the two countries. Furthermore, a basic asymmetry of interest hampers much needed rapprochement and coordination between Afghanistan and Pakistan. Some elements in Islamabad still tacitly insist to continue their influence on the Pashtun tribes in Afghanistan and on the Taliban movement using the traditional links of the ISI. Following the attacks on the Indian Embassy in Kabul on July 7, 2008 with 40 people killed and more than 200 injured, Afghanistan openly accused Pakistan of supporting terrorists in Afghanistan and of damaging Indian interests in Afghanistan.<sup>30</sup> “The existing rivalry between the two big South Asian nations has turned both countries’ relations with Afghanistan into a zero-sum game.”<sup>31</sup> For Islamabad, Afghanistan is one element in a larger game: not only is Afghanistan part of its Indian policy, but it is also to some extent a component of its global standing. “Whatever India’s intentions — good or bad — in Afghanistan, they will feed Pakistani suspicions as long as the antagonism between the two countries persists.”<sup>32</sup> This anti-Indian sentiment is particularly strong in the army and the ISI.

The relations between the ISI, the army and the political system in Pakistan may be defined as a “military-civilian hybrid rule.” Since the 1950s, the army based its confidence on its self image as the saviour of the state and the most powerful and cohesive institution of the country. The army often assumes a self-proclaimed duty of “fighting political corruption,” thereby interfering in political processes. The involvement of the army in a number of business projects and the economy in general, which was anything but transparent, is similar to a “national joint venture.”<sup>33</sup> The army influences all policies pertaining to defence, nuclear and foreign issues, and controls the internal security, therefore exerting much more influence and power than the political elite. Until today, the army and the ISI continue to play a dubious multi-faceted role in the war on terrorism. On the one hand they cooperate with the U.S., on the other hand they follow their own agenda.

*The role of Pakistan in the war on terrorism can be described as a “double narrative”.*

The military elite of Pakistan and the ISI provided the neo-Taliban as well as militant *jihadists* with a “safe haven” in Pakistan. This renders the fight against militarism and Islamism almost impossible. During the 1980s, the ISI had trained Arab *mujahedin* to join the *jihad* in Afghanistan. In 1996, Pakistan was one of only three states worldwide

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<sup>28</sup> See Dietrich Reetz, Die Rolle des Islams bei der Staatsgründung, speech held on the conference on the occasion of the National Day of Pakistan in the German Bundestag, March 25, 2009.

<sup>29</sup> See Faryal Leghari, Feasibility of Developing the FATA Friendship Initiative (Role of the Gulf States): In 2007/2008 38 surgical strikes and 25 ground operations took place, 930 terrorists were killed.

<sup>30</sup> See Sayed Wiqar Ali Shah, Pakistan and Afghanistan in the context of 9/11 – Current situation, in: *Orient I/2009*, p. 16.

<sup>31</sup> See Mulack, Gunter: Uneasy Neighbours – The Relationship between Afghanistan and Pakistan, in: *Orient I/2009*, p. 8.

<sup>32</sup> Frédéric Grare, Pakistan-Afghanistan Relations in the post 9/11 era, in: *Carnegie Papers* 72 (2006).

<sup>33</sup> Malte Gaier, Hanspeter Mattes, Pakistans innenpolitische Krise: Militärherrschaft und ihre Gegenkräfte, in: *Giga Focus Nahost* 1 (2008).

to recognize the Afghan Taliban government and to establish diplomatic relations in order to gain influence in Afghanistan and to support the “freedom fighters,” which fight for independence from India in Kashmir. The ISI has for many years systematically supported and used local terrorist networks such as *Lashkar-e-Toiba* (LeT) or *Jaish-e-Mohammed* (JeM). In recent times, the ISI still has links to such networks, notably the Afghan Taliban in the FATA area, parts of Balochistan and Kashmir. These connections between militant groups and the ISI or the army are a great cause of concern for the Western allies, especially the U.S. They find themselves in the dilemma of being reliant on an “ally” which does not share their interests and whom they cannot trust completely.

Thus, the role of Pakistan in the war on terrorism can be described as a “double narrative.” On the one hand, Pakistan must meet the expectations of its Western allies by visibly cracking down on Islamist militants. On the other hand, the civilian government must appease the ISI and those parts within the army who entertain anti-western sentiments. These are particularly widespread among the rank-and-file, socialized under Zia’s Islamisation agenda, whereas the army leadership is predominantly pro-western and secular, trained and educated in the United States. *In the long term, the balance of power is in danger to turn to younger military elites, characterised by anti-western or even Islamist sentiments.* The worst case scenario could entail a coup by Islamists from inside the army and the misuse of nuclear weapons. Many analysts agree that an eventual nuclear threat carried out against the West would have its origins in Pakistan – not in Iran. Moreover, the army’s control over the nuclear weapons is an effective tool to emancipate itself from government control. In short, this control gives the military not only an influential, but a decisive role in foreign relations. As the only well-organised power base, the army has the autonomy, for example, to support militants without seeking official approval by civilian political authorities.

## II.2. Social inequality

Pakistan is a country characterized by stark social inequalities and inherent contradictions. On the one hand, a small, well-educated and distinguished elite monopolizes politics, the administration and the army, whereas a rural landlord oligarchy controls the agricultural and industrial sector. *On the other hand, more than 80% of the population has no access to formal education, no prospects for material improvement and lives on less than two USD a day.* The influence of the small elite over its clientele is pervasive. A tiny group of landowners divide the lion share of arable land among themselves. The system of influence and power is based on individual incentives. The attitude of the country’s elite towards their own people has been profoundly reckless.<sup>34</sup> Unfortunately, this still holds true - even for the democratically elected elites.

*The agricultural workers do not own their land due to still prevailing feudal structures, often work under inhumane conditions and cannot make use of their constitutionally warranted rights.*

The development of feudal structures and a hierarchy of landowners were supported under British rule by the development of the irrigation system in Punjab in the 19<sup>th</sup> century. The predominant role of Punjab and Punjabis in newly-founded Pakistan meant that those structures were given further official legitimisation. “Traditional landowners have a disproportionate degree of control over Parliament and secular political parties essentially serve as fiefdoms for prominent families. The business sector (...)

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<sup>34</sup> Mahboob Mahmood, A New Beginning for Pakistan: America’s Strategy for Success, March 23, 2009, unpublished.

has also adopted this feudal posture.”<sup>35</sup> This “business of privileges” characterises the inner political and economic circles of Pakistan, a structure fundamentally based on “horse-tradings.” Thus, “(...) proximity to power ensures wealth without responsibility.”<sup>36</sup> This mindset is still present in all social classes.

The state has failed to build an efficient system of mass education for the majority of the population: Around 90 million out of 170 million Pakistanis are illiterate, whereas the well-educated, highly influential and well-situated elites use their educational prerogatives to basically reproduce themselves. Tuition fees are high and school teachers are frequently absent in state schools. The equipment is inadequate, the curriculum antiquated and does not provide the knowledge necessary for the challenges of the 21<sup>st</sup> century. Social traditions and the necessities of daily survival require children to help run households rather than visit schools (see further information in chapter III).

The only available alternative obtaining education is attending *madrasas* (*dini madaris*). The number of these religious schools multiplied in the 1980s in the context of the Afghan-Soviet War, when *madrasas* were set up as educational institutions for the formation of “Holy Warriors” (*mujahedin*) infiltrating Afghanistan from the Pakistani border and fighting their *jihad* against the Soviet forces. The channelling of U.S. and Saudi funds made the spread of the *madrasa* network possible. Nowadays, a great number of *madrasas* is still suspected to spread *jihadi* ideologies and reductionist Islamism, opposing the Pakistani state and the West alike, and supporting militant groups and Taliban movements. Not all *madrasas* are active centres of *jihadi* militancy but even those without direct links to violence promote an ideology that provides religious justification for such attacks.<sup>37</sup> Especially in rural Pakistan, Deobandi and Wahhabi or Salafi schools of thought represented through thousands of *madrasas*, influence people’s thinking and state of mind. The high speed of urbanization of the last decades meant that the *madrasa* system took firm roots in Pakistan’s urban centres, as well. A large number of these religious schools exist outside the state system, independent of any registration or official standards. The sectarian, *jihadi* content of the *madrasa* curriculum goes unchecked, the same holds true for the flow of funds and even arms into and from those institutions.<sup>38</sup> Without effective supervision, *madrasas* will remain blank spots on the political map of Pakistan. Most *madrasas* refuse to cooperate with the Pakistani state on government-controlled, non-religious reform schemes. Many parents do not send their children to *madrasas* out of militant Islamist conviction, but because *madrasas* are often the only available educational institutions in rural villages, since the state school system does not cover large parts of rural Pakistan. The urban poor send their children to *madrasas* as well, since they also provide them, for example, with food and clothing. It must be mentioned that the curriculum in some state-run schools also includes *jihadi* ideas, hatred against non-Muslims and particularly Hindus in the context of an intolerant and often chauvinistic historical narrative.

Many parents do not send their children to madrasas out of militant Islamist conviction, but because madrasas are often the only available educational institutions in rural villages.

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<sup>35</sup> Ibid.

<sup>36</sup> Ibid.

<sup>37</sup> Pakistan: Karachi’s Madrasas and violent Extremism, in: *Asia Report Nr. 130*, International Crisis Group, March 29, 2007. p.7.

<sup>38</sup> Ibid.

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*Number of madrasas in Pakistan in 2006*

Province	number
Punjab	5,459
Sindh	1,935
NWFP	2,843
Balochistan	769
FATA (Federal Administered Tribal Areas)	135
FANA (Federal Administered Northern Areas)	1,193
AJK	568
Total	12,902

Source: Government of Pakistan, 2006

*Enrolment and teaching staff in 2006*

Province	Enrolment	Teaching staff
Punjab	674,281	24,977
Sindh	312,693	11,951
NWFP	336,983	12,058
Balochistan	65,597	2,891
FATA	14,162	481
FANA	88,450	3,160
AJK	46,429	2,216
Total	1,538,685	57,734

Source: Government of Pakistan, 2006

### II.3. Lack of justice and democracy

The concept of justice is of central significance for Muslim societies. Islamic governments are expected to ensure both legal and social equality for all Muslims. While Pakistan in theory was founded on Islamic principles such as justice, those moral standards never transpired the actual social setup of the country, nor did it significantly shape ruling practices of the elite. Military dictator Zia ul-Haq (ruled 1977-1988) nurtured the Islamic promise by his pervasive promotion of Islamic judicial and educational institutions. These in fact further undermined constitutional state structures and proved hard to control. **As a result, the ideal concept of Islam as the social and political guideline is visible in the post-Zia generation. The failure of the government to meet the moral standards became all the more apparent.** The state is unable and unwilling to fulfil the promise of a “just society”. As the imported state structures seem to uphold the present inequalities at the expense of Islamic justice, it is no wonder that many Islamic groups that promise instant justice and just rule appeal strongly to the masses.

*The state is unable and unwilling to fulfil the promise of a “just society”.*

**For the poor and disillusioned population, Islam seems to be the only viable, yet authentic identity-building pattern of social equality left.** The promise to fulfil the Islamic ideal combined with reductionist and militant intolerance, create an explosive mixture. The longer the state lacks a comprehensive and credible social vision it is also willing to implement, only few people will believe in change through state institutions or democratic mechanisms and will at least tacitly accept the activities of militant Islamist groups.

Potential agents of the civil society in Pakistan are not encouraged by state authorities in their struggle to safeguard the country’s constitution and reform its institutions even under the democratically elected government. In March 2009, two years after the internationally and domestically criticized dismissal of the Chief Justice Iftikhar Mohammed Chaudhry, many demonstrators and opponents of the resignation were arrested.<sup>39</sup> **Chaudhry, a popular opponent against corruption and limits on the judiciary’s**

<sup>39</sup> After years of a political structure dominated by the military ruler General Musharraf based on non-democratic, authoritarian hierarchy, his resignation and the election victory of the opposition which set up a civil government under the leadership of Ali Asif Zardari generated hopes for more freedom, democracy and an active role of civil society in Paki-

independence, is one of the few national figures that manage to capture the people's frustration without resorting to Islamist rhetoric. He and his supporters refuse the pact between political leaders and the judiciary that exemplifies the strong unmoral linkage between executive and judiciary. The government suppressed the lawyers movement's bid to launch a long protest march – a further cause for disappointment and mistrust in the civilian government of Zardari. In the end, however, Zardari backtracked: Under the pressure of the U.S. and the opposition as well as the growing discontent of the middle class, he decided to reinstall Mohammed Chaudhry in March 2009.<sup>40</sup> Zardari was confronted with signs of a civil revolt, as tens of thousand of opposition supporters joined the lawyers' long march in Lahore to move towards Islamabad.<sup>41</sup> His decision to restore the judges was made under pressure, not because of a genuine will to overcome the existing restrictions of the judiciary. Far from being a genuine democratic leader, he has prohibited public criticism, acting in certain ways worse than his dictatorial predecessor General Musharraf: Hopes and promises of change were hardly fulfilled, just as after the military coup of 1999 that had seemed to end the decade of ineffective Post-Zia rule by the equally corrupt governments of Nawaz Sharif and Benazir Bhutto. The re-emergence of those actors on the political stage after Musharraf's resignation exemplifies that social change through the existing parties cannot be seriously expected.

#### II.4. Corruption

Corruption has been one of the most crucial problems in Pakistan since its foundation in 1947 and remains a major obstacle for the political and economic development of the country to this day. Petty corruption in the form of bribery is prevalent in law enforcement, procurement and the provision of public services.<sup>42</sup> Widespread financial and political corruption, nepotism, and misuse of power are commonplace in Pakistan. The Corruption Perception Index (CPI) of Transparency International (TI) ranked Pakistan 134 of 180<sup>43</sup>, on TI's Bribe Payer Index the country performed even worse.<sup>44</sup> 72% of the Pakistanis assessed the actions of the government in fighting corruption as very ineffective.<sup>45</sup> The Global Competitiveness Report (2007-2008) issued by the World Economic Forum mentions corruption as the third greatest problem for companies doing business in Pakistan, after government bureaucracy and poor infrastructure. 40% of all companies identify corruption as their major concern<sup>46</sup> and 44% reported that they had to pay a bribe to obtain a service, especially to get access to electricity.<sup>47</sup> "When it came to the tax authorities of the coun-

*Petty corruption in the form of bribery is prevalent in law enforcement, procurement and the provision of public services.*

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stan. But, these hopes were deceptive: Instead, the coalition of PPP, the party of Zardari, and the PML-N, led by Nawaz Sharif collapsed five months after the election in 2008 and only one week after the resignation of Musharraf in August 2008 because the agreed restoration of the judges was refused by the PPP. Since then, Sharif acts as the leader of the opposition and is deeply involved in the lawyers' movement and the protest activities against the government in March 2009. After the consent of the government to reinstall the Chief of Justice Mohammed Chaudhry, Nawaz Sharif decided to call off the long march as the highlight of the protest activities.<sup>39</sup> The government hopes to calm down the political opposition lead by Sharif and the civil protest movement. The agreement between the opposition and Zardari resulting in the reinstallation of Chief of Justice Iftikhar Muhammad Chaudhry showed an action of good development.

<sup>40</sup> In this case, the High Council imposed a ban acting actively in politics in February 2009 and followed by riots of Sharif's partisans against police men in Lahore in March 2009.

<sup>41</sup> See Government agrees to reinstate Iftikhar Chaudhry, in: *The Dawn online*, accessed March 16, 2009.

<sup>42</sup> See U4 Expert Answer, Overview of corruption in Pakistan, U4 Antic-corruption Resource Centre, <http://www.u4.no>, accessed March 16, 2009.

<sup>43</sup> See Corruption Perception Index (2008), Transparency International, <http://www.transparency.de/>, accessed March 16, 2009.

<sup>44</sup> See Transparency International, Bribe Payers Index 2008.

<sup>45</sup> Ibid.

<sup>46</sup> See World Economic Forum's Global Competitiveness Report (2007-2008), World Economic Forum, <http://www.weforum.org>, accessed January 19, 2009.

<sup>47</sup> See Global Corruption Barometer 2007, Transparency International, <http://www.transparency.org>, accessed February 12, 2009.

try, nearly every respondent (99 percent) had encountered corruption.”<sup>48</sup> In 2006, a TI survey stated that those government agencies that embody the three major needs of security, public services and justice were perceived as the most corrupt, namely the police (64%), the power sector (11%) and the judiciary (9%). **The public sector has too many underpaid public officers, policemen and judges who are dependent on bribes to earn “extra” money.** “Police officers are frequently facing conflicts of interest due to personal loyalties and family connections. It is also well known that in Pakistan, influential landlords decide the appointment of law enforcement officers in their area (...).”<sup>49</sup> The situation is the same with judges: 96% of people who had come into contact with judges stated that they have encountered corruption and 44% have had to bribe a court official. It remains unclear if a general process of rethinking will take place after the reinstallation of Chaudhry. A change at the top does not necessarily affect the prevalent mentality and practices at the local level. The taxes and public finance administration is also deeply affected by corruption. Widespread collusion between taxpayers and tax officials lead to tax evasion.<sup>50</sup>

**The reasons why public officers are willing to accept personal and financial benefits are obvious, since salaries are very low and there are 100 times more junior-level civil servants than senior officers who willingly engage in petty abuses.**<sup>51</sup> Corruption is perceived as widespread, systemic and deeply entrenched at all levels of society and government. Even though corruption is not treated a taboo, legal action is usually undertaken against low-ranking officials solely, while the political and administrative elites elude persecution for political reasons.<sup>52</sup> “In the absence of the rule of law and a credible independent judiciary, Pakistan will remain crippled by corruption.”<sup>53</sup>

Pakistan has enacted several counter-strategies and created two institutions to fight corruption. The Prevention of Corruption Act of 1947 (PCA), the Pakistan Penal Code of 1960 (PPC) and the National Accountability Ordinance of 1999 (NAO) provide the judicial basis. Pakistan has ratified the UN Convention against Corruption (UNCAC) in 2007 and endorsed the ADB-OECD Anti-Corruption Action Plan in 2001. The National Accountability Bureau (NAB) implemented the National Anti-corruption strategy (NACS) in 2002. By and large, however, those schemes are a mere political gesture without any practical meaning. **So far, there is no effective system to prevent or to punish corruption.** Political will is clearly missing in the NAB, the main anti-corruption body of the country. Although its status is defined as independent of every political actor, the military seeks influence in the NAB. Traditionally its chairman has been appointed by the President from among senior military officials.

The primary targets are petty civil servants and business people, while high-ranking military and security personnel go with impunity.<sup>54</sup> Besides NAB, the *wafaqi mohtasib* (ombudsman) was empowered in 1983 to investigate and award compensation to those who have suffered loss or damage as a result of poor administration for a period of four years. Installed as an ancient Islamic instrument against injustice by (state) authorities, the *mohtasib* can be seen as an Islamic element of anti-corruption. However, just like the NAB he acts without strong impact or efficiency, especially when persecuting high officials.

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<sup>48</sup> See U4 Expert Answer, Overview of corruption in Pakistan, U4 Antic-corruption Resource Centre, <http://www.u4.no>, accessed March 16, 2009.

<sup>49</sup> Ibid.

<sup>50</sup> See OECD, [www.oecd.org](http://www.oecd.org), March 19, 2009.

<sup>51</sup> See U4 Expert Answer, Overview of corruption in Pakistan, U4 Antic-corruption Resource Centre, <http://www.u4.no>, accessed March 16, 2009.

<sup>52</sup> In 2007, former president Musharraf decided to grant immunity to corrupt ministers and parliamentarians.

<sup>53</sup> See U4 Expert Answer, Overview of corruption in Pakistan, U4 Antic-corruption Resource Centre, <http://www.u4.no>, accessed March 16, 2009.

<sup>54</sup> Ibid.

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Rising poverty, the feudal structures, the lack of judicial independence and accountability are factors further promoting corruption. “The true scourge of the country is not religious fanaticism, nor military dictatorship, nor civilian corruption, but a deeply ingrained system in which political leadership is defined as the bartering of national sovereignty and public interest for personal power and wealth.”<sup>55</sup>

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<sup>55</sup> Mahboob Mahmood, A New Beginning for Pakistan: America's Strategy for Success, March 23, 2009, unpublished, p.9.

### III. ECONOMIC SITUATION

The deteriorating political situation is one of several crises Pakistan is facing. The prediction of a potential collapse of Pakistan results from the combined security threats and the economic recession of recent times. Pakistan's economy is currently under severe strain and requires immediate outside support as well as inner reform to meet present and future challenges. **Due to inherent structural problems, aggravated by the slowdown of global financial markets, all major economic targets of the government were missed in 2008.** However, the direct impacts of the financial crisis were minimal; it is an internal crisis.<sup>56</sup> The social ramifications of a further decrease in economic growth and investment will entail a rise in poverty and unemployment.

Today, the international community is almost bound to grant financial assistance to the Pakistani government in order to stabilize the country. **However, after years of mismanagement of development assistance funds, international donors react with reservation and even mistrust to the shopping lists of Pakistani government officials.** This, however, does not change the fact that several economic sectors apart from infrastructure are in urgent need of help:

- **Agriculture:** Traditionally, agriculture has been the backbone of Pakistan's economy and provided the basis of subsistence for the rural population. However, scarcity of farmland, waterlogging, unproductivity and salinity of land present crucial problems. **Great parts of the rural population are forced to abandon their lands in the hope of improving their economic status in urban areas.** Continued slow and increasingly unstable growth will probably be accompanied by further inequality in rural income distribution and rising poverty. Particularly FATA and Balochistan are centres of agriculture, but they suffer from instability, meagre infrastructure development and insufficient implementation of agricultural reforms.
- **Water management:** Shortage of water significantly compromises living conditions. As the groundwater level is continuously decreasing, the availability of surface water will rapidly decline until 2015. Adding to this, degradation of pasture lands, the significant reduction of agricultural and economic activities will mostly affect the poor and marginalized sections of the society.
- **Education:** Insufficient access to the state schooling system and the poor quality of educational standards account for the main structural deficits on the supply side. **The traditionally bad reputation of any official institutions and mistrust towards girls' education inform the demand side for formal education on the part of the people.** All this leads to low school attendance and an illiteracy rate of at least 50% as visible results of the educational crisis. *Madrasas* are a cheap alternative to obtain any formal education, but involve the danger of radicalising the pupils, as described in chapter II.
- **Technical and Vocational Education and Training (TVET):** Vocational training facilities suffer from similar structural deficits as the basic schooling system. A

*Traditionally, agriculture has been the backbone of Pakistan's economy and provided the basis of subsistence for the rural population.*

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<sup>56</sup> See S. Akbar Zaidi, A New Democracy and Many Old Wars: One year of Democracy in Pakistan, speech held at Zentrum Moderner Orient (ZMO) in Berlin, April 23, 2009.

major drawback in this sector is the poor congruence between vocational training and local industry requirements.

- **Energy:** Pakistan suffers from extensive power shortage, a low electrification rate of 50% and a projected rise in energy demand of 1,000 MW per year. These deficits can hardly be compensated by building more conventional power plants because of the immense fossil fuel and gas imports that burden the national budget significantly. **Pakistan has to restructure its energy policies. Renewable energies (RE) might be a sustainable alternative for the future.** Despite huge natural potentials for hydropower, wind and solar energy, the share of RE is still less than 1%. The government has so far not implemented an efficient strategy to further explore potentials and support investments in RE.

### III.1. Economic turmoil: Figures of disaster

After times of impressive GDP growth, Pakistan's economy has plunged into a tremendous turmoil in 2008-2009.<sup>57</sup> **Insecurity, political disruptions, energy shortages, crop failure, rising commodity prices, low capital inflow and weak investment demand preceded the downturn and hamper recovery.** Modest progress in the privatisation process that began in 2002 was compromised by the negative impacts of the current crisis. Today, Pakistan's economy is on the verge of collapse:

- Growth slowed down in FY08 to 3.5%, the lowest level in eight years. GDP is projected to grow slowly in 2009 and 2010 by 4.2% and 4.7% respectively.

*Development of GDP (in %)*

2001	2002	2003	2004	2005	2006	2007	2008	2009
2.0%	3.2%	4.8%	7.4%	7.7%	6.9%	6.4%	5.8%	3.5%

*Source: bfai*

- The current account deficit rose to 8.4% of GDP in FY08 compared to 4.8% in FY07.<sup>58</sup>
- Instead of the officially projected 23.8% of GDP, investment amounted only to 21.6% of GDP.
- Growth fell to a record low of 1.5% in the agriculture sector and the growth in the industrial sector presumably declined to 4.6% compared to 8.0% in FY07. Only the service sector recorded a modest growth of 8.2% in FY08 compared to the 7.6% in FY07.<sup>59</sup>
- Pakistan has the fifth highest inflation rate in the world<sup>60</sup> and is the only country in the region whose inflation rate is higher than its GDP growth.<sup>61</sup> Inflation rose from 7.7% in 2007 to 20.8% in 2008.<sup>62</sup> For 2009, inflation is officially projected to decline by 16-17%, and for 2010 by 6%<sup>63</sup>.

<sup>57</sup> As Pakistan's economy had shown an extraordinary growth of 6.0% in 2007-2008, the country was placed among the third fastest growing economies in Asia after China and Singapore.

<sup>58</sup> See Yousuf Nazar, *The Gathering Storm. Pakistan: Political Economy of a Security State*, Karachi 2008, S. 9.

<sup>59</sup> See <http://www.brecorder.com>, December 7, 2008, accessed February 3, 2009.

<sup>60</sup> See Yousuf Nazar, *The Gathering Storm. Pakistan: Political Economy of a Security State*, Karachi 2008, S. 7.

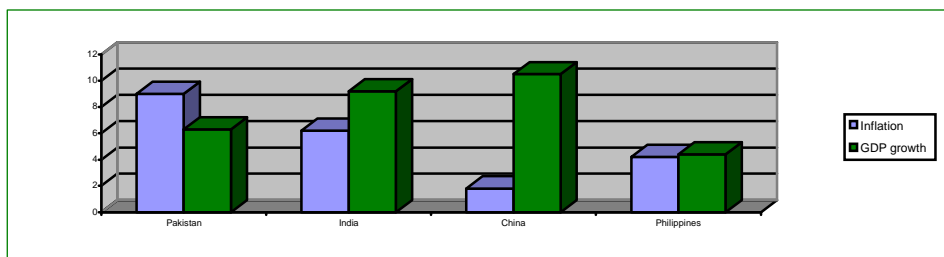
<sup>61</sup> See <http://www.paktribune.com>, February 3, 2009.

<sup>62</sup> See <http://www.bmz.de>.

<sup>63</sup> See Germany Trade and Invest, <http://www.gtai.de>, accessed April 12, 2009.

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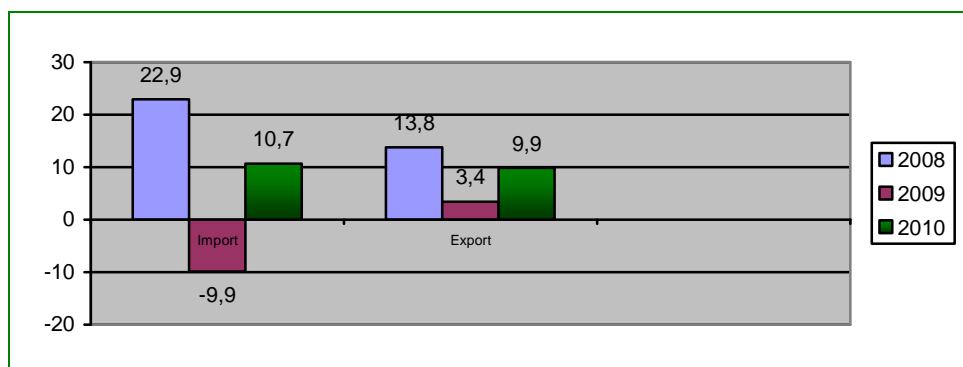
*Inflation and GDP Growth 2006*



Source: Nazar, Yousuf, *The Gathering Storm. Pakistan: Political Economy of a Security State*, Karachi 2008, p. 87

- A balance of payment crisis forced the Pakistani government to apply for a conditional loan program with the IMF, resulting in an initial grant of 7.6 billion USD in late 2008.
- At the beginning of 2008 the current account deficit amounted to 6 billion USD. The government aims to limit deficit for 2008/2009 to 7 billion USD (a share of 4.2% of GDP).
- The foreign exchange reserves decreased from 16.7 billion USD in October 2007 to 9 billion USD in February 2009.<sup>64</sup> Without IMF financial assistance, Pakistan will not be able to repay its external debts that rose from 34.04 billion USD in 2005 to 49.16 billion USD in 2008.
- Pakistan is a net-oil-importer (oil amounted to 28% of total imports in FY 2008<sup>65</sup>).
- External demand in Pakistan's textile sector, which accounts for 60% of export revenues, fell and led to a rise of the export deficit to 8.4% of GDP. The estimated growth rates for imports in the year 2009 show a negative growth of -9.9% (compared to 22.9% in 2008), and are estimated to hesitantly stabilize in 2010 with a positive growth of 10.7%. The export rate will fall from 13.8% in 2008 to 3.4% in 2009, and is projected to rise again until 2010 up to 9.9%.<sup>66</sup> With imports worth 35.38 billion USD and exports totalling at 20.62 billion USD in 2008, the trade deficit reached 14.76 billion USD in 2008.<sup>67</sup>

*Economic Data (changes in %)*



Source: Bfai.

<sup>64</sup> See Investitionen statt Kredite von den „Freunden Pakistans“. Infrastruktur, Energieversorgung und Landwirtschaft potenzielle Felder für Investoren, Germany Trade & Invest, December 22, 2008.

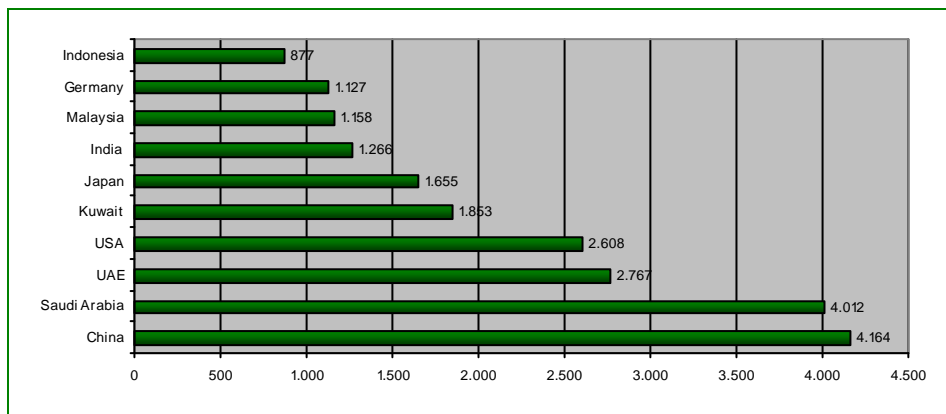
<sup>65</sup> See Yousuf Nazar, *The Gathering Storm. Pakistan: Political Economy of a Security State*, Karachi 2008, p. 13.

<sup>66</sup> See Bfai.

<sup>67</sup> See Federal Ministry for Economic Cooperation and Development, <http://www.bmz.de>, accessed March 2009.

## OPPORTUNITIES FOR INCREASED GERMAN-GULF COOPERATION IN SUPPORT OF SECURITY AND STABILITY IN PAKISTAN

*Main Supplier Countries 2007 (in million USD)*



### III.2. Poverty and unemployment: The scourge of the Pakistanis

According to a World Bank report, Pakistan is one of 43 developing countries (DC), which have been highly exposed to poverty effects arising out of Pakistan's financial crisis.<sup>68</sup> Over two-thirds of all Pakistanis live on less than two USD a day, the average total family income amounts to 429 USD. Thus, 64 million people were living below the poverty line in 2008, compared to 35.5 million in 2005 compared with the Millennium Development Goals (MDG).<sup>69</sup> 45-50% of the rural population, which account for 65% of the total population, must be defined as poor.<sup>70</sup> Poverty rates in urban areas are lower, but still significantly higher than in other South Asian countries: While the average share of the poor population out of the total population is 29% in South Asia, it is approximately 36% in Pakistan (2007).

#### *Main Indicators of Poverty: Overview*

Share of population with less than USD 2 per day	74% (2007)
Malnourished population	24% (2005)
Public spending for education	2.3% (2002-2005)
Share of students in primary school	68% (2005)
Share of illiteracy	57% (2003)
Infant mortality	10% (2005)
Public spending for health care	0.4% of GDP (2004)
Annual population growth rate	2.0% (2005-2007)
Percentage of population in urban areas	35.0% (2006)
Percentage of population living below the national poverty line	23.9% (2004)
Under-5 mortality rate per 1,000 live births	97 (2006)
Percentage of population having access to an improved drinking water source	91 (2004)

Underdevelopment and poverty are aggravated by rising unemployment rates. During the economic boom, official rates recorded a decrease in unemployment from 8.3% in 2002 to 5.3% in 2007. However, due to the global financial crisis, unemployment is projected to rise rapidly. Hundreds of thousands of unskilled Pakistani workers lost their jobs in the construction sector in the Gulf States and are bound to return to

Pakistan. The domestic labour market, however, is hardly prepared to absorb them. An average population growth of 2.3% presents similar challenges for the future.

<sup>68</sup> See Jump in Poverty Level, in: *Business Recorder*, <http://www.brecorder.com>, February 18, 2009, accessed April 3, 2009.

<sup>69</sup> Ibid.

<sup>70</sup> The official statistics showed a decrease from 39.3% in 2001 to 27% in 2006 for the same matter. In urban areas the share of poor people decreased in the same period from 22.7% to 13.1%.

### III.3. Agriculture

The agricultural sector has been deteriorating in recent years: It contributed 26.7% of GDP in 1997 and decreased to 22% by 2007.<sup>71</sup> The situation in the agricultural sector has been worsened by several factors:

- **Scarcity of areas for cultivation:** 35.2 million hectares (59%) out of a total 59.4 million hectares are suitable for agriculture. The actual cultivated area amounts to about 22.1 million hectares (63%). Around 2.5 million hectares (about 10%) are severely affected by salinity (water table is within 152 cm of the surface), while another 2.5 million hectares or 10% of the area is moderately affected (water table is within 305 cm).
- **Decrease in waterlogged area:** Due to droughts, the waterlogged area has fallen by about 50% since 2000. As further expansion of the cultivated area is unlikely, the per capita availability of cultivated land, about 0.16 hectares in 1999/2000, is predicted to decrease to about 0.12 hectares per capita in another 10 years, if the present population growth continues.

*Freshwater Availability in Selected Developing Member Countries (DMC)*

Country	Total annual water resources (billion m <sup>3</sup> )	Per capita (m <sup>3</sup> )
Afghanistan	65.0	2,986
Bangladesh	1,210.6	8,808
India	1,907.8	1,891
Myanmar	165.0	3,456
Pakistan	255.0	1,805
Thailand	409.9	6,526

Source: Greer, Raymond, Jagirdar, Syed A. Husaini, *Evaluation of the Agriculture and Natural Resources Management Sector, Operations Evaluation Department Asian Development Bank, 2006.*

- **Migration:** Urban migration underlines the severe infrastructural deficits of the rural economy. The main push factor for urban migration, however, is considered to be the lack of non-agricultural investment in rural areas to absorb surplus labour.<sup>72</sup>
- **Food insecurity:** Pakistan suffers from tremendous food insecurity. 21 million of the 56 million rural Pakistanis in 95 of 121 districts suffer from food malnutrition, hunger or disease. In Balochistan, 20 out of 25 districts, in Sindh 6 out of 17 districts, in NWFP 5 out of 20, and in Punjab 25 out of 34 districts with urban populations are facing serious food shortages. The area of arable land decreases day by day due to sparse and inefficient irrigation systems. Inefficient waste management and rising pollution accelerate the effects of climate change. Continued deforestation and salinisation aggravate the damages caused by floods and avalanches on agricultural farmland.<sup>73</sup> As a result of the accompanying urban migration, agricultural production did not match the average population growth of 2.2% between 1999/2000 and 2006/07.<sup>74</sup>

<sup>71</sup> Faryal Leghari, *GCC Investments in Pakistan and Future Trends*, January 2007, <http://www.grc.ae>, accessed February 27, 2009.

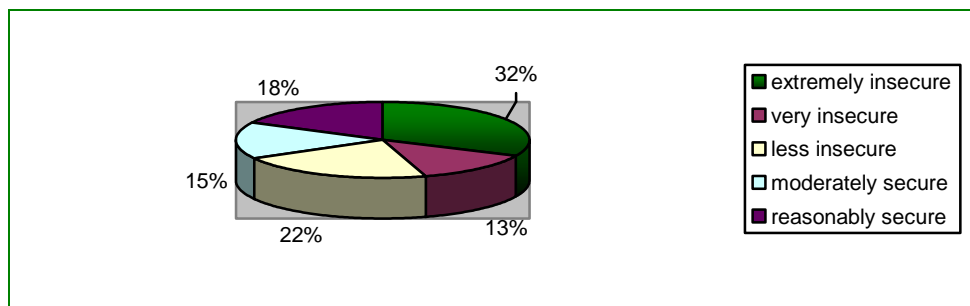
<sup>72</sup> See Raymond Greer, Syed A. Husaini Jagirdar, *Evaluation of the Agriculture and Natural Resources Management Sector, Operations Evaluation Department Asian Development Bank 2006.*

<sup>73</sup> See *Accelerating Economic Growth and Reducing Poverty: The Road Ahead*, Poverty Reduction Strategy Paper, Government of Pakistan, Ministry of Finance, December 2003.

<sup>74</sup> See Yousuf Nazar, *The Gathering Storm. Pakistan: Political Economy of a Security State*, Karachi 2008, p. 16: Thus, the production increase of cotton was only 1.63%, wheat 1.23%, rice 0.59% and sugar cane 1.87%.

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*Food Security in Pakistan Provinces (in %)*



Source: SDPI, *Food Insecurity in rural Pakistan 2003*, [www.sdpi.org](http://www.sdpi.org), 5.3.2009.

FATA, NWFP and Balochistan heavily depend on the agricultural sector, and are severely underdeveloped. In Balochistan, agriculture accounts for 60% of economic activity. Both crops and livestock are critical to rural livelihoods and contribute about 62% and 38% of gross farm income, respectively. Balochistan, which covers about 44% of all Pakistan, has only a population of 7.8 million of whom the number of people living below the poverty line, however, is significantly higher than the national average.<sup>75</sup>

Conditions are even worse in FATA and NWFP where insecurity and ongoing warfare has forced hundreds of thousands to flee their villages. The agricultural sector, that offers one of very few job opportunities for the population of FATA and NWFP, has been severely hit by the latest security escalations.<sup>76</sup> While agricultural production has almost come to a standstill, commodity prices are on the rise. In major towns of Swat, the price of wheat flour was 100% higher than in Peshawar (0.75 USD per kg) before the turmoil.<sup>77</sup>

*Land Use in Pakistan (2006/07)*

Category	Area (million hectares)
Geographical area	78.6
Area suitable for agriculture	27.6
Cultivated area (irrigated)	21.7
Area under irrigation	19.3
Additional area that can be brought under irrigated agriculture	8.2

- Large land holdings:** Nowadays, there are about 6.3 million farm owners in the country with an average farm size of 3.23 hectares. Livestock farming provides 25-30% of the income of small farmers and landless livestock producers. This is why small farmers who combine livestock with crop production generate an income twice as high as usual.<sup>78</sup> About 87% of farmers have small farms of less than 5 hectares, amounting to 39% of the farm land; 8% of farmers are in the medium-size category (5 to 10 hectares) owning 16% of all farmland; while 5% of all farmers with more than 10 hectares own

<sup>75</sup> See Syed Fazl-e-Haider, Higher poverty in Balochistan, in: *The Dawn online*, <http://www.dawn.com>, February 6, 2006, accessed March 27, 2009: Only 20% have an access to safe drinking water compared to 86% in the rest of Pakistan. Village electrification is only 25% compared to 75% in the rest of the country. Infant mortality rate per 1,000 people is 108 as against the national rate of 100.

<sup>76</sup> See „Das IRK rechnet mit dem Schlimmsten in Pakistan“, in: *NZZ online*, May 7, 2009, [www.nzz.ch](http://www.nzz.ch), accessed May 8, 2009.

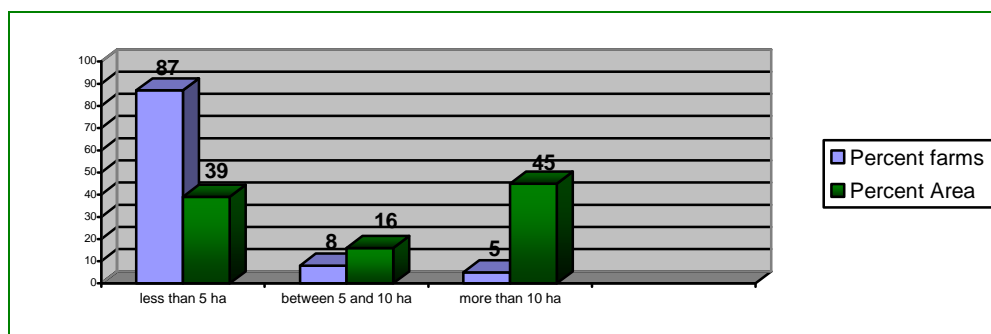
<sup>77</sup> See Investitionen statt Kredite von den „Freunden Pakistans“. Infrastruktur, Energieversorgung und Landwirtschaft potenzielle Felder für Investoren, Germany Trade & Invest, December 22, 2008.

<sup>78</sup> See Accelerating Economic Growth and Reducing Poverty: The Road Ahead, Poverty Reduction Strategy Paper, Government of Pakistan, Ministry of Finance, December 2003.

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45% of the total area.<sup>79</sup> This demonstrates an imbalance between ownership and area size that mirrors the feudal structures described in chapter II.

### *Structure of Land Ownership*



*Source: Raymond Greer, Syed A. Husaini Jagirdar, Evaluation of the Agriculture and Natural Resources Management Sector, Operations Evaluation Department Asian Development Bank, 2006.*

### III.4. Water management

Water shortage in Pakistan is reaching critical dimensions. The main problems pertain to inadequate water delivery, water pricing and renewal of obsolete infrastructure. Access to clean water has decreased from 69% in 2002 to 66% in 2008 – much lower than in most South Asian countries. The annual diversion of water from the rivers into the surface irrigation system is about 114 billion m<sup>3</sup>. However, only about 45 billion m<sup>3</sup> actually reach the root zone of crops. The remaining 69 billion m<sup>3</sup> are lost due to canal leakages, spillage, breaches and watercourse losses.<sup>80</sup>

#### *Freshwater Availability in Selected Developing Member Countries (DMC)*

Country	Total annual water resources (billion m <sup>3</sup> )	Per capita (m <sup>3</sup> )
Afghanistan	65.0	2,986
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*Source: Raymond Greer, Syed A. Husaini Jagirdar, Evaluation of the Agriculture and Natural Resources Management Sector, Operations Evaluation Department Asian Development Bank, 2006.*

The percentage of population with access to improved sanitation (sewerage and drainage) increased from 30% in 1990/91 to 41% in 2002/03 which is still less than half of the total population.<sup>81</sup> Groundwater accounts for about 40% of the total water available for irrigation. Population growth reduces the availability of surface water and is projected to decline to 1,000 m<sup>3</sup> per capita per year by 2010 and 800 m<sup>3</sup> in 2015.

<sup>79</sup> See Raymond Greer, Syed A. Husaini Jagirdar, Evaluation of the Agriculture and Natural Resources Management Sector, Operations Evaluation Department Asian Development Bank 2006.

<sup>80</sup> See Akmal Hussein, Pakistan. Human Development Report 2003. Poverty, Growth and Governance, United Nations Development Programme 2003.

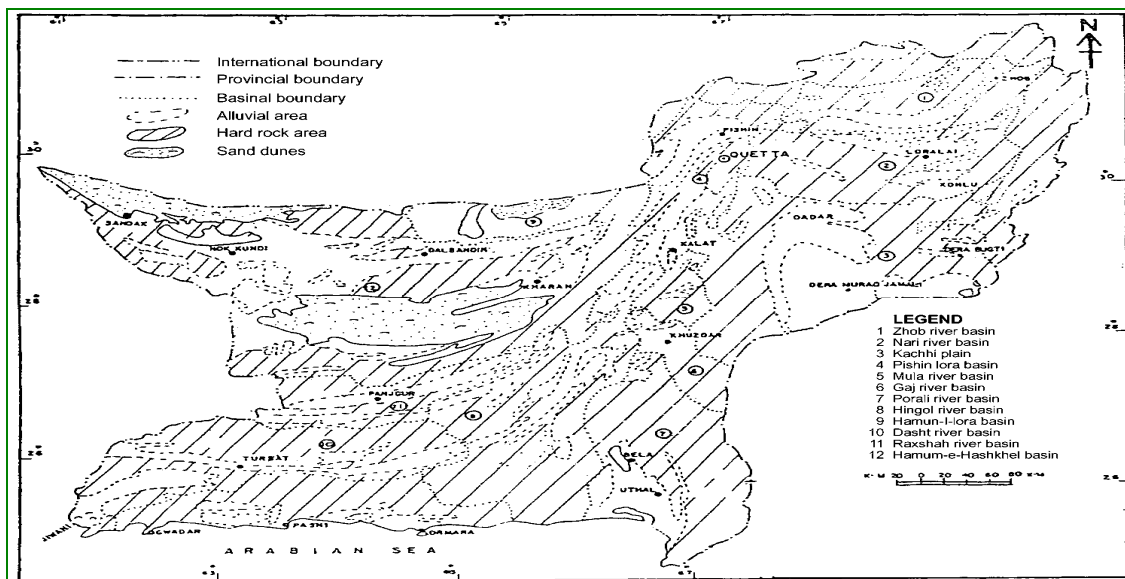
<sup>81</sup> See Asian Development Bank (ADB), Country Strategy and Program Update 2006-2008, Pakistan, August 2005.

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Although water shortages occur in every region of Pakistan, the situation in Balochistan is particularly critical. The annual average rainfall is less than 200 mm. Until 1997, the irrigated area in the province was about 1.7 million hectares (about 5% of the total land area of 350,000 m<sup>3</sup>), of which 0.83 million hectares (50%) was irrigated by perennial irrigation and the rest by either flood diversion, spate irrigation (*sailaba*) or water harvesting (*kushkhaba*) systems. During the drought period in 1998-2004 the irrigated area shrank by more than 50%. This impacted local subsistence patterns, earning activities, and the natural resource base as irrigation and drinking resources dried up. Water availability in the Pishin Lora Basin (PLB), one of the major reservoirs in the region, was drastically reduced during the drought. The PLB is a river basin in Balochistan of 16,900 km<sup>2</sup> spreading over the five districts Pishin, Killa, Abdullah, Quetta, Mastung and Kalat reaching some 1.2 million people. Better management of these scarce resources remains a critical issue for rural development and poverty reduction in Balochistan. Orchards are often still irrigated by flooding entire fields, thereby reducing the efficiency of water usage to below 30%, whereas porous water pipes account for leakage losses of up to 45-50%. Despite a growing number of well installations from 8,063 in 1985 to 31,770 in 2002-03, the continued pumping of groundwater has depleted freshwater resources in many areas. In addition to these problems, high quality material and personnel is lacking, just as the genuine political commitment by the public sector to systematically address the water crisis in Balochistan.

*Orchards are often still irrigated by flooding entire fields, thereby reducing the efficiency of water usage to below 30%.*

### Water Basins in Balochistan



Source: Food and Agriculture Organisation of the United Nations (FAO)

### III.5. Education

In Pakistan's low-standard educational system, most education institutions are characterized by poor-quality teaching and learning, a dearth of qualified staff and a lack of incentives or accountability mechanisms to optimize the time and competencies of the existing staff. While the net primary enrolment rate increased from 47% in 2000/01 to 56% in 2007 (female 59%, male 72%), the official literacy rate which rose from 54% in

## OPPORTUNITIES FOR INCREASED GERMAN-GULF COOPERATION IN SUPPORT OF SECURITY AND STABILITY IN PAKISTAN

2004 to 62% in 2008 seems rather embellished. However, the numbers still expose a gap between the male (66.25%) and female (41.75%) literacy rate.<sup>82</sup>

There are remarkable differences between the several provinces and regions: While in the Islamabad Capital Territory 82% of the inhabitants are able to read and write, Balochistan records a 62.82% illiteracy rate and 90% of rural women in Balochistan are illiterate. No credible data exists for FATA, however, the illiteracy rate probably exceeds 80% and reaches up to 95% if the women of FATA are included.

### *The Education Levels of the Various Sections of Population*

Education level of major earner	in %
No education	73.6%
Primary	11.6%
Middle	5.0%
Matric	5.2%
Higher education	4.6

*Source: Akmal Hussein, Pakistan. Human Development Report 2003. Poverty, Growth and Governance, United Nations Development Programme 2003.*

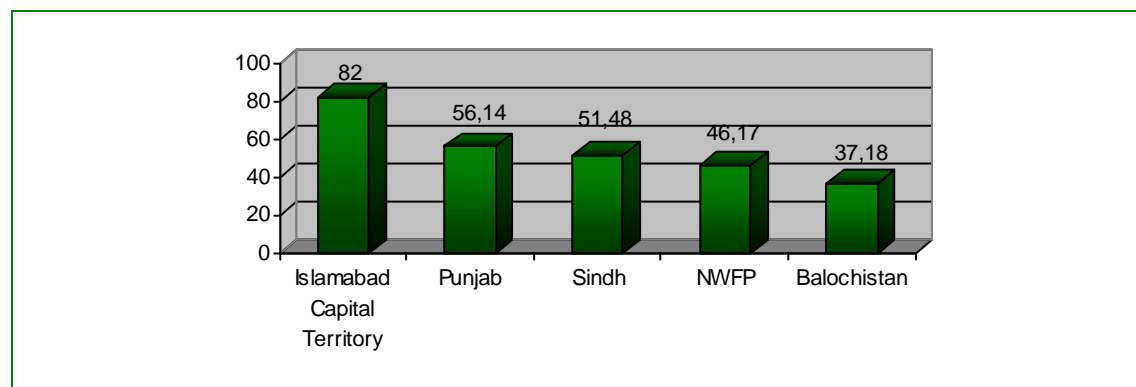
### *Number of Schools Divided by Grades (estimated)*

Primary schools	157,600
Middle schools	39,400
High schools	22,900
Inter & Degree colleges	1,208

### *Literacy Rate 10 Years and Above (in %)*

2001-02	2006-07	2007-08	2008-09	2009-10
47	62	65	68	71

### *Adult Literacy Rates: Provinces in 2004 (in %)*



*Source: Munir Ahmed Choudhry, Pakistan. Where and Who are the World's Illiterates?, April 2005, p.6.*

A closer look at the various districts within the provinces exposes the high fluctuations from district to district: Although in Punjab the average literacy rate is above 56%, underdeveloped districts like Rajanpur (28%), Muzaffargarh (33%), Dera Ghazi Khan (37%) and Rahimyar Khan (38%) suffer from low educational standards and high unemployment and the illiteracy rate correlates with these deficits. However, the province Punjab as a whole has the second-highest literacy rate in Pakistan. Similar differences can be observed in Sindh, where the districts Tharparker (19%), Thatta (24%), Jacobabad (28%) and Badin (28%) record the lowest literacy rates, and in Balochistan,

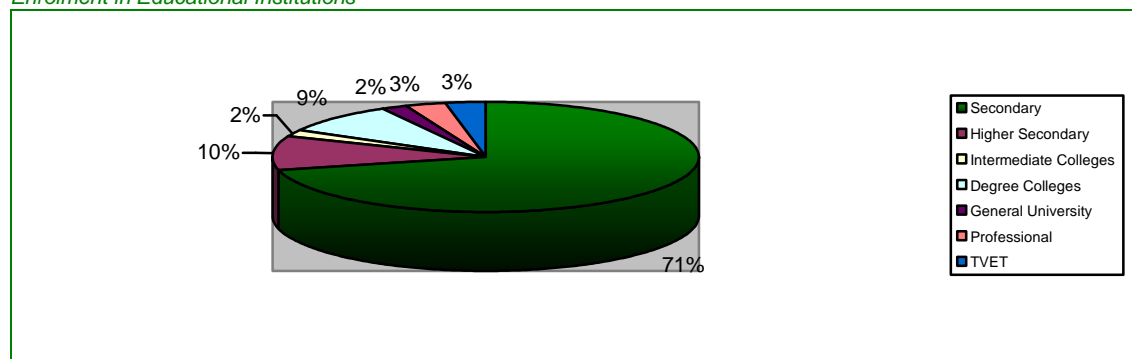
<sup>82</sup> See Munir Ahmed Choudhry, Pakistan. Where and Who are the World's Illiterates? April 2005, p.6. The gender gap is the largest for the age group 20 to 24, (40 percentage points), declines to 33 percentage points for the age group 15 to 19 and falls further to 22 percentage points for the age group 10 to 14.

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where Musa Khel (14%), Nasirabad (15%), Kohlu (17%), Jhal Magsi (17%), Kharan (19%), Awaran (20%), Bolan (21%), Killa Saifullah (24%) and Jaffarabad (25%) have literacy rate significantly below the provincial literacy rate of 37%. Positive examples are Karachi Central (90%), Karachi East (88%), Islamabad (86%) and Rawalpindi (79%)<sup>83</sup> – cities where the factor of poverty and extreme underdevelopment do not seem to seriously impact the general level of education and literacy.

In 2000, the Ministry of Education of Pakistan and the UNESCO prepared the “Education for All” Plan of Action 2001-2015 (EFA) that aims to raise adult literacy to 86% and aims particularly at reducing the gender gap in the literacy rate.<sup>84</sup> The costs add up to 3 billion USD for founding literacy centres, non-formal basic education schools (NFBES), vocational and trade schools and Quranic literacy centres. By doing this, state schooling institutions are to be redesigned and put in the position to compete with the services of the *madrasa* network. So far, however, the initiative has yielded only minimal results and has met with objections or, more often, indifference.

### Enrolment in Educational Institutions



Source: NAVTEC, *Skilling Pakistan. A Vision for the National Skills Strategy*, p. 19.

As a result of the tribal or traditional, rural conditions, 13 million of the 27 million children of primary school age (5-9) did not attend school in 2004.<sup>85</sup> This has several reasons:

- **High drop out rates:** High drop out rates are frequent with families who get pushed into acute poverty, forcing their children to pick up work to supplement household incomes. Culturally, many parents, especially fathers in the Pakistani patriarchal structure of society, object to expose their children to formal knowledge and authorities outside their own cultural framework.<sup>86</sup>
- **Income and educational gaps:** 47% of children from low-income families drop out of school before finishing primary school compared to only 23% of children from well-to-do families. High tuition fees for governmental schools render *madrastas* the only affordable alternative for low-income families. As a consequence, they have become a deeply established element of the Pakistani educational system.<sup>87</sup>

<sup>83</sup> Munir Ahmed Choudhry, Pakistan. Where and Who are the World's Illiterates? April 2005, p.7.

<sup>84</sup> In Phase I, from 2001 until February 2006 the literacy rate was supposed to rise up to 61% (male 71.5%, female 50.5%), whereas in Phase II, 2006/07-2010/11 an improvement to 68% (male 77%, female 65%) has been determined so far. Under favourable conditions, Phase III from 2010/11 to 2015/16, will achieve a literacy of 86%, both in the literacy rate for male and female.

<sup>85</sup> See Afke De Groot, Kristoffel Lieten, Primary Education, lagging behind, in: *IIAS Newsletter 49*, Autumn 2008, p.8f.

<sup>86</sup> See, Akmal Hussein, Pakistan. Human Development Report 2003. Poverty, Growth and Governance, United Nations Development Programme 2003.

<sup>87</sup> See International Crisis Group (ICG), Asia Report Nr. 130, Pakistan: Karachi's Madrasas and violent Extremism, March 29, 2007.

- **Absence of teachers:** Teachers are underpaid, schools under-equipped, and classes overcrowded. The profession of teacher is neither highly valued by society, nor adequately compensated. People often become teachers out of necessity, not out of conviction. Even if that is the case, their ambition to educate children is continuously frustrated, resulting in a lack of motivation and high absence rate. These reach up to 35%, especially in the provinces NWFP and Punjab.<sup>88</sup>
- **Lack in higher education:** While basic education or the lack thereof must, for all its social implications, be of prime concern, higher education similarly lags behind. In 2004/05, only 25% of Pakistanis in the matching age group was enrolled at universities, a number of 534,000. If enrolments for colleges are included, the share of the pupil action in higher education hardly reached 4%. Admission to universities is very selective and only 10% of those who manage to pass the main entrance examination are accepted. The academic standards at most universities are extremely low, and the administration of public universities suffers from ill-defined responsibilities and a lack of accountability. With less than 0.5% of the GDP spent on higher education, it is unlikely that Pakistan is seriously interested in or able to address these deficits.

### III.6. Technical and Vocational Education and Training (TVET)

Institutional deficits impair the vocational training infrastructure as well. According to official figures, a total of 1,647 TVET institutes operate in Pakistan.<sup>89</sup> However, only 314,864 students (3%) are enrolled in TVETs compared to 2.2 million in secondary colleges (71%). TVET institutes face manifold problems:

- **Geographical distribution:** In Punjab, NWFP, and Sindh 15, 28 and 29 sub-districts (*tehsils*) respectively do not have any TVET institutes.<sup>90</sup>
- **Marginalization of women:** The enrolment of women in TVET institutes is marginal. The rate of skilled female workers amounts to only 28.82% of the work force. Aside from cultural reasons, limited mobility and access to information exclude women from professional education and advancement.
- **Little congruity between local needs and TVET:** TVET enjoys little recognition in Pakistan and does neither prepare for nor meet the demand of the local labour market: "Rather than training according to the needs of the local economy, institutes tend to offer simply what they have traditionally taught, or have been directed to teach through some central decision."<sup>91</sup> Hardly any incentives exist to include the needs of the private sector in the curriculum. Only 288 TVET institutes operate in the private sector at all, educating only employees for their own firms. "Therefore (...) their skills are not formally recognised beyond the boundaries of the local company."<sup>92</sup>

*Manifold problems of TVET: Geographical distribution, marginalization of women, little congruity between local needs and TVET.*

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<sup>88</sup> See Afke De Groot, Kristoffel Lieten, Primary Education, lagging behind, in: *IIAS Newsletter 49*, Autumn 2008, p. 8f.

<sup>89</sup> See NAVTEC, *Skilling Pakistan. A Vision for the National Skills Strategy*, p. 4.

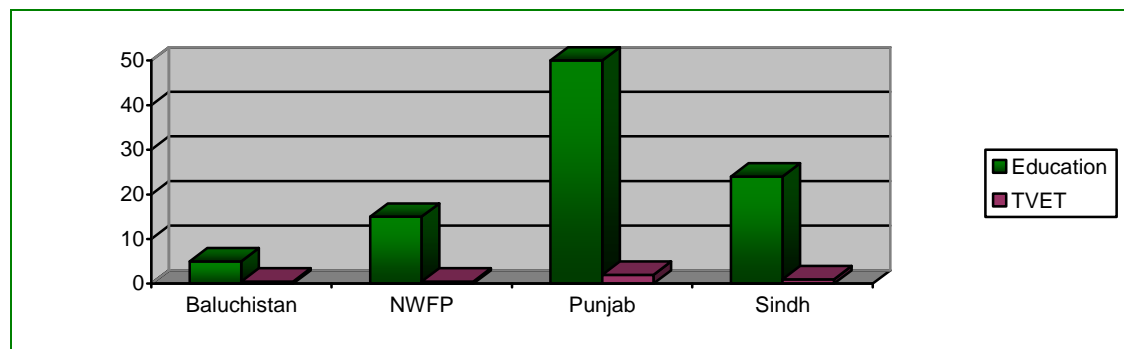
<sup>90</sup> See NAVTEC, *Skilling Pakistan. A Vision for the National Skills Strategy*, p. 16.

<sup>91</sup> *Ibid.*

<sup>92</sup> NAVTEC, *Skilling Pakistan. A Vision for the National Skills Strategy*, p. 9.

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Provincial Expenditure on Education and TVET (in million Rs.)



Source: NAVTEC, *Skilling Pakistan. A Vision for the National Skills Strategy*, p. 27. Provincial Budgetary Allocation for TVET

The National Vocational & Technical Education Commission (NAVTEC) developed a program named “Skilling Pakistan. A Vision for the National Skills Strategy” for the years 2008-2015 which focuses on sector skill councils, competency- based training, establishment of industry-specific centres of excellence, continued education for employed workers, a reform of the apprenticeship system, a strengthening of private-public-partnerships (PPP) and teacher training. But the improvements so far have been inadequate. However, just as with basic and higher education, tangible results and widespread acceptance can hardly be expected within only one year.

### III.7. Energy

Due to the immense losses in the grid, and the fluctuations in power generation and demand, “there is an urgent need to develop an overall energy policy including for alternative and renewable energy sources.”<sup>93</sup> Half of the national households, i. e. more than 80 million inhabitants, are not connected to the national grid, while most rural areas have no access to electric power at all. Additionally, de facto power generation frequently dips down by 25% to 30%. In 2004, Pakistan generated 80.2 billion kWh. While consumption was only at 74.6 billion kWh, the country still failed to meet the demand. Demographic pressure is expected to further exacerbate these supply disparities. **The dependence on oil imports and fluctuating prices, especially with imports from the Arab World, entails a range of problems for Pakistan’s economy, particularly in the context of the global financial crisis.** In 2006, Pakistan imported 8.6 million tons and spent a total of 6.65 billion USD on oil and in 2007 oil amounted to 28.4% of all imports.<sup>94</sup> Total energy imports in 2008 rose to approximately 10 billion USD from only 5 billion USD in 2005. The actual, present power production capacity amounts to 20,000 MW with oil, natural gas, and coal contributing 78%, hydroelectricity 12% and nuclear power plants for 1% of total capacity.<sup>95</sup> The share of renewable energies like solar and wind with less than 1% is minimal.<sup>96</sup>

*Half of the national households, i. e. more than 80 million inhabitants, are not connected to the national grid.*

<sup>93</sup> See Yousuf Nazar, *The Gathering Storm. Pakistan: Political Economy of a Security State*, Karachi 2008, p. 2.

<sup>94</sup> See Government of Pakistan, Ministry of Petroleum and Natural Resources, <http://www.pakistan.gov.pk>, March 9, 2009.

<sup>95</sup> See *Renewable Energy and Energy Efficiency in Pakistan*, published by the Embassy of the Federal Republic of Germany, Islamabad.

<sup>96</sup> See Energy Information Administration (EIA), *Pakistan Energy Profile 2008*, <http://www.eia.doe.gov>, accessed April 20, 2009.

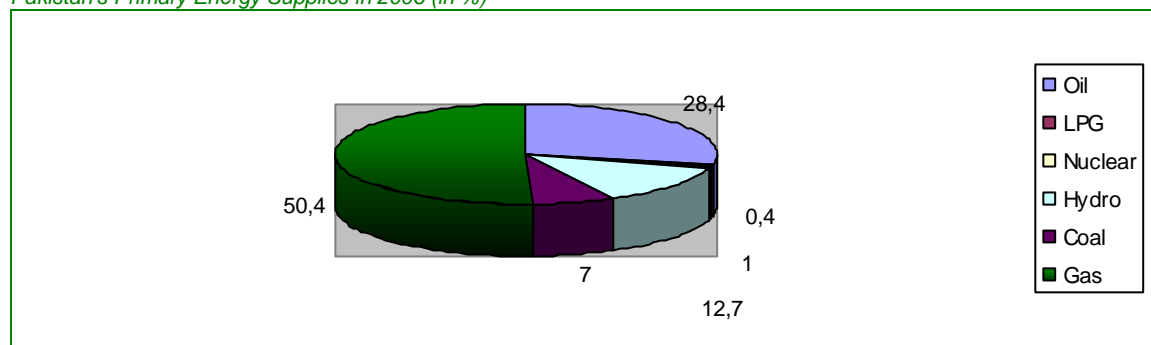
## OPPORTUNITIES FOR INCREASED GERMAN-GULF COOPERATION IN SUPPORT OF SECURITY AND STABILITY IN PAKISTAN

### *Renewable Energy Technologies: Installed Capacity in Pakistan*

Technology	installed	Unit Size
Biomass	5,357 units	3-15 m <sup>3</sup> /day
Microhydel HHLD	300 units (3 MW)	3-300 kW
Microhydel LHHH	550 kW	25-75 kW
Wind Mills	30 units	150-8,000 gph
Wind Turbines	134 units	0.3-0.5 kW
Photovoltaic	650 kW	5-56 kW
Solar Water Heaters	Limited production	Family size
Solar cookers	3,000 units	250-750 watts
Solar desalination	15,000 gal/day	250-6,000 gal/day

*Source: Pakistan Council of Renewable Energy Technologies.*

### *Pakistan's Primary Energy Supplies in 2006 (in %)*



*Source: See, Government of Pakistan, Ministry of Petroleum & Energy Resources, [http://www.pakistan.gov.pk/ministries/ContentInfo.jsp?MinID=44&cPath=764\\_767&ContentID=4834](http://www.pakistan.gov.pk/ministries/ContentInfo.jsp?MinID=44&cPath=764_767&ContentID=4834).*

However, the potential for renewable energy is promising, as the following list outlines:

#### *Hydropower:*

The potential capacity of hydropower has been estimated to reach 40,000 MW. Thus, hydropower is one of the most important energy sources apart from oil. So far, hydropower capacities have only been exploited unsustainably and inefficiently. Several dam projects with a total of 25,000 MW are planned, yet they are very costly and hard to implement in times of tight money policies.

#### *Solar:*

Despite its huge capacity potential of 2.9 million MW, solar power is still considered to be the most expensive type of RE, and just like vocational training and local expertise, it is rare to non-existent. Solar energy may be used either to generate hot water, heat and steam, or for immediate electricity generation. Positive experiences have been made with solar-powered fruit drying, e.g. with the drying of apricots in the mountainous regions Gilgit and Sakardu. Besides, solar power may help to alleviate the enormous problems in the agricultural sector caused by salination, especially in Balochistan, Sindh and southern Punjab.

#### *Wind:*

Although Pakistan has great capacities for power generation through wind along the coastal areas of Sindh and Balochistan, only few wind turbines have been installed till

this day. However, Hyderabad, Sindh, parts of Balochistan and NWFP are expected to provide enough potential for small and medium-sized applications.

*Photovoltaic (PV):*

Especially in the desert regions of Sindh and Balochistan, PV technology can offer cheap electricity to private households an average capacity of 50-100 W. In comparison to diesel generators, PV cells are easier to install and to transport.

*Bio energy:*

The number of livestock in Pakistan indicates a bio gas potential of 16 million m<sup>3</sup> per day. The installation of biogas plants already began in the 1970s and so far 1,200 biogas plants have been installed with governmental subsidies.<sup>97</sup> Biomass, the most traditional energy source in Pakistan, is predominantly used by the rural population in the form of woods and shrubs, often collected by women. 61% of the rural population uses biomass, but only 29% of the households actually buy wood to satisfy their energy needs. This is quite different in urban areas: Here, 84% buy their wood and only 12% collect it.

The government announced its intention to increase the share of RE to 5% until 2030. In addition, the national grid is to be upgraded to supply 70% of the population in 2013, instead of only 60% in 2008. 6 billion USD of foreign investments are projected to fulfil these aims. However, no tangible results or even reliable data can be expected within the present decisions-making framework.<sup>98</sup>

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<sup>97</sup> See Pakistan Council of Renewable Energy Technologies, [www.pcret.gov.pk](http://www.pcret.gov.pk), accessed April 15, 2009.

<sup>98</sup> See Renewable Energy and Energy Efficiency in Pakistan, published by the Embassy of the Federal Republic of Germany, Islamabad: "From Germany's financial and technical contribution to the Multan-Lyallpur Transmission Line in 1966, to the Terbela Dam in 1985, the introduction of off-grid solar energy solutions in Balochistan and Sindh, as well as to wind power development in Sindh."

## IV. PAK-GCC RELATIONS

When it comes to Pakistan, a critical element in the search for viable approaches is the consideration of the immediate neighbourhood and the potential role of adjoining countries in taking on the burden of responsibility to promote such greater stability. But while the international community has attempted to debate the pros and cons of various strategies that have been developed in the halls of London or Washington, what has so far not been considered – or at least no feasible mechanisms have been found to activate such a constructive approach – is a broader, more flexible tactic that takes advantage of and draws upon the experience of the GCC States close to Pakistan/Afghanistan to highlight and examine in more detail what policies they have implemented, why they have pursued a particular line of policy, and what areas of cooperation might be available as a result.<sup>99</sup>

Pakistan and the GCC states<sup>100</sup>, especially Saudi Arabia and the United Arab Emirates (UAE) share a long-standing tradition of economic and cultural bonds and closely cooperate on security matters<sup>101</sup>. Many Pakistanis served in the police and armed forces of the GCC States; the states share similar political views regarding the situation in Israel/Palestine, Iraq and Afghanistan.<sup>102</sup> On the religious level, Islam is the deepest root of common cultural and ideological views between the Islamic Republic Pakistan and the Muslim states in the Gulf, especially Wahhabi Saudi Arabia. To sum it up, the relationship between Pakistan and the Gulf States can be generally described as trustworthy, stalwart and solid. Other important aspects of overlapping bi-regional interests are:

*The relationship between Pakistan and the Gulf States can be described as trustworthy, stalwart and solid.*

- the Gulf States' influence on Pakistan
- Pakistan: the "nuclear security umbrella" against Iran
- oil imports
- the economic relations between Pakistan and the Gulf States
- the Pakistani labour force in the Gulf States
- food security
- narcotics and human trafficking

However, the present security situation and rising militancy in Pakistan raise concerns in and pose a threat to the Gulf States. Out of geostrategic considerations and for economic and political reasons, the GCC States have an intrinsic interest in a stable Pakistani leadership. In all these instances it is necessary to start a broader strategic dialogue with the GCC authorities in order to obtain their assessment and gain their confidence to consider potential cooperative ventures. Unless consulted on the broader level and also with regard to other regional issues, there will be a sense that the Gulf States are only being brought in to help put out fires that the West cannot extinguish on its own. This will make any assistance half-hearted and therefore limited. For too long, the Gulf partners have not been engaged sufficiently by the international community on issues that increasingly have global, not just regional implications. This needs to

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<sup>99</sup> Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished.

<sup>100</sup> Member states are Saudi Arabia, Bahrain, Qatar, Kuwait, Oman, UAE. Oman and the Makran Coast of Pakistan lie only 400 km apart.

<sup>101</sup> See Faryal Leghari, Pakistan-Gulf Ties. The Strategic Aspects of a Critical Relationship, in: *Orient I/2009*, p. 39, Pervez Amirali Hoodhboy, Towards Theocracy? State and Society in Pakistan today, February 2009.

<sup>102</sup> However, it must be mentioned that common views of governments are rarely congruent with the ones of the general public. Indeed, the majority of the GCC governments as well as the Pakistani government are promoting stability and the peace process in Iraq or Afghanistan, but as mentioned above the societies are heterogeneous and often acting in opposite to their governments.

change and Pakistan is one of the primary areas where this needs to occur. Therefore, the close involvement of Muslim countries like Saudi Arabia is crucial to dispel hostility – rooted in anti-West feelings – towards development aid that is typically viewed as *haram* or blood money. Without such involvement, any attempt to improve the situation is not likely to lead to the desired results. An Islamic initiative will not only be openly welcomed but will also be protected by the local tribes from all attempts to deter such projects by the militant groups which are in alliance with terrorist organizations and are not in favour of improving the lives of local people in order to keep them drawn towards extremism.<sup>103</sup>

#### IV.1. The Gulf States' influence in Pakistan: Between indoctrination and security policy

Saudi Arabia maintains open lines of communication to all factions in Pakistan. Current President Asif Ali Zardari visited the kingdom in November 2008 shortly after assuming power, former Prime Minister Nawaz Sharif and Pakistan's current opposition leader spent nearly 10 years in exile in the kingdom before returning to his home country in late 2007, and even former President Pervez Musharraf held a meeting with King Abdullah in April 2009 despite being forced out of office. There is a constant two-way flow of visitors which indicates a close exchange of views on all issues with the aim of producing a common set of policy priorities. More importantly, these ties give Saudi Arabia an influence over the Pakistani leadership that no one else can claim to have.<sup>104</sup>

*The Taliban are seen as essential to maintain a strategic balance in the region as a whole given that they are the one force that Iran feels threatened by on its east.*

On the other hand, it should be remembered that the kingdom was one of only three countries – alongside Pakistan and the UAE – that recognized the Taliban government when it first seized power in Afghanistan in the 1990s and, on many fronts, a close relationship with the Taliban remains in place. For example, it was Saudi Arabia that managed to hold talks with all Afghan factions including the Taliban in September 2008 in order to try to resolve internal differences. At this stage, therefore, there is no reason to think that Saudi Arabia would agree to a crushing defeat of the Taliban or would follow the West in its policies *vis-à-vis* the Taliban. It is also in this context that the Saudis do not see the Taliban as terrorists; rather, their aim is to separate al-Qaeda elements from within the Taliban as well as to separate the tribal elements inside both Pakistan and Afghanistan from al-Qaeda influence.<sup>105</sup>

Furthermore, many of the Pakistani *madrasas* that receive financial support from GGC countries follow the Deobandi or Salafi schools that teach rigid interpretations of Islam, especially hostile towards women. Saudi Arabia in particular has been active propagating Wahhabism<sup>106</sup> around the world spending huge sums.<sup>107</sup> It sent thousands of missionaries to countries such as Pakistan, originally to foster a counterweight to the

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<sup>103</sup> Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished.

<sup>104</sup> Ibid.

<sup>105</sup> Ibid.

<sup>106</sup> Wahhabism was a reformist Islamic movement in the 18<sup>th</sup> century attributed to its religious founder Muhammad ibn Abd-al-Wahhab (1703-1792). Wahhabism as the fundamentalist, conservative and strict ideology of Saudi Arabia is based on the "pure" principles on Islam throughout Quran and Sunna, which are the only pure sources of knowledge, justice and development for Wahhabis. The rigid understanding of Islam as an Islamic denomination based on purging Islam of innovations, refusing and even chasing believers with other denominations or faith such as Shiis as *kuffar* (infidels) The Saudi religious system is historically based on the political power of the Sa'ud clan and the religious power of the Wahhabis.

<sup>107</sup> Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished.: "The relationship and the Saudi influence can be clearly seen throughout Pakistan, most visibly in the Faisal mosque in Islamabad, the fourth largest mosque in the world which was financed by the Kingdom."

Shiite Revolution in Iran. The expansion of Saudi-sponsored Wahhabism in Pakistan was tacitly supported by the United States with money, weapons, technical equipment and communication systems and accompanied by the Islamisation policies under Zia ul-Haq.

After 9/11, the terrorist threat by the Taliban in Afghanistan was taken serious, while *madrasas* that served as recruitment centres for Afghan and Pakistani radicals in Pakistan went unchecked. Past Saudi support for Wahhabi ideas and *jihadi* activists can be regarded as one root of evil for what is happening in Pakistan today. The *madrasa* is the primary vehicle for promoting militant jihad – a cultural process that has been termed “Saudisation”<sup>108</sup>. However, this hard to control activity backfired. Saudi Arabia is now facing the possible collapse of its ally Pakistan and the agitation of exiled anti-Saudi militants in Pakistan who do not restrict their criticism towards Pakistan and the West, but rather denounce the ruling monarchies of the Gulf States.

*The more rigid Wahhabism gradually displaced the traditional Sufi belief in Pakistan.*

The “Saudisation” of Pakistan is still supported by elements within the Pakistani army and the ISI, because of the support Saudi Arabia has been lending to the nuclear program since the days of Zia ul-Haq. Although enemies on the surface, the army, the ISI and radical Islamist groups are interlinked through their direct and indirect relationships with Saudi Arabia.<sup>109</sup> Different radical Islamist groups were, for example, utilized by the army in its war against India in Kashmir as an instrument of foreign policy.<sup>110</sup> As many experts have remarked, Pakistan is a cultural melting pot standing with “its back to India and with its face to the Arabian Peninsula.”<sup>111</sup>

Additionally, Wahhabism gradually displaced the traditional *Sufi* belief in Pakistan during the last decades. Pakistan was traditionally dominated by *Sufism*. A mystical and more tolerant religious interpretation of Islam, Sufism has been influenced and interspersed by syncretic religious practices and beliefs of Hinduism. Music, dancing and singing play an important role in Sufism – whereas they are a strict taboo for Wahhabis. Islamist groups are fighting a war against an enemy at hand (i. e. the government of Pakistan). Yet, at the same time, they fight a war against a more distant enemy in the Gulf States.<sup>112</sup> The fight of al-Qaeda against the West, especially the U.S., embodies the same phenomenon. The terrorist attacks on September 11, 2001 are the most famous symbol of the indirect struggle of the terrorists against their own governments such as the Kingdom in Saudi Arabia by attacking their main supporter, the U.S.

At present, Pakistan is in the same situation: *The jihad of Pakistani militant groups is directed against “infidels” like the U.S. but also against corrupt, western-orientated and immoral Muslim governments such as the UAE or Saudi Arabia (not against Wahhabism), whose rulers they call “pseudo-Muslims” or kuffar (infidels).* The practice of *takfir* (excommunication) serves to situate ruling regimes outside the fold of Islam and legitimates armed resistance against them. Political elites in Pakistan and in Saudi Ara-

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<sup>108</sup> See Pervez Hoodbhoy: The Saudi-isation of Pakistan, in: *Newsline online*, <http://www.newsline.com>, January 2009.

<sup>109</sup> See Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished: “To illustrate, the only person given access to the leader of the Red Mosque uprising in Pakistan in July 2007 before he was killed by the Pakistan security forces was a person from the Saudi embassy.” Furthermore, the former chief of the Saudi Intelligence Prince Turki Bin Faisal Al Saud has been one of the few persons who actually met several times with the extremely elusive Afghan Taliban leader Mullah Mohammad Omar. It is in this context that stories about Saudi Arabia offering asylum to Mullah Omar have to be viewed.

<sup>110</sup> See Pervez Amirali Hoodbhoy, Towards Theocracy? State and Society in Pakistan today, February 2009.

<sup>111</sup> Khálid Durán and Munir D. Ahmed, Pakistan, in: Werner Ende/Udo Steinbach (ed.), *Der Islam in der Gegenwart*, vol. 5, Munich 2005, p. 336.

<sup>112</sup> See Guido Steinberg, *Der nahe und der ferne Feind – Die Netzwerke des islamischen Terrorismus*, Munich 2005.

bia are aware that strong parallel religious structures they once had and sometimes are still nurturing can effectively make use of both leaderships' legitimisation deficits to preach disobedience and insurgency on a putative Islamic basis."<sup>113</sup>

On the other side, the Kingdom of Saudi Arabia does not blindly support the present Pakistani government: Zardari's past and his conviction on corruption charges have earned him a bad reputation and seed mistrust. Nawaz Sharif, the popular leader of the opposition party PML-N and the most important political rival of Zardari, whom Musharraf expelled due to corruption, found exile in Saudi Arabia and is regarded by many there as a more trustworthy political figure.<sup>114</sup>

*Vice versa, many Pakistanis display an ambivalent, often mistrustful attitude towards the Saudi Kingdom, especially towards the supposed "un-Islamic" behaviour of the ruling family. The Saudi rulers are considered immoral and decadent, rather attentive to the interests of their U.S. allies than to the wishes of the Saudi and Pakistani people. Pakistanis have a bad impression of their own government for just the same reason: To*

*them, both leaderships are synonymous with corrupt elites, having their own welfare closer to the heart than the welfare of their people. However, the Pakistani government differs in its view on Saudi Arabia: It trusts and values Saudi Arabia as a friend and partner and Pakistan will not have the concern that projects are being carried out with other ulterior motives in mind. Furthermore, the involvement of the kingdom is certain to*

*The involvement of the Kingdom is certain to mitigate the widespread hostility in the area towards western aid and the fears about a broader 'design' to subvert the people of the area from their religion and beliefs.*

*mitigate the widespread hostility in the area towards western aid and the fears about a broader 'design' to subvert the people of the area from their religion and beliefs. In fact, with Saudi involvement, the local community would perceive these projects as an Islamic initiative and therefore resist sabotage attempts by militants.<sup>115</sup>*

To take all these aspects into consideration, this also requires a prolonged diplomatic effort with Saudi Arabia prior to commencing with any action plans as the support throughout of the kingdom will be vital to the success of any mission.

Much like Saudi Arabia, the UAE express security concerns with respect to Pakistan. The presence of foreign workers from both Pakistan and India in the UAE may endanger the stability of the Emirates. The UAE has to reckon with the scenario that conflicts between two states will stimulate a proxy conflict among their respective communities in the UAE – a concern that gained momentum in the aftermath of the Mumbai terror attacks in late 2008.<sup>116</sup> Adding to the tension, Pakistanis are much more affected by mass job reductions resulting from the world financial crisis, since Indian workers occupy more qualified positions than the mostly unskilled Pakistanis. To expand the bilateral relationship, Zardari visited Sheikh Khalifa bin Zayed Al Nahyan shortly after his election in January 2009.<sup>117</sup> Bilateral relations are to some degree shaped by the personal experience of leading figures in the GCC states. The ruling families from both the UAE and Saudi Arabia own country houses in Balochistan and Punjab and travel to Pakistan regularly for hunting and other vacations. This accounts for an established

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<sup>113</sup> See Faryal Leghari: Pakistan-Gulf Ties: The Strategic Aspects of a Critical Relationship, in: *Orient I/2009*, p. 39.

<sup>114</sup> See, Saudi Arabia: Nervously watching Pakistan, Brookings Institute, <http://www.brookings.edu>, accessed March 3, 2009, accessed April 10, 2009.

<sup>115</sup> See Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished.

<sup>116</sup> See Peter Hellyer, The Evolution of UAE Foreign Policy, in: Peter Hellyer, Ibrahim Al Abed, (ed.), United Arab Emirates. A new perspective, London 2001, p. 161-178.

<sup>117</sup> See Shahid Saleem, President Zardari, UAE President hold wide-ranging talks, in: *Associated Press of Pakistan*, <http://www.app.com>, November 24, 2008, accessed May 15, 2009.

familiarity of decision-makers from the Gulf with the Pakistani politics, landscape, mentality and culture.

#### IV.2. Pakistan: The "nuclear security umbrella" against Iran

Controversial have been the ties on the nuclear front where it has been suggested that in fact an "unacknowledged nuclear partnership" between the two sides exists. This would involve Pakistan extending its nuclear umbrella to Saudi Arabia in case of need and even making such technology available to the kingdom should this be asked for. What is clear is that in line with the overall relationship, there have been close ties also on the nuclear level. Prince Sultan, the Saudi defense minister, has visited Pakistani nuclear facilities and in February 2005, the U.S. was reportedly investigating whether Pakistani scientist Abdul Qader Khan had sold nuclear technology to the kingdom. As discussion continues inside Saudi Arabia about the possibility of obtaining a civilian nuclear program, speculation about a Pakistani role has further persisted.<sup>118</sup> In the geostrategic vision of Saudi Arabia, Pakistan's nuclear defence capability may serve as a "security umbrella" against the regional adversary Iran. From the Iranian point of view, this antagonism is rooted in the anti-Shia drive of the Wahhabi movement that entails a history of verbal denunciation of Shia religiosity and violent persecutions of Shia believers. From the Saudi perspective, revolutionary Iran since 1979 has been pushing for a "Shia revival" destabilizing the whole region. Saudi Arabia and Iran have been competing for political and strategic hegemony in the region for decades, as both feel themselves slowly encircled by its adversary's allies.<sup>119</sup>

Saudi Arabia started co-financing the nuclear program of Zulfikar Bhutto already during the 1970s.<sup>120</sup> With additional U.S. support after the Iranian Revolution, Pakistani nuclear ambitions were further bolstered – however, often with competing goals in mind. Saudi Arabia supported Pakistan with 50,000 b/d for free after the U.S. implemented economic sanctions following Pakistan started its nuclear tests in May 1998 - The U.S. perceived Pakistan's nuclear arsenal more as a threat to India, rather than a counterweight to Iran. Whereas for the U.S. the Pakistani nuclear program clearly has become a liability, for Saudi Arabia a nuclear-equipped Pakistan still seems to be a geo-strategic gain. In return, Pakistan supported Saudi Arabia with military personnel: Since the 1960s, the *Royal Saudi Air Force* has been trained by Pakistan. In 1969 the Pakistani air force was in action on the Saudi side against Yemen, and during the Gulf War from 1991-1992 around 15,000 Pakistani soldiers were stationed in Saudi Arabia. Such cooperation occurred under a comprehensive Military Cooperation Agreement that remains in place and that provides Saudi Arabia access to such facilities as the Pakistan Aeronautical Complex, the Heavy Industrial Complex at Taxila and numerous Ordnance Factories used by the Pakistani Armed Forces. Many Saudi troops have been trained by Pakistani officers including upwards of 6,000 Saudis who have gone to Pakistan itself for such purposes. Saudi Arabia has also at times financed Pakistani arms purchases during tensions with India in order to provide Pakistan with the necessary equipment.<sup>121</sup>

#### IV.3. Oil imports - The "lifeblood" for Pakistan

Pakistan's dependency on oil imports from the Gulf States, especially from Saudi Arabia and the UAE, is the prime reason for Pakistan's interest in good relations with the Gulf States. Pakistan imports 290,600 b/d (105.67 million b/a) from abroad and is

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<sup>118</sup> Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished.

<sup>119</sup> See Saudi Arabia: Nervously watching Pakistan, Brookings Institute, <http://www.brookings.edu>, accessed March 3, 2009.

<sup>120</sup> As a reaction Pakistan renamed the Pakistan city Lyallpur in Faisalabad 1977 in honour of the Saudi King.

<sup>121</sup> Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished.

on the 38<sup>th</sup> rank of all oil importers worldwide.<sup>122</sup> Over one third of all imports are oil products and 110,000 b/d alone were imported from Saudi Arabia (40 million barrels per year) – more than one third of all oil imports. The immense population growth of nearly 2% annually and power shortages have lead to an increased use of diesel generators resulting in an increased demand for oil. Due the increase in oil imports and high oil prices Pakistan was unable to pay its Saudi Arabian oil bills at the end of 2008. After negotiations, Saudi Arabia agreed to defer payments of 5.9 billion USD for crude oil sales until June 2009. The government of Pakistan estimated that the oil import bill will surge above 14.5 billion USD in the current fiscal year.

#### IV.4. The economic ties between Pakistan and the Gulf States - An asymmetrical relationship

Saudi Arabia has wide-ranging economic interests in Pakistan with multibillion dollar investments in various sectors such as energy and infrastructure but on asymmetrical levels: *While the GCC states exports to Pakistan amount to 8.94 billion USD in 2007, the import value from Pakistan was only 1.95 billion USD (balance of trade deficit: 6.99 billion USD).*<sup>123</sup> This amounts to around 11% of total Pakistani exports, whereas the imports from the GCC states are three times higher.<sup>124</sup> Aside from oil, Pakistan imports organic chemical products, plastic, fertilizers, steel products, electrical equipment, raw skins, boilers, copper and copper products and chemical products from the Gulf States.<sup>125</sup> As Pakistan's major trade partner in the Gulf region, Saudi Arabia invested 272 million USD in 2006 and more than 300 Saudi investors were registered in Pakistan in 2008. Pakistan has received more aid from Saudi Arabia since the 1960s than from any other country, and Pakistani leaders know they can rely on the kingdom for assistance if their country is in need.<sup>126</sup> Major export items from Pakistan to Saudi Arabia include raw cotton, cotton yarn, cotton cloth, ready-made garments, knitwear, made-ups, bed linen, towels, tents, art silk, synthetic textiles, leather garments, furniture, carpets, footwear, sports goods, rice, fish, fruits and vegetables, spices, biscuits, jams, juices etc. In addition to this, both countries closely cooperate on an institutional basis through the Pak-Saudi Joint Ministerial Commission (JMC), the Pak-Saudi Joint Busi-

*Saudi Arabia has wide-ranging economic interests in Pakistan with multi-billion dollar investments in various sectors such as energy and infrastructure but on asymmetrical levels.*

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<sup>122</sup> See <http://www.indexmundi.com>.

<sup>123</sup> See IMF.

<sup>124</sup> The trade volume between Saudi Arabia and Pakistan amounts to 3.3 billion USD.

<sup>125</sup> See Pakistan-Saudi Arabia bilateral economic and commercial relations, <http://www.pakconsulatejeddah.com>, accessed January 30, 2009, and Faryal Leghari, GCC Investments in Pakistan and Future Trends, January 2007, <http://www.grc.ae>: In particular, steel is very important: The foundation stone of Saudi investment in the Pakistani steel sector was laid with the 130 million USD Tuwairqi Steel Mill being built by Saudi Arabia-based Al-Tuwairqi Group of Companies. The expected production capacity is between 1.5-3 million tons at Port Qasim. The same company also submitted a winning bid of 362 million USD for a 75% stake in Pakistan Steel Mills Corporation, the largest and only integrated steel mill of the country located at Karachi. In the real estate sector, for example, Prince Waleed bin Talal visited Pakistan and announced the construction of two major hotel projects. Privatisation projects have taken place with the help of Saudi investments: The privatisation of the Karachi Electric Supply Cooperation (KESC) was led by a Saudi consortium (Al-Jomaih Holdings) that acquired a 73% stake. There are plans to invest an additional 500 million USD in KESC over the next five years.

<sup>126</sup> Christian Koch, A Closer Look at Saudi-Pakistan Relations, Gulf Research Center, May 2009, unpublished: "In the wake of the devastating earthquake in 2005, Saudi Arabia was the largest donor of aid with \$573 million. As part of the programs of the Saudi Public Assistance for Pakistani Earthquake victims, the Kingdom built several clinics and medical centres, rebuilt nearly 4,000 homes and financed the reconstruction of schools in the affected areas. Saudi Arabia remains Pakistan's largest supplier of oil and the Kingdom pledged \$700 million in assistance in the April 2009 Tokyo Donor's meeting."

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ness Council (JBC), and diverse international fairs such as the Saudi Arabia World Trade Fair or the Saudi Healthcare and Hospital Fair.<sup>127</sup>

*Trade Balance Between GCC Countries and Pakistan (in Billion USD)*

Year	Imports from Pakistan	Exports to Pakistan	Balance of trade
2002-2003	1.717	3.727	-2.009
2003-2004	1.505	4.727	-3.221
2004-2005	1.641	5.470	-3.829
2005-2006	1.870	8.861	-6.991
2006-2007	1.946	8.941	-6.995

Source: IMF

*Exports from Pakistan to GCC Countries (% of Pakistani GDP)*

Year	%
2002-2003	15.4
2003-2004	12.2
2004-2005	11.4
2005-2006	11.4
2006-2007	11.5

*Imports from GCC Countries to Pakistan (% of Pakistani GDP)*

Year	%
2002-2003	30.5
2003-2004	30.3
2004-2005	26.6
2005-2006	31.0
2006-2007	29.3

*Pakistan-Saudi Arabia Trade Volume (in Billion USD)*

Years	Exports from Pakistan	Imports to Pakistan	Balance of Trade
1999-2000	0.21	0.92	- 0.71
2000-2001	0.27	1.25	- 0.98
2001-2002	0.33	1.20	- 0.87
2002-2003	0.47	1.30	- 0.82
2003-2004	0.35	1,78	- 1.43
2004-2005	0.35	2,48	- 2.12
2005-2006	0.33	2.99	- 2.66

Source: *Pakistan-Saudi Arabia bilateral economic and commercial relations*, accessed January 30, 2009, <http://www.pakconsulatejeddah.com/sitedata/comercialsection/the-histor-of-close-commercial-ties-between-saudi-and-pak.pdf>.

*FDI Saudi Arabia to Pakistan (2002-2006, in Million USD)*

Years	FDI
2001-2002	0,58
2001-2002	1,30
2002-2003	43,5
2003-2004	7,2
2004-2005	18,4
2005-2006	272

Source: *Pakistan-Saudi Arabia bilateral economic and commercial relations*, accessed January 30, 2009, <http://www.pakconsulatejeddah.com/sitedata/comercialsection/the-histor-of-close-commercial-ties-between-saudi-and-pak.pdf>.

The trade volume of the UAE with Pakistan amounts to 9.0% of GDP in 2006/07. Thus, the UAE are the second largest trade partner of Pakistan after Saudi Arabia, the second largest customer country after the United States (UAE: 7.9%, U.S.: 24.6% 2006/07)<sup>128</sup> and one of the most important investors in Pakistan. Pakistan itself ex-

<sup>127</sup> *Pakistan-Saudi Arabia bilateral economic and commercial relations*, <http://www.pakconsulatejeddah.com>, accessed January 30, 2009.

<sup>128</sup> See Investitionen statt Kredite von den „Freunden Pakistans“. Infrastruktur, Energieversorgung und Landwirtschaft potenzielle Felder für Investoren, Germany Trade & Invest, <http://www.gtai.de>, December 22, 2008, accessed January 12, 2009 and Faryal Leghari, GCC Investments in Pakistan and Future Trends, January 2007, <http://www.grc.ae>, accessed March 14, 2009: In the real estate sector the companies Emaar and Dubai World invested 20.4 billion USD and 10 billion USD. Furthermore, the construction of an oil refinery in Balochistan with a value of 4-5 billion USD by the International Petroleum Investment Limited that belongs to the Abu Dhabi government and the Pakistan-owned Pak-Arab Refinery Limited will be finished by the end of 2010. In the shipping sector, Dubai Ports World ratified a contract for the construction of a container terminal in Port Qasim with a value of 211 million USD.

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ported 2.07 billion USD to the UAE. Whereas approximately 5.48 billion USD are invested annually in the refinery, shipping and real estate sector along with investments in health care, education, vocational training, water management and energy supply; the trade deficit amounts to 3.41 billion USD.<sup>129</sup>

### *UAE Investments in Pakistan in Selected Sectors*

Health Care	The UAE finance hospitals in Lahore, Rahim Yar Khan, Quetta, Kharan, Rojhan, Muzafarabad, Rawalakot and Azad Kashmir. The Sheykh-Zayed-Hospitals, located particularly in rural underdeveloped regions taking care of women and drug victims, are the most popular institutions donated by the UAE.
Education	The UAE are building new schools in Karachi, Bahawalpur, Rahim Yar Khan, Dera Ghazi Khan, Rajanpur and Kharan and supply schools in Islamabad, Turbat, Gawadar, Jiwani, Khuzdar, Chitral, Gilgit, Diamer, Gizzer, Lahore, Mangla, Rawalpindi, Dera Ghazi Khan, Rahim Yar Khan with textbooks, furniture, medicine and advanced training for teachers.
Vocational training	The UAE invested in vocational training centres in FATA, Islamabad, Rawalpindi, Jacobabad and Shirkapur.
Water management	The UAE support 142 water management projects (installation of water pumps, water treatment) in Rahim Yar Khan, Rojhan, Rajanpur and Dera Ghazi Khan.

Privatisations of Pakistani companies such as KESC, PTCL or Pakistan Steel to Arab investors were important steps towards intensifying UAE-Pakistani economic relations.<sup>130</sup> From 2006 onwards, the export value recorded a rise of 13% on average in comparison to previous years<sup>131</sup> - partly because the GCC trade with China is conducted via Pakistani trade routes and infrastructure. In this context, the Baluchi harbour Gwador near the Iranian border might acquire economic significance for the UAE as a future commercial hub for oil transport to China.

In February 2009, UAE President Khalifa bin Zayed Al Nahyan offered to donate a used 320MW power plant to Pakistan in order to alleviate the Pakistani energy shortage.<sup>132</sup> During a meeting in Islamabad in March 2009, UAE foreign minister Abdullah bin Zayed Al Nahyan and Zardari discussed opportunities for closer economic cooperation, boosting investments in the areas of agriculture, livestock, energy, telecommunication and IT as well as the import of more skilled manpower.<sup>133</sup> Today, more than 6,000 Pakistani companies are registered in UAE and 58 school and college projects in Pakistan, co-financed by the UAE, exist.

*In this context, the Baluchi harbour Gwador near the Iranian border might acquire economic significance for the UAE as a future commercial hub for oil transport to China.*

### **IV.5. The Pakistani labour force in the Gulf States – One of the most important “export goods”**

The Pakistani labour force is one of the most important “export goods” of the country. **Currently, over 1.6 million Pakistani foreign workers live and work in the Gulf States; Pakistan provides the second largest foreign community after the Indian workers.** In the last three decades, around 2.7 million Pakistanis worked in the GCC states. In 2006 alone, over 170,000 Pakistanis<sup>134</sup> left their homes and families for the Gulf, although

<sup>129</sup> See Amin Fahim, UAE is third largest trading partner of Pakistan, March 5, 2009, in: *Pakistan Tribune online*, <http://www.paktribune.com>, accessed April 25, 2009.

<sup>130</sup> See Sabihuddin Ghausi, The paradox of privatization, in: *The Dawn online*, <http://www.dawn.com>, May 21, 2006, accessed April 25, 2009.

<sup>131</sup> See Andrea Anastasiou, The Path of Progress, <http://www.archive.gulfnews.com>, August 13, 2008, accessed April 25, 2009.

<sup>132</sup> See UAE to donate 320MW power plant to Pakistan, in: *Pakistan Tribune online*, <http://www.paktribune.com>, accessed April 25, 2009.

<sup>133</sup> See UAE committed to help Pakistan in its economic crisis, in: *Pakistan Tribune online*, <http://www.paktribune.com>, accessed April 19, 2009.

<sup>134</sup> See Faryal Leghari, Feasibility of Developing the FATA Friendship Initiative (Role of the Gulf States).

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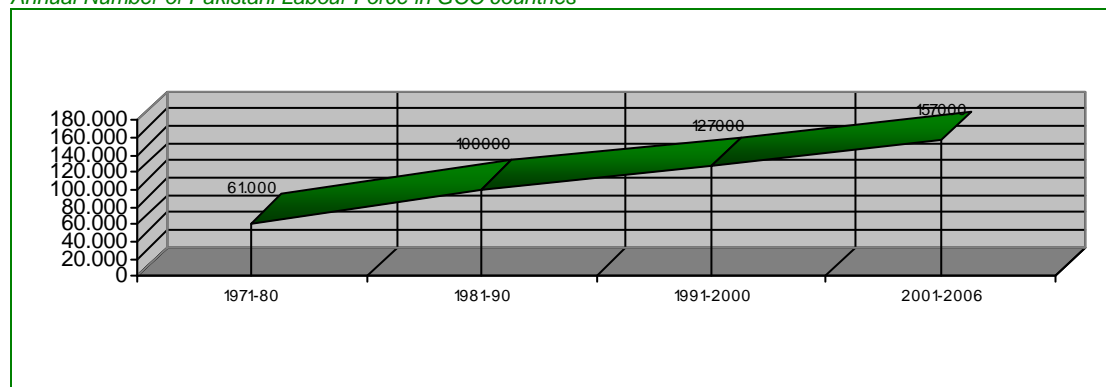
their living and working conditions are often well below Western social standards and an object of criticism.

### Foreign Labour Force in GCC Countries from Pakistan (1971-2006)

	GCC (total)	Saudi Arabia	UAE	Oman	Kuwait	Qatar	Bahrain
Total (1971-2006)	2,709,890	1,648,279	626,705	212,131	106,307	65,987	50,481
Annual Average (1971-2006)	90,330	54,943	20,890	7,071	3,544	2,200	1,683
2004	167,400	70,896	65,786	8,982	18,498	855	2,838
2005	127,810	35,177	73,642	8,019	7,185	1,612	2,175
2006	172,837	45,594	100,207	12,614	10,545	1,630	2,247

Source: Faryal Leghari, *Feasibility of Developing the FATA Friendship Initiative (Role of the Gulf States)*

### Annual Number of Pakistani Labour Force in GCC countries



Source: Faryal Leghari, *Feasibility of Developing the FATA Friendship Initiative (Role of the Gulf States)*

Remittances of these workers are vital for Pakistan's GDP: In 2004/2005 4.17 billion USD in remittances were sent home by Pakistani workers, in 2006 this value increased to 4.6 billion USD.<sup>135</sup> But this may change as the Gulf States' demand for high-skilled workers has risen in recent years<sup>136</sup> while the bulk of Pakistan's labour force remains unskilled. Therefore, it is likely that their number will be further reduced.

A glimpse of what may come is the return of workers to Pakistan after the plunge in the real estate sector, where the majority of unskilled labourers was employed, as a consequence of the global financial crisis.<sup>137</sup> According to informal sources, the government of the UAE is currently cancelling almost 1,400 visas for foreign workers every day. They are being sent back home because major projects have been cancelled and job opportunities hardly available, especially for unskilled workers in the construction sector. The potential for social unrest among disappointed, returning workers is rising and may spread among the community. Social frustration may lead to joining radical Islamist groups: the Pakistani labour force in Saudi Arabia came into daily contact with Wahhabi prayers, sermons and *ulama*, who in the past were often sent for proselytisation missions to Pakistan.

<sup>135</sup> See Pakistan receives a record \$4.6 billion in remittances, in: *Khaleej Times*, July 31, 2006. Remittances of Pakistanis are much lower (680 USD per capita) than remittances of Philippine (1,385 USD per capita) or Indonesian (1,259 USD per capita) workers.

<sup>136</sup> See NAVTEC, *Skilling Pakistan. A Vision for the National Skills Strategy*, p. 17.

<sup>137</sup> See Faryal Najeeb, Prospects bleak for Pakistanis returning from UAE, in: *The News online*, <http://www.thenews.com.pk>, February 15, 2009, accessed April 25, 2009.

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### *Workers Leaving for Pakistan (Worldwide in 2006)*

Country	Number
GCC (total)	174,000
• UAE	100,000
• Saudi Arabia	46,000
• Oman	13,000
• Kuwait	11,000
• Qatar	2,000
• Bahrain	2,000
Europe and North America	70,000
East Asia (total)	6,500
• Malaysia	5,000
• Korea	1,000
• China	500

*Source: Faryal Leghari, Feasibility of Developing the FATA Friendship Initiative (Role of the Gulf States)*

### IV.6. Food security: The solution for the Gulf States at the expense of the Pakistanis?

Despite heavy costs GCC countries have in the past been trying to increase agricultural production in their own arid environment. Today, they are faced with shortages of water and arable land and surging production costs. The consequences of the financial crisis combined with soil and water scarcity have hit the GCC States hard. They have to consider new ways of supplying their growing populations as the food import bill increased from 8 billion USD to 20 billion USD from 2003-2008.<sup>138</sup> This is why GCC countries are looking for opportunities abroad to assure sustainable food security for. The main policy is to secure agricultural land in partner countries such as Pakistan by supplying them with capital and oil contracts to generate a “win-win” situation. This includes the clear intention of the Gulf States to reduce costs by eliminating traders or middlemen and to control the foreign land by direct ownership.<sup>139</sup>

*The main policy is to secure agricultural land in partner countries such as Pakistan by supplying them with capital and oil contracts to generate a “win-win” situation.*

The strategy of safeguarding domestic food security by land purchase in poor countries is controversially discussed, because “land shopping” can cause a multitude of tremendous social, political and economic problems: Outsourcing food production could “leave behind a trail of hunger and food scarcity for the native populations.”<sup>140</sup> Opponents criticize these food security projects as “new colonialism”, which could cause tremendous instability among local inhabitants, who are dependent on agricultural products but will not benefit from their own land because the generated products are destined for export into the Gulf States.<sup>141</sup> Social and economic unrest could erupt because workers and population lose the access to “their” ancestral land.<sup>142</sup> However, investors would not only be granted the land, but in addition, a claim to all natural resources on that land – including precious water rights. In fact, the land deals are struck on a bilateral basis between the respective governments – not between a private investor and the farmers concerned. Whether land is rightfully declared vacant and for sale often goes unchecked – as in general most agreements on food outsourcing lack transparency and binding standards that take future risks into account.<sup>143</sup>

<sup>138</sup> See GRAIN Briefing, Seized: The 2008 land grab for food and financial security, with accompanying annex listing more than 100 cases of land-grabbing for offshore food production, October 2008, <http://www.grain.org>, accessed March 9, 2009.

<sup>139</sup> Ibid.

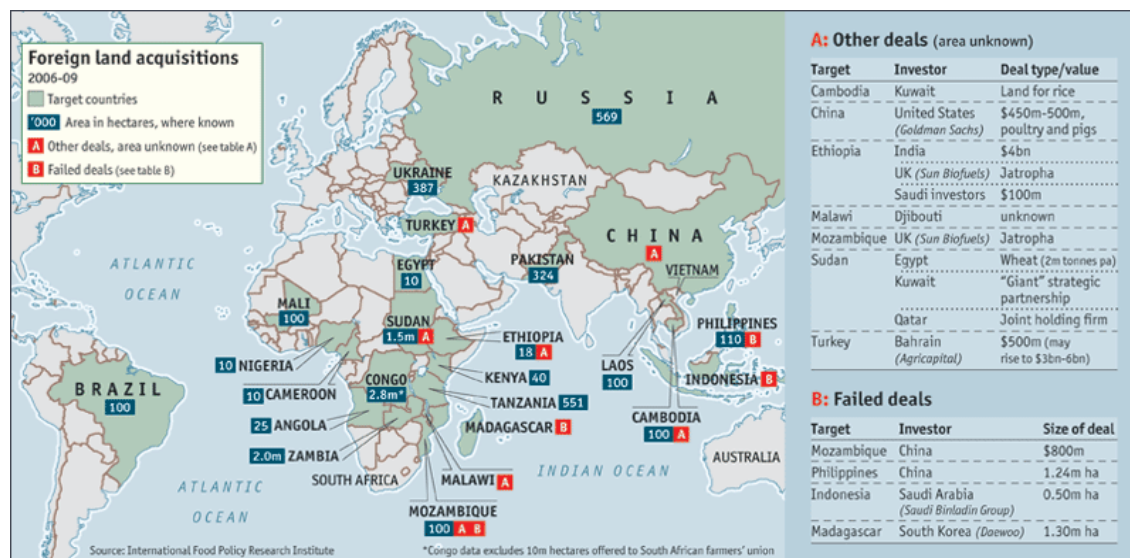
<sup>140</sup> See Devinder Sharma, Land grab for food security: Corporatising agriculture, in: *Deccan Herald*, November 13, 2008.

<sup>141</sup> See GRAIN Briefing, Seized: The 2008 land grab for food and financial security, with accompanying annex listing more than 100 cases of land-grabbing for offshore food production, October 2008, <http://www.grain.org>, October 2008, access March 9, 2009.

<sup>142</sup> Ibid.

<sup>143</sup> See Outsourcing's third wave, in: *The Economist*, May 19, 2009. <http://www.economist.com>, accessed May 23, 2009.

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In particular, Saudi Arabia suffers from growing food insecurity and is dependent on foreign support. Today, the kingdom is the largest food importer in the Gulf region, the largest importer of barley worldwide, the fifth largest importer of rice and the most important customer country in the GCC (share of total value in 2006/07: 11.2%). In Saudi Arabia, large areas are not suited for cultivation due to the dry climate of the barren desert and the growing demand for construction of new houses, prompting the kingdom to look for alternatives to safeguard domestic food security. In the past, the country substantially invested in irrigation systems, desalination and infrastructural projects to cultivate wide areas of previously barren land. However, enormous long-term expenditures prompted Saudi Arabia to halt domestic wheat production until 2016.<sup>144</sup> As a consequence, the demand for wheat imports will increase to 3.4 million tonnes.<sup>145</sup>

*Saudi Arabia is looking abroad for arable land to strengthen its productivity and to benefit from cereal cultivation in several countries.*

Saudi Arabia is looking abroad for arable land to strengthen its productivity and to benefit from cereal cultivation in several countries, among them Pakistan.<sup>146</sup> To realize these aims, the Saudi cabinet decided to establish a 5.3 billion USD fund to support agricultural development at home and abroad by offering soft loans and credit facilities. Activities sponsored by the fund should also promote international partnerships and trade outlets.<sup>147</sup> For example, the largest juice manufacturer in Saudi Arabia, *al-Rabie*,

<sup>144</sup> See Rainer Hermann: Golfstaaten wollen Lebensmittel im Ausland anbauen, July 20, 2008, in: *Frankfurter Allgemeine Zeitung online*, <http://www.faz.net>, accessed March 2, 2009 and Gulf States look to harvest food from foreign investment, <http://www.dubaicity.com>, July 21, 2008, accessed February 12, 2009 : The irrigation of one tonne of barley requires 1,212 cubic metres water which is an immense challenge in a country without large ground water resources.

<sup>145</sup> See Martin Böll, Arabische Halbinsel noch nie so abhängig von Agrarimporten. Abhilfe durch Kauf ausländischer Farmen und High-Tech-Anbau, Germany Trade & Invest, October 30, 2008.

<sup>146</sup> See Habib Trabelsi, Saudi reaps benefits of first offshore rice production, [www.middle-east-online.com](http://www.middle-east-online.com), accessed March 4, 2009: Other possible countries are: Turkey, Ukraine, Egypt, Sudan, Kazakhstan, Philippines, Vietnam, Ethiopia, Burma, Cambodia, Indonesia, Laos, Thailand, Uganda, Georgia or Brazil. These partner countries should "offer agricultural potential to develop and manage agricultural investments in several strategic crops at sufficient quantities and stable prices to ensure their sustainability."

<sup>147</sup> See Saudi Arabia Launches \$5.3b Agricultural Fund, in: *All Headline News*, <http://www.allheadlinenews.com>, accessed January 27, 2009 and Shafek E. Koreshe, Pakistan, Saudi Arabia to forge closer economic, trade ties, in: *Asbury Park Press*, <http://www.app.com>, accessed March 13, 2009: Zardari and King Abdullah met in November 2008 to build up the economic and political relations first and foremost in energy, agriculture, food security and infrastructure.

is looking for land in Pakistan for dairy development and to increase exports of tomato paste, citrus pulp and packed beans.<sup>148</sup>

The UAE suffer from acute food insecurity, as well: 85% of all food products must be imported and only 1% of the land is arable. Although the UAE are still self-sufficient in fishery by 100% and in dairy products by 92%, the self-sufficiency in vegetables (32%), poultry (25%) and meat (10%) is very low. For that reason, the UAE are looking for food suppliers such as Pakistan, India or Bangladesh. The Emirates prefer to enter into direct-delivery agreements, excluding distributors. The strategy of purchasing foreign farmland, especially for rice and wheat production is quite similar to that of Saudi Arabia. The UAE consider to buy 40,000-81,000 hectares of farmland worth 500 million USD in Sindh and Punjab for high-tech-agriculture.<sup>149</sup> The Pakistani government, for its part, has recently offered Gulf investors to buy up to half a million ha of land – and to hire a security force of 100,000 to protect the assets in return.<sup>150</sup>

#### IV.7. Narcotics and human trafficking: The dark side of the multi-national trade

The Gulf States are directly affected by the growing influx of narcotics from South Asia and in particular Pakistan, which due to its geographical proximity and traditional links to Afghanistan is a chief transit hub for illicit trafficking.<sup>151</sup> Over 65% of the poppies are cultivated in the southern parts of Afghanistan near the border to Pakistan. The porous border facilitates the trans-national narcotic smuggling. In this region, traffickers use Pakistani and Iranian trade routes to smuggle narcotics into the Gulf States. Due to its proximity to Afghanistan, Balochi districts near the border suffer more from trafficking than any other region in Pakistan. Large quantities of opiates are smuggled via Balochistan to the Makran Coast and then to the Gulf States via ships. The port at Karachi, Port Qasim on the Arabian Sea and uncontrolled areas of the Makran Coast are used by traffickers to ship consignments from Afghanistan to the Gulf States. Hashish gets mostly smuggled to Yemen, Oman and UAE via the Arabian Sea in small ships and by air. After reaching Yemen, middlemen transport the drugs to Saudi Arabia and from there onwards to Europe or other regions. the Gulf States have not only become “a major transshipment point for drug trafficking”, but record a significant rise in drugs consumption, as well.<sup>152</sup>

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<sup>148</sup> See GRAIN Briefing, Seized: The 2008 land grab for food and financial security, with accompanying annex listing more than 100 cases of land-grabbing for offshore food production, October 2008, <http://www.grain.org>, accessed March 9, 2009.

<sup>149</sup> See Gulf states look to harvest food from foreign investment, <http://www.dubaicity.com>, July 21, 2008 and GRAIN Briefing, Seized: The 2008 land grab for food and financial security, with accompanying annex listing more than 100 cases of land-grabbing for offshore food production, October 2008, <http://www.grain.org/briefings/?id=212>, March 9, 2009 and Martin Böll, Arabische Halbinsel von nie so abhängig von Agrarimporten. Abhilfe durch Kauf ausländischer Farmen und High-Tech-Anbau, Germany Trade & Invest, October 30, 2008. Abu Dhabi has an agreement with Sudan to buy an area of 29.400 hectares in the north of Sudan. Negotiations are underway with Pakistan, Kazakhstan and Egypt: Especially for food security projects abroad, Abu Dhabi Investment House, Ithmaar Bank and Gulf Finance House founded AgroCapital, an Islamic investment fund worth of 1 billion USD in August 2008. The investment firm Al-Qudra Holding plans to acquire 400,000 ha of land in 2009 for wheat, maize, rice and vegetable production and livestock breeding in Australia, Croatia, Egypt, Eritrea, India, Morocco, Philippines, Sudan, Syria, Thailand, Ukraine, Vietnam and Pakistan. Abraaj Capital, a private equity firm, in cooperation with the UAE government acquired about 324,000 hectares of farmland in Pakistan for producing rice and wheat.

<sup>150</sup> See *The Economist*, May 19, 2009.

<sup>151</sup> See United Nations Office on Drugs and Crime (UNDOC), World Drug Report 2008, <http://www.undoc.org>, accessed April 2, 2009, p. 37-40: Afghanistan today supplies 92% of the global opium supply and accounted for 82% of the global area under cultivation. Afghanistan is also the second-largest cannabis producer worldwide after Morocco. In 2007, the estimated involvement of Afghan households in opium cultivation was 509,000 – an increase of 14% to 2006. Furthermore, the cultivation increased during 2003 and 2007 from 80,000 ha to 193,000 ha, whereas the cultivation area in Pakistan decreased from 2003 to 2007 from 2,500 ha to 1,701 ha and is significantly lower than in Afghanistan. 2003 “only” 3,600 metric tonnes opium were produced in Afghanistan, four years later the production volume has nearly doubled (8,200 metric tonnes).

<sup>152</sup> See Faryal Leghari, Problems posed by Narcotics and Human trafficking in the Gulf States, speech held on the workshop in Islamabad organised by the Gulf Research Center, March 8-9, 2007, <http://www.grc.ae>, accessed April 24, 2009.

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Opium Poppy Cultivation in Hectares (2005-2007)

Country	2005	2006	2007
Afghanistan	104,000	165,000	193,000
Pakistan	2,440	1,545	1,701

Source: UNDOC, WDR 2008.

Opium Poppy Production in Metric Tons (2005-2007)

Country	2005	2006	2007
Afghanistan	4,100	6,100	8,200
Pakistan	61	39	43

Source: UNDOC, WDR 2008.

For several reasons, Saudi Arabia is the most favoured destination for drug traffickers: It has a relatively affluent population, a majority of the youth is unemployed, alcohol is prohibited, a general frustration as well as boredom is pervasive among the youth and high profit margins can be reached.<sup>153</sup> Recent years showed an

*The Gulf States are directly affected by the growing influx of narcotics from South Asia and in particular Pakistan.*

increased influx of synthetic drugs, like amphetamines and hashish from Pakistan. Especially during the *Hajj* and *'Umrah*<sup>154</sup> sessions, lots of trafficking takes place with help of the many pilgrims visiting Saudi Arabia during this time. The Saudi Kingdom has installed "counter narcotic forces" and has been cooperating with the Pakistani government to implement sustainable measures against the smuggling network since the 1990s. The results can hardly be called successful and the occasional death penalty for narcotic smugglers, which is in fact executed, is not a very effective deterrent.

Similarly, the UAE are affected by the drug trade starting in Afghanistan, passing through Pakistan and Iran and ending at the harbours of the UAE. The porous land border to Oman, from where the smugglers transport the narcotics to UAE, a coastline of 700 km and the exorbitant position of Abu Dhabi, Dubai and Sharjah as major regional and international centres for transportation of passengers and cargo render control almost impossible. To fight the narcotics trade, Pakistan and UAE signed a Memorandum of Understanding (MoU) in 1995 and an extradition treaty in 2004.

Another area of illicit activity is human trafficking. Whereas the need for migration offers the Gulf States good opportunities to hire a cheap labour force to work in the domestic economy, human trafficking and the disastrous consequences for many foreign workers expose the other side of the coin. Due to its location, the Gulf region is a focal point as a transit and destination hub for human trafficking.<sup>155</sup> Today, illegal migrants enter the Gulf States from South East Asia, Central and Western Asia, Eastern Europe and from Africa. The "trade routes" for human trafficking from Pakistan lead to Oman where the ferries from the Pakistani sea ports of Karachi, Gwadar and Jiwani arrive.<sup>156</sup> Oman is mainly used as a transit point for reaching other Gulf States. The migrants hope for better employment opportunities in GCC countries – an illusion ruthlessly exploited by the trafficking syndicates.<sup>157</sup> Oman tries to fight the wave of illegal

<sup>153</sup> See Faryal Leghari, Problems posed by Narcotics and Human trafficking in the Gulf States, speech held on a workshop in Islamabad organised by the Gulf Research Center, March 8-9, 2007, <http://www.grc.ae>, accessed April 24, 2009.

<sup>154</sup> The 'Umrah is a temporary pilgrimage to Mekka and Medina in different times of the year.

<sup>155</sup> 700,000-2,000,000 people are trafficked worldwide across borders every year.

<sup>156</sup> A large number of young boys were trafficked to serve as camel boys in the past. Women from Eastern Europe or the former Soviet Union were trafficking via the Gulf States to Europe to force them into prostitution.

<sup>157</sup> See Faryal Leghari, Problems posed by Narcotics and Human trafficking in the Gulf States, speech held on a workshop in Islamabad organised by the Gulf Research Center, March 8-9, 2007, <http://www.grc.ae>, accessed April 24, 2009. The human trafficking mafia is benefiting from money paid for the transport of Pakistani emigrants to the Gulf States. The real amount charged by the traffickers for travelling to Greece is about 500,000 Pakistani rupees (USD 6,203) while the costs are between 15,000 and 30,000 rupees (USD 186 and USD 372 respectively) per person for crossing over to Oman.

entrants by arresting and deporting illegal Pakistani migrants: Between 2002 and 2007 nearly 33,000 Pakistanis were sent back home. To avoid human trafficking, the Gulf States undertook a variety of counter measures on three levels:

1. **Intra-state level:** The Gulf States implemented legislative measures and initiated public awareness campaigns. Thus, the UAE government passed a federal law on human trafficking in November 2006 and similar tendencies are present in Bahrain or Qatar. Other legislative measures include the laws passed by Qatar, UAE and Kuwait that ban the use of underage child camel jockeys.
2. **Interstate level:** The GCC states have arrived at the conclusion that fighting human trafficking is only possible by cross-border cooperation, which includes regional agreements and treaties among the states.<sup>158</sup> To strengthen the interstate cooperation, seminars and workshops are being organised.
3. **International level:** Several Gulf States signed agreements with human rights organisations or international bodies to provide shelter and help for trafficking victims. For example, Saudi Arabia has been collaborating with UNICEF to repatriate trafficked children from Yemen.

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<sup>158</sup> Ibid.

## V. DEVELOPMENT ASSISTANCE AND PROJECTS

Development assistance programmes for Pakistan have been devised for decades and early on emphasis has been put on the rural population as the demographic and economic backbone of the country. *However, like in so many developing countries with similar conditions, the top-down approach largely failed to achieve the desired effects.* Neither did it improve the standard of living of the population, nor did it foster the sustainable strength of the rural economy. More often than not, allocated funds did not even reach the people they were designed to help, but instead vanished in a net of political bargaining and corruption. This has laid a heavy burden on developmental assistance projects in general, since it undermined the credibility of aid organizations. Their further performance was hindered by a growing mistrust coming from the rural population, who has been, for the most part, excluded from decision-making processes in planning and implementation. Projects were deemed successful in the short term, while their further development was often neglected and they finally failed to serve as an exemplary model and starting point for rural development.

However, some lessons could be learned from the structural misconceptions of conventional developmental assistance. *The Aga Khan Rural Support Programme (AKRSP) pioneered this rethinking process and started a long-term engagement in Pakistan in 1982 that moved away from isolated projects to an overall strategy.* AKRSP managed to significantly raise the living standards in its areas of operation (e.g. Chitral, Hunza), nearly doubling the per capita income of the inhabitants, and enhancing the ecological and infrastructural basis needed for sustained agricultural growth.<sup>159</sup> Two correlated tools were introduced that exemplify the policy shift: *First, a system of micro credit lending, similar to the concept of Muhammad Yunus in Bangladesh, was combined with infrastructural projects.* *Second, AKRSP encouraged the formation of community organizations and the training of community organizers from the ranks of the people concerned.* Both steps aimed at directing the concept of assistance towards Community-Driven Development (CDD). By now, the basic premises of this approach have become accepted standards of developmental assistance for Pakistan and in general. In their latest reports (2007/2008), even the major donor agencies World Bank and ADB (Asian Development Bank) acknowledged the importance of revitalizing rural communities and embraced the concepts of micro-financing and social mobilization as an integral part of project planning, implementation und sustainability.<sup>160</sup>

*More often than not, allocated funds did not even reach the people they were designed to help, but instead vanished in a net of political bargaining and corruption.*

This approach, however, is facing considerable obstacles, some of which have been identified, but hardly overcome. A major problem is the oversimplification of the

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<sup>159</sup> See Aga Khan Development Network (AKND), AKND in Pakistan, [www.akdn.org/pakistan\\_rural.asp](http://www.akdn.org/pakistan_rural.asp), accessed May 5, 2009 and Aga Khan Development Network (AKND), Pakistan: Promoting Rural Growth and Poverty Reduction, in: World Bank Report, April 2007, [www.worldbank.org.pk](http://www.worldbank.org.pk), accessed May 5, 2009: AKRSP concentrated its activities on the Northern areas of the Kashmir/Karakorum region. According to the World Bank, 11.8 billion Rs of a total cumulative rural investment of 15 billion Rs in all of Pakistan's Rural Support Programmes is based on earlier investments by the AKRSP. In 2005, the total public and public-private partnership investments of AKRSP comprised Rs 1.0 bn, which accounted for 4% of public spending by federal and rural governments. The stark contrast in rural investment management and efficiency in these figures is more than evident.

<sup>160</sup> See World Bank Report 2007, ADB Validation Report, Pakistan: Dera Ghazi Khan Development Project, July 2008, [www.adb.org](http://www.adb.org), accessed May 2, 2009: The 2007 World Bank Reports devotes a whole chapter (Social Mobilization and Enhancing Livelihoods) to this component without, however, critically assessing its own development assistance policies of the past. The ADB points out the micro-credit lending and community organization components of its 10 years-long Dera Ghazi Khan Project in southern Punjab. 600 community organizations (CO) with a total of 15,000 members had been formed, 2,000 saving and credit organization (SCO) leaders had been trained who could mobilize a total of 300,000 USD in voluntary savings. However, it remains to be seen how sustainable those achievements will be without long-term consulting and monitoring.

top-down vs. CCD antagonism, since the many interlocutors who account for a large share of allocated funds' waste, are present on federal, regional and local levels. *The Pakistani authorities seldom pursue a coherent strategy, but rather represent group or personal interests.* However, some kind of arrangement and coordination with government is inevitable in order to secure the needed licenses to operate projects. The picture gets even more complicated when it comes to land issues. Especially in rural environments, local authority is in the hands of the land-owning class. An empowerment of their communities contradicts the very foundations of its feudal power and vested interests, so it is no surprise this group is often at the root of project delay or abandonment. Upon completion of its overall successful Dera Ghazi Khan Development Project in August 2008, the ADB bemoaned such deficiencies which led to the failure of some of the components of the project due to unsettled land issues.<sup>161</sup> However, it did not elaborate on a viable concept to build up community organization. One should not forget that the land-owning class still holds considerable sway over its rural constituency and that the patron-client relationship is, in part at least, a socially accepted norm of village life. Furthermore, even if landlord rule is resented, this does not automatically translate into common interest and course of action of communities. Different sub-groups have been singled out as potential backbones of community organization. Whereas the World Bank encourages the formation of Farmer Organizations (FO)<sup>162</sup>, the International Fund for Agricultural Development (IFAD) deems women a reliable target group.<sup>163</sup>

Both approaches try to tap the potential of alternative agents, but underestimate inherent practical constraints. For example, one has to take into account the significant amount (40%) of rural non-farm workers and the various forms of bonded labour.<sup>164</sup>

*Adding to this, farmers tend to care for their turfs first and often see other farmers as rivals rather than partners.*

It is no coincidence that in the past, agriculture growth was not matched with a similar degree in poverty reduction.<sup>165</sup> The focus on women is based on the positive experience in the micro-credit sector in similar environments such as Bangladesh or India. However, woman empowerment in Pakistan is often perceived as illicit intrusion into the social and cultural fabric of village life. Moreover, money surplus does not necessarily change spending patterns. Instead of investing in the education of their children, this extra money is rather used to secure advantageous marriage deals.<sup>166</sup> A convincing strategy is still lacking, but ultimately hinges upon men's appreciation of the positive, potential role of women for the community at large.

*Especially in rural environments, local authority lies with the land-owning class. The empowerment of their communities contradicts the very foundations of its feudal power and vested interests, so it is no surprise this group is often at the root of project delay or abandonment.*

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<sup>161</sup> See ADB Validation Report July 2008: The ADB explicitly blames feudal landlords who insisted on transferring water rights onto their land in order to benefit from irrigation schemes. The case pended for 5 years in the ineffective judicial system without producing any decision. See ADB Validation Report July 2008.

<sup>162</sup> See World Bank Report 2007: "Farmers' Organizations (FOs) can also serve as a mechanism for achieving the required scale and scope to increase farmers' influence of and access to markets, traders and public services."

<sup>163</sup> See IFAD Report and Recommendation, Southern Federally Administered Tribal Areas Development Project, December 2000, [www.ifad.org](http://www.ifad.org), accessed May 5, 2009: The IFAD very vaguely defines one of its goals as to "improve the status of women by targeting them for culturally acceptable income-gathering activities and increase employment opportunities for rural people." See IFAD Report and Recommendation, Southern Federally Administered Tribal Areas Development Project, December 2000, [www.ifad.org/gbdocs/eb/71/e/EB-2000-71-R-22-Rev-1.pdf](http://www.ifad.org/gbdocs/eb/71/e/EB-2000-71-R-22-Rev-1.pdf), accessed May 5, 2009.

<sup>164</sup> World Bank Report 2007, see also: G. M. Arif, Hina Nazli, Rashida Haq, Rural non-agriculture employment and poverty in Pakistan, in: *The Pakistan Development Review* 39,4 II (Winter 2000), pp.1089-1110.

<sup>165</sup> See World Bank Report 2007, Chapter 7: The World Bank traces this development back to the beginning 1990s and states: "During the 1970ies and 1980ies, agricultural growth was accompanied by substantial reductions in rural poverty, but rural poverty rates in Pakistan did not decline in the 1990ies in spite of substantial growth in agricultural GDP."

<sup>166</sup> See IFAD, Pakistan: microcredit and microfinance, Special Issue July 2007, [www.enrap.org](http://www.enrap.org), accessed May 6, 2009: IFAD provides ample examples from the village of Gujrabad in the Dir district (NWFP).

Other possible target groups, proposed by the World Bank and IDAF, could be more promising, albeit smaller in scale. Since livestock ownership is much more evenly distributed than farmland and encompasses the so far neglected non-farm rural population, it could serve as a reference group for future community organization.<sup>167</sup> The World Bank proposes community-based shareholding in specific infrastructural projects. Since water is not as clearly allotted as land, it considers irrigation installations an exemplary field of cooperation by community shareholders.<sup>168</sup> At the same time, such projects would give rural agents a practical lesson in resource managing and ecological entrepreneurship in a localized setting.

The localization of developmental assistance is a crucial feature that has been often overlooked in the long-term project planning phase. The ethnic, tribal and cultural heterogeneity of Pakistan is not restricted to differences between provinces such as Punjab, Sindh, Balochistan and NWFP. *Local village organization and power structure may even vary from village to village – this holds especially true for the scattered valleys in the mountainous province NWFP and in FATA.* That is why no matter how successful a project may work in one village, it is more likely to be replicated at a (geographically) other setting than to expand to surrounding villages.<sup>169</sup>

*Developmental assistance in Pakistan has to take provincial dimensions into consideration.*

Clearly some provinces, especially NWFP, Balochistan as well as FATA have been neglected in an irresponsible manner. Though they are by far not as populous as Punjab and Sindh, the security and stability of Pakistan are constantly threatened in and by its border regions. This is why these provinces are primarily regarded as security risks and international (and central government) presence is for the most part restricted to the military. *A long-term strategy for economic development of these provinces, however, is notably absent and confirms the local population's mistrust against foreign involvement of any kind.* However, engagement by developmental agencies in the border regions is as necessary as it is possible. Especially in the troublesome province NWFP and in FATA exists a strong tradition of tribal self-help and solidarity that might present more promising prospects for community organization than previously assumed. Pash-tun society might be split into subtribes and clans. What they have in common, though, is a tradition of egalitarian (albeit male-dominated) arbitrary institutions, like the *Jirga*. The social set-up of village life, not only in the border areas, but especially here, has changed considerably over the last 20 years with the rise of the local mullah at the expense of traditional leaders and authorities. While this accounted for a lot of the religious reductionism and radicalism, the existing power structure of religious authorities should not exclusively be regarded as an obstacle, but rather as a lever. Recent experience in Bangladesh and neighbouring Afghanistan showed the potential of local mullahs as partners in development assistance. Courses and training sessions managed to sensitize clerics to appreciate the worth and intention of development assis-

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<sup>167</sup> See World Bank Report 2007: The World Bank assumes that "programs to increase livestock production, especially of dairy cattle and milk in Punjab and Sindh, and sheep and goats in NWFP and Balochistan, can have direct and significant impact on the incomes of the rural poor."

<sup>168</sup> See World Bank Report 2007: The World Bank proposes that "service delivery and water allocation can be improved through promotion of water user associations (WUAs) and Farmers' organizations (FOs). FOs could be given the authority to collect *abiana*, as well as operation and maintenance at the distributary and branch canal level."

<sup>169</sup> See World Bank Report 2007, ADB Validation Report July 2008: With regard to Rural Support Programmes (RSPs), the World Bank concludes that "given the diverse socio-cultural milieu in Pakistan, their strategies are context specific and this is one reason why they replicate rather than expand." The ADB defines the conditions for the replicability of its Dera Ghazi Khan Development Project as depending on "cooperation with many agencies" and "a dedicated staff that is not always available," including project officers that are able to stay on for several years".

tance for the well-being of their constituency.<sup>170</sup> What is much more important, clerics have the ability and authority to communicate those messages in a culturally acceptable manner and can also help to legitimize the presence and activity of foreign development assistance workers in the villages.

This, however, raises the crucial question, which qualification is necessary to successfully plan and implement development projects. Traditionally, this has been the field of technicians, which is no surprise given the technical nature of most develop-

ment projects. Nowadays a more integrated and interdisciplinary approach to development assistance is gaining momentum and should be further pursued. The two most prominent new features of development assistance already hint at the manifold requirements of fieldwork: Whereas the micro-credit system highlights the economic component, community organization values the cultural and social framework. Still,

*Successful implementation of interdisciplinary approaches, not only in Pakistan, often fail because engineers, economists and ethnologists work in parallel rather than together.*

ethnologists and anthropologists in particular have so far been regarded merely as complementary, but not central in gaining access to the rural population and its authority figures. This implies two conclusions for future engagement in development assistance. First, confidence building measures are crucial for the success of development projects in all stages and are the cornerstone for acceptance and sustainability. Second, anthropologists and ethnologists have to adapt their approach, too – from academic observers to active participants with a strategic goal of material improvement in mind. The fairly new concepts of “Applied Anthropology” and “Developmental Ethnology” embody these principles and have been successfully practised in some parts of Afghanistan in recent years. In 2002, the German AGEE (Arbeitsgemeinschaft für Entwicklungsethnologie) published a code of conduct that addresses the challenges aid workers may face in the field.<sup>171</sup> Basically, they have to find a balance between partnership on an equal footing and a critical assessment of predominating conditions. Only experts with inside knowledge will manage to criticize excesses by local authority figures without being accused of cultural insensitivity. For the Pakistani context, therefore, an intimate familiarity with tribal and religious structures is of utmost importance, particularly in those border regions of Balochistan, NWFP and FATA where they are most predominant. Theoretical redirection and special training for Western ethnologists and anthropologists alone will hardly suffice to meet this challenge. A long-term commitment to development assistance should also encompass transfer of knowledge to the people concerned. Young people from the rural provinces, especially Balochistan, NWFP and FATA, should be recruited and assisted in pursuing academic preparations in the field of development assistance. They could work as mediators to convince local mullahs about the value of the above-mentioned basic training sessions. In a more optimistic long-term scenario, they could even establish themselves as alternative but trusted authority figures and cast a more positive picture of outside influence in Paki-

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<sup>170</sup> UNICEF made use of this approach as early as 2004, mobilizing some 8,000 Afghan mullahs. In Pakistan, NGOs specialized in health education, like SACHET (Society for the Advancement of Community, Health, Education and Training) set an example in the Punjabi Chakwal district and describe: “Around 1000 advocacy events were held, mainly at the union council level, and more than 2000 gatekeepers were sensitized on the importance of ARH development. SACHET also consulted extensively local mullahs and religious schools and gained their support owing to the completion of RH knowledge in the light of Islam.” See UNICEF Press Centre, Afghan religious leaders benefit from child rights awareness, April 12, 2004, [www.unicef.org](http://www.unicef.org), accessed May 2, 2009 and Reproductive Health Initiative for Youth in Asia (RHIYA), SACHET, Responsible Actions for Health, 2006, [www.asia-initiative.org](http://www.asia-initiative.org), accessed May 4, 2009.

<sup>171</sup> Frank Bliss, Michael Schönhuth, Ethische Leitlinien für die entwicklungspolitische Praxis: Entwicklungsethnologen rufen zur Selbstverpflichtung auf, in: *E+Z – Entwicklung und Zusammenarbeit 1* (January 2002), pp. 4-5 and Hess, Carmen, Schönhuth, Michael, Sodeik, Eva, de Vries, Sandra, Mit den Augen des Ethnologen – Über den Einsatz partizipativer Methoden im Kontext von Forschung, Erhebung und Aktion, University of Trier/Germany, February 16, 2000, [www.unitrier.de](http://www.unitrier.de), accessed May 10, 2009.

stan. It is this group that could implement those long-term confidence-building measures necessary for future cooperation.

In this context, assistance from Muslim countries (e.g. UAE, Qatar) could bridge the gap of lacking trust towards Western assistance. The relief organisation USAID, for example, has in the past established viable schemes for local mullah training programmes in connection with and preparation for infrastructural investment in Bangladesh. Partners in the UAE and Qatar could build on that experience and adapt this approach to specific local conditions. Adding to this, a substantial portion of past and present Pakistani migrant workers in the GCC states come from Balochistan, NWFP and FATA and can be expected to accept commitment from those regional actors. This way, the GCC states could contribute to the successful reintegration of the hundreds of thousands Pakistani workers who had to leave the Gulf in the course of the financial crisis.

This has two implications for German development assistance: First, future projects should be planned and implemented on a bilateral or multilateral basis in cooperation with GCC states. Second, responsibilities and tasks have to be delegated with the cultural sensibilities of the local populace in mind. Although German labour and civil engagement still enjoys considerable respect in the region, Germany is also perceived as part of the NATO alliance whose military engagement in Afghanistan worsened living conditions in the border provinces. An intensive dialogue on strategic visions and methodological approaches with the GCC states must be initiated. Especially the alternative and integrated concepts of Applied Anthropology should be communicated to potential Gulf-based partners in development projects. This will be not only beneficial to efficient project coordination. Rather, it is a crucial step in order to regain the confidence of GCC investors whose past engagement in the field has not yielded the desired results and who have to be persuaded of alternative, yet viable prospects for future investment in Pakistan.

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PROJECT PROPOSALS

1. Education

**FATA Scholarship Fund initiated by General Ali Mohammed Jan Aurakzai (World Security Network)**

Project description	The education situation in FATA is deteriorating: Insecurity and instability have very negative consequences for the educational system. Educated teaching staff is not available, accommodation and provision for the pupils is lacking. Thus, the strategy of getting students out of FATA is an alternative to give them access to basic and higher education. Since 2007, 100 boys and girls have been selected annually to undergo tests in Peshawar (criteria for selection is done via a standardized national exam)
Location	Cities with secondary schools in NWFP (e.g. Peshawar)
Estimated total costs	Amount requested from German Ministry of Foreign Affairs: 849,000 Euro (1,415 Euro per upper year student for six academic years for 100 students)  Building of one hostel: Rs. 4.5 million (EUR 40,000)
Potential partners	<ul style="list-style-type: none"> <li>• <u>Local</u>: Public School, Abbottabad, Akram Khan Durrani Public School, Bannu, Fazel Haque College Mardan, HITEC, Taxila, Islamia Collegiate School, Peshawar, Malakand University School, Malakand, Peshawar Public School, University Public School, Peshawar, Model School for Girls, Peshawar, Edwards College, Peshawar</li> <li>• <u>Regional</u>: Provincial government NWFP and Punjab</li> <li>• <u>International</u>: Abu Dhabi Fund, Fethullah Gülen movement</li> </ul>
Measures	<ul style="list-style-type: none"> <li>• Building of hostels and extending schooling capacities for students from FATA</li> <li>• funding students through class 7 to higher schooling and assist graduates in finding employment; extension to 1,000 graduates in 5-10 years</li> </ul>
Aims	<ul style="list-style-type: none"> <li>• prevent the youth from joining the radicals</li> <li>• provide prospective students with access to education and career opportunities</li> <li>• create a counterweight to the religious <i>madrasas</i></li> </ul>
Potential German contribution	<ul style="list-style-type: none"> <li>• Providing equipment and technical staff</li> <li>• Quality management and supervision</li> </ul>
Potential GCC contribution	<ul style="list-style-type: none"> <li>• Financial assistance by Abu Dhabi Fund</li> </ul>
Problems	<ul style="list-style-type: none"> <li>• Interaction with the provincial government is time- and possibly cost-consuming</li> <li>• Parents might be reluctant to expose their children to education outside their reach</li> <li>• Children from FATA are educated outside their home and due to the insecurity in FATA the vast majority of them will not return (brain drain)</li> </ul>

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## 2. Water management

### Project for Supporting Implementation of IWRM Policy in Balochistan

Project description	Balochistan is heavily dependent on agriculture. The province's arid climate and barren deserts make efficient irrigation schemes inevitable. Yet unfavourable climatic conditions should be regarded as potentials for solar and wind power that could provide sustainable energy for locally installed water pumps.
Location	Small rural communities in Balochistan (500-1000 inhabitants), e.g. Chagai District
Estimated total costs	
Potential partners	<ul style="list-style-type: none"> <li>• <u>Local</u>: Government of Balochistan, Zarkasht, Agri Solution, M/S Agro-Tool (Marin Pvt. Ltd. Karachi), Arid Zone Research Center Quetta, Plastic Research Institute Karachi</li> <li>• <u>Regional</u>: Asian Development Bank, Jain Irrigation Systems Ltd.</li> <li>• <u>International</u>: Government of the Netherlands</li> </ul>
Measures	<ul style="list-style-type: none"> <li>• exploit potential of solar and wind energy (e.g. windmills)</li> <li>• abstract groundwater at affordable levels for community RWSS</li> <li>• installation of energy efficient pumps</li> <li>• make use of drip-fed irrigation for fruit plants</li> </ul>
Aims	<ul style="list-style-type: none"> <li>• ensure cost-effective sustainable irrigation</li> <li>• achieve autonomy from subsidized electricity</li> <li>• indigenous technology development and adaptation activities</li> <li>• establish long-term public-private partnership</li> <li>• provide sustainable alternative to drug cultivation</li> </ul>
Potential German contribution	<ul style="list-style-type: none"> <li>• private sector involvement by firms operating in RE businesses</li> <li>• ensure of high quality standards for various project components</li> <li>• long-term assessment and consulting</li> </ul>
Potential GCC contribution	<ul style="list-style-type: none"> <li>• cooperation with Masdar, financing by Abu Dhabi Fund</li> <li>• Benefit from GCC States' experience in desert irrigation schemes</li> </ul>
Possible problems/obstacles	<ul style="list-style-type: none"> <li>• settling land and water rights issues with local authorities might be time-consuming</li> <li>• finding reliable local partners and integrating local workforce</li> <li>• Unpredictable security situation endangers all envisioned project components and the lives of villagers and assistance workers alike</li> <li>• Farmers might be reluctant to give up lucrative poppy crop cultivation</li> </ul>

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### 3. Vocational Training

**Project for Capacity Building of existing Staff Training Institute (STI) and Trade Testing Board (TTB)**

Project description	Vocational training facilities in Pakistan substantially lack in quantity. Worse, however, the quality of teaching is inadequate and must be improved – for the existing, as well as for future facilities. Projects in quality improvement can start quickly and do not have to consider delays due to possibly expensive TVET facility building schemes. Unskilled Pakistani workers who had to leave the GCC States recently, could be a prime target group for skill improvement.
Location	Quetta District, Balochistan
Estimated total costs	
Potential partners	<ul style="list-style-type: none"> <li>• <u>Local</u>: Directorate of Manpower Training (Government of Balochistan)</li> <li>• <u>Regional</u>: National Vocational &amp; Technical Education Commission (NAV-TEC), Asian Development Bank (ADB), Abu Dhabi Fund</li> <li>• <u>International</u>: GTZ</li> </ul>
Measures	<ul style="list-style-type: none"> <li>• Evaluate and readjust teaching in terms of knowledge, skill, quality and relevance</li> <li>• Equip instructional staff with modern instructional techniques</li> <li>• Increase use of teaching aides</li> <li>• Prepare teaching aides for trainees</li> <li>• Prepare appropriate instructional material for lessons</li> <li>• Develop monitoring and evolution system of training program</li> </ul>
Aims	<ul style="list-style-type: none"> <li>• Improve existing training skill standards</li> <li>• Develop skill standards to compete in market-oriented trades</li> <li>• Establish teaching methods based on minimum of theory and maximum of practice</li> <li>• Raise awareness of effective teaching for present and future TVET facilities</li> </ul>
Potential German contribution	<ul style="list-style-type: none"> <li>• Provide know-how, instructional staff and equipment</li> </ul>
Potential GCC contribution	<ul style="list-style-type: none"> <li>• Co-financing by Abu Dhabi Fund</li> <li>• Support returnees in professional advancement and possible reintegration into GCC labour market</li> </ul>
Possible problems/obstacles	<ul style="list-style-type: none"> <li>• GCC States will have to be persuaded of the benefit of integrating former Pakistani guest workers</li> <li>• TVET students may not reap direct benefit from improvements which will only take effect when the TVET teaching staff is sufficiently instructed and facilities enhanced</li> </ul>

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#### 4. Livestock development

##### Project for Community Empowerment through Livestock and Credit (CELDAC)

Project description	Livestock farming is the potential growth sector within Pakistan's agriculture with a share in value of 50% and a contribution of 11% to the national GDP. Projects in livestock farming would especially favour landless peasants and circumvent time-consuming land issues. Rural women often assume tasks in animal husbandry and could be another target group. Activities can be implemented directly on a local level, literally in the peasants' backyard. Sophisticated livestock development diversifies products, enhances their quality and contributes to sustainable rural income generation. Marketing plays a crucial role that could link the growing demand for meat and dairy to investment in livestock farming. The CELDAC projects have yielded positive results in Punjab and Sindh and could be implemented in Balochistan and NWFP, as well.
Location	So far: Punjab, Sindh
Estimated total costs	USD 3.9 Mio (Punjab province project component with Nestlé Pakistan Ltd.) USD 1.1 Mio (Sindh province project component with Engro Foods)
Potential partners	<ul style="list-style-type: none"> <li>• <u>Local</u>: University of Agriculture Faisalabad</li> <li>• <u>Regional</u>: Nestlé Pakistan Ltd., Engro Foods, Pakistan Agricultural Research Council (PARC)</li> <li>• <u>International</u>: United Nations Development Programme (UNDP),</li> </ul>
Measures	<ul style="list-style-type: none"> <li>• Improve breeding facilities</li> <li>• Improve fodder quality</li> <li>• Provide vaccination</li> <li>• Broaden the use of artificial insemination</li> <li>• Improve storage and transport capacities</li> <li>• Make use of micro-credit lending schemes</li> </ul>
Aims	<ul style="list-style-type: none"> <li>• Establish sanitary standards for livestock farming</li> <li>• Improve health conditions for animals and stock-breeders</li> <li>• Professionalize processing of animal products</li> <li>• Develop marketing strategies for animal products</li> </ul>
Potential German contribution	<ul style="list-style-type: none"> <li>• Technical assistance in sanitary improvement</li> <li>• Quality management and supervision</li> </ul>
Potential GCC contribution	<ul style="list-style-type: none"> <li>• Provide favourable access to GCC markets</li> <li>• Secure storage facilities and transport routes</li> <li>• Co-finance pilot projects</li> </ul>
Possible problems/obstacles	<ul style="list-style-type: none"> <li>• Settling land and water rights issues might be time-consuming</li> <li>• Local middlemen who traditionally control prices, have to be circumvented for new marketing strategies to take effect</li> </ul>

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## 5. Basic Health

### Project for Installation of Basic Health Units (BHU)

Project description	Rural communities often lack both immediate access to medication and treatment, as well as a general awareness of sanitary and health standards. Basic Health units would provide immediate treatment and continuous health education lessons for different target groups.
Location	Rural communities in Balochistan and NWFP
Estimated total costs	1 BHU = 200,000 - 250,000 USD
Potential partners	<ul style="list-style-type: none"> <li>• <u>Local</u>: communities</li> <li>• <u>Regional</u>: Aga Khan Health Services Pakistan (AKHSP), Health Ministry of the Government of Balochistan</li> <li>• <u>International</u>: KfW</li> </ul>
Measures	<ul style="list-style-type: none"> <li>• Build standard basic health units on village level</li> <li>• Communicate health and sanitary measures in a culturally acceptable manner</li> <li>• Engage local authorities (e.g. Mullahs) to legitimate and promote basic health programmes</li> <li>• Devise special health instruction programmes for women and children</li> </ul>
Aims	<ul style="list-style-type: none"> <li>• Provide access to medical care (medication &amp; personnel)</li> <li>• Establish basic sanitary and health standards</li> <li>• Improve standard of living to enhance productivity</li> <li>• Raise awareness for importance of reproductive health</li> <li>• Reduce frequency of diseases and child mortality</li> </ul>
Potential German contribution	<ul style="list-style-type: none"> <li>• Provide medical equipment and staff</li> </ul>
Potential GCC contribution	<ul style="list-style-type: none"> <li>• Co-Financing by Abu Dhabi Fund</li> </ul>
Possible problems/obstacles	<ul style="list-style-type: none"> <li>• Getting access to and gaining trust from local authority figures and the common villagers will take time</li> <li>• Social conventions might restrict access to specific target groups (e.g. medical treatment of women by male foreigners)</li> </ul>

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## 6. Local ownership of the development process

### Project for Local Empowerment and Cooperation

Project description	The village community is the core element of rural life. Any project scheme will only prove successful and sustainable, if its benefits are well communicated and accepted by local authority figures. Village empowerment does not restrict itself to project planning and implementation, but should entail community ownership, as well. Small-scale project components (e.g. water tubes), endowed with micro-credit lending schemes, can contribute to link responsible leadership to community development.
Location	<ul style="list-style-type: none"> <li>• Village communities in Balochistan, NWFP, FATA</li> </ul>
Estimated total costs	Up to 1 million USD
Potential partners	<ul style="list-style-type: none"> <li>• <u>Local</u>: rural communities, returning workers from GCC States</li> <li>• <u>Regional</u>: Abu Dhabi Fund, GCC-based companies</li> <li>• <u>International</u>: German Institute for Developmental Sociology, GTZ</li> </ul>
Measures	<ul style="list-style-type: none"> <li>• Integrate Pakistanis returning from the GCC States as mediators between technical staff and local authorities</li> <li>• Integrate local arbitrary institutions (e.g. <i>Jirga</i>) into decision-making processes</li> <li>• Provide information and training sessions about community development for specific target groups (e.g. mullahs, women, farmers)</li> <li>• Provide information and training sessions about administration and management of community ownership</li> <li>• Link small-scale project implementation and ownership to micro-credit lending schemes</li> </ul>
Aims	<ul style="list-style-type: none"> <li>• Establish community ownership for technical components</li> <li>• Gain the trust and active help of local authority figures</li> <li>• Establish a sense for responsible local leadership and administration and management skills</li> <li>• Foster village solidarity and economic viability of rural communities</li> </ul>
Potential German contribution	<ul style="list-style-type: none"> <li>• Provide technical equipment and instruction material</li> <li>• Share sociological/anthropological know-how with local and regional partners</li> </ul>
Potential GCC contribution	<ul style="list-style-type: none"> <li>• Engage former Pakistani guest workers as interlocutors and potential development assistants</li> <li>• Co-financing by Abu Dhabi Fund</li> </ul>
Possible problems/obstacles	<ul style="list-style-type: none"> <li>• Getting access to and gaining trust from local authority figures and the common villagers will take time</li> <li>• Unpredictable security situation endangers all envisioned project components and the lives of villagers and assistance workers alike</li> <li>• Settling land and water rights issues might be time-consuming</li> </ul>

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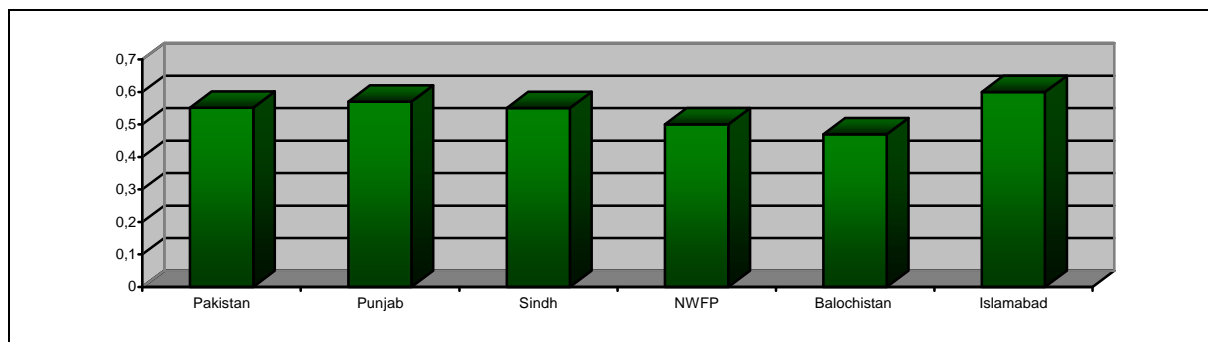
	<ul style="list-style-type: none"><li>• GCC States will have to be persuaded of the benefit of integrating former Pakistani guest workers</li></ul>
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VI. APPENDIX: SCHEDULES AND FACTS

# OPPORTUNITIES FOR INCREASED GERMAN-GULF COOPERATION IN SUPPORT OF SECURITY AND STABILITY IN PAKISTAN

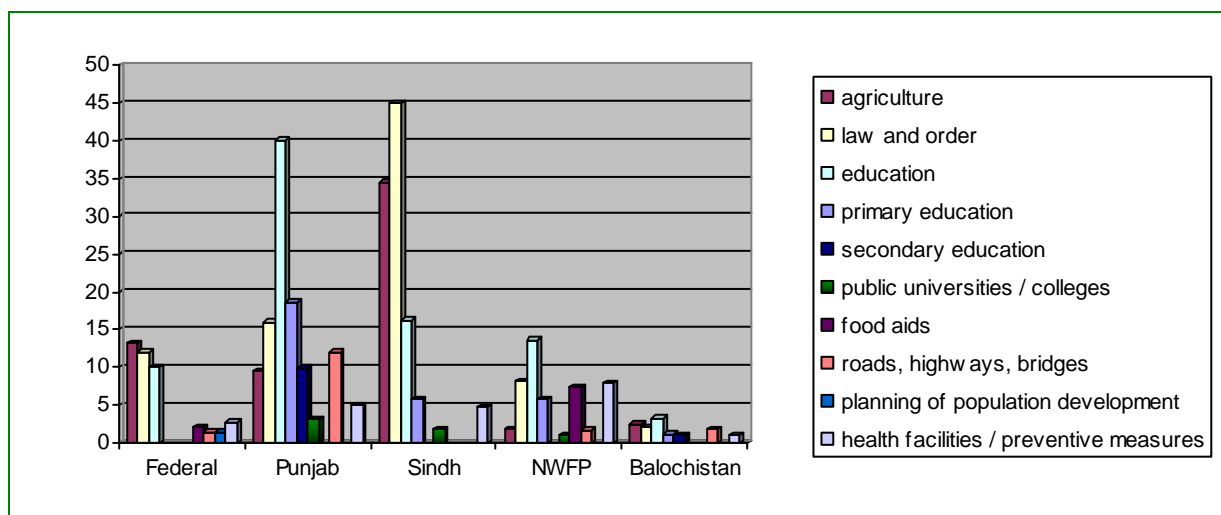
## VI.1. Regional Statistics

*Province-based Human Development Index (HDI)*



Source: Hussein, Akmal, Pakistan. Human Development Report 2003. Poverty, Growth and Governance, United Nations Development Programme 2003.

*Sectors of expenditures (in billion RPs)*



*Regional budgetary allocations to fight poverty, first half of FY 2008/09 (in billion USD/ RPs)*

Region	Budgetary allocations
Punjab	USD 1.25 / RPs 97.776
Sindh	USD 0.556 / RPs 43.824
NWFP	USD 0.446 / RPs 35.654
Balochistan	USD 0.168 / RPs 13.473
Total	USD 2.24 / RPs 179.087

Source: Abbasi, Zaheer, First half of current fiscal year: Rs 369.814 billion budgetary allocation spent on poverty reduction, business recorder, February 20, 2009.

*Food insecurity in Pakistan (2003)*

Extremely insecure provinces:	Very insecure:	Less insecure:	Moderately insecure:	Reasonably insecure:

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Sindh: Tharparkar Beluchistan: Dera Bugti, Musa Khel, Kharan, Bolan, Kohlu, Zhob, Khuzdar, Awaran, Killa Abdullah, Jhal Magsi, Barkhan, Killa Saifullah, Kalat NWFP: Shangla, Kohistan, Hangu, Upper Dir, Battagram, Swat, Bannu, Tank, Chitral, Buner, Lower Dir, FATA: North Waziristan, South Waziristan, Khyber, Kurram, Mohmand, Orakzai, Bajaur, Northern Area: Diamer, Skardu, Ghanche, Ghizer, AJK: Punjab: Rajanpur, Muzaffargarh	Sindh: Umerkot, Jacobabad, Sukkar, Balochistan: Sibi, Chagai, Panjgur, Turbat, Lasbela NWFP: Karak, Mansehra, Nowshera, Lakki, Gilgit, AJK: Muzaffarabad Punjab: D. G. Khan, Multan	Sindh: Khairpur, Ghotki, Thatta, Sanghar, Dadu, Mirpukhas, Larkana Balochistan: Gawader, Mastung, Pishin, Loralai, NWFP: Mardan, Kohat, D. I. Khan, Swabi, Char-sadda, Malakand AJK: Bhimber, Bagh, Kotli, Punjab: Bahawalpur, Layyah, Rahim Yar Khan, Attock, Lahore, Lodhran	Sindh: Shikarpur, Hyderabad, Badin, Balochistan: Jafarabad, Quetta, NWFP: Peshawar, Haripur AJK: Sudhnoti, Rawalakot, Punjab: Rawalpindi, Khanewal, Mianwali, Gujrat, Jhang, Chakwal, Narowal, Khushab, Vehari, Bhakkar	Sindh: Karachi, Naushero Feroze, Nawabshah, Balochistan: Nasirabad, Ziarat NWFP: Abbottabad AJK: Mirpur Punjab: Kasur, Bahawalnager, Sahiwal, Gujranwala, Pakpattan, Okara, Sialkot, Faisalabad, Hafizabad, Sheikhpura, Sargoda, T. T. Singh, Jhelum, Mandi Bahaund Din
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Source: SDPI, *Food Insecurity in rural Pakistan 2003*, [www.sdpi.org](http://www.sdpi.org), March 5, 2009.

*Caloric Poverty in rural districts of Pakistan*

Punjab:

District	%
Rajanpur	48.1
Muzaffaragh	47.1
D. G. Khan	46.4
Multan	46.2
Bahawalpur	43.3
Layyah Rahim Yar	39.7
Khan	39.4
Attock	39.1
Lahore	38.6
Lodhran	37.5
Rawalpindi	37.1
Khanewal	37.0
Mianwali	36.7
Gujrat	36.5
Jhang	36.1
Chakwal	35.7
Narowal	35.5
Khushab	35.3
Vehari	34.7
Bhakkar	34.0
Kasur	33.8
Bahawalnagar	33.8
Sahiwal	33.6
Gujranwala	33.5
Pakpattan	33.2
Okara	32.4
Sialkot	32.2
Faisalabad	32.1
Hafizabad	31.9

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Sheikhupura	31.8
Sargoda	31.4
T. T. Singh	31.1
Jhelum	30.8
Mandi Bahaund Din	30.6

**NWFP**

District	%
Shangla	37.4
Kohistan	37.3
Hangu	36.2
Upper Dir	33.8
Battagram	31.4
Swat	29.1
Bannu	28.0
Tank	27.6
Chitral	27.4
Buner	27.3
Lower Dir	27.1
Karak	26.4
Mansehra	25.9
Nowshera	25.8
Lakki	25.7
Mardan	24.7
Kohal	24.5
D. I. Khan	24.4
Swabi	24.3
Charsadda	23.8
Malakand	23.0
Peshawar	21.3
Haripur	19.9
Abbottabad	17.8

**Sindh:**

District	%
Tharparkar	72.4
Umerkot	46.2
Jacobabad	45.0
Sukkar	44.4
Khairpur	42.9
Ghotki	41.1
Thatta	40.7
Sanghar	38.6
Dadu	37.8
Mirpurkhas	37.6
Larkana	37.2
Shikarpur	36.2
Hyderabad	34.0
Badin	33.9
Karachi	33.2
Naushero Feroze	32.6
Nawabshah	32.0

**Balochistan:**

District	%
Dera Bugti	73.0
Musa Khel	68.9
Kharan	68.6
Bolan	62.2
Kohlu	57.1
Zhob	56.8
Khuzdar	56.6
Awaran	53.9
Killa Abdullah	52.7
Jhal Magsi	51.5
Barkhan	51.5
Killa Saifullah	49.7
Kalat	49.6
Sibi	48.9

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Chagai	47.8
Panjkur	46.7
Turbat	46.6
Lasbela	46.2
Gawadar	45.0
Mastung	43.1
Pishin	42.7
Loralai	41.8
Jafarabad	36.8
Quetta	35.9
Nasirabad	30.3
Ziarat	27.7

**Northern Area:**

District	%
Diامر	46.2
Skardu	40.9
Ghanche	40.4
Ghizer	35.1
Gilgit	32.5

**AJK**

District	%
Muzaffarabad	33.7
Bhimber	30.0
Bagh	28.7
Kotli	28.6
Sudhnoti	28.3
Rawalakot	26.2
Mirpur	24.6

**FATA**

District	%
North Waziristan	48.8
South Waziristan	46.3
Khyber	41.3
Kurram	41.0
Mohmand	40.9
Orakzai	39.3
Bajaur	38.5

**VI.2. Agriculture**

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*Retail prices for Pakistan in January 2009 per kg and in USD (prices are weighted by population)*

Wheat Flour	0.31
Broken Rice	0,60
Sugar	0.49
Maize	0.41
Potatoes	0,20
Onion	0.28
Tea	4,96
Chicken	1,19
Beef	1,85

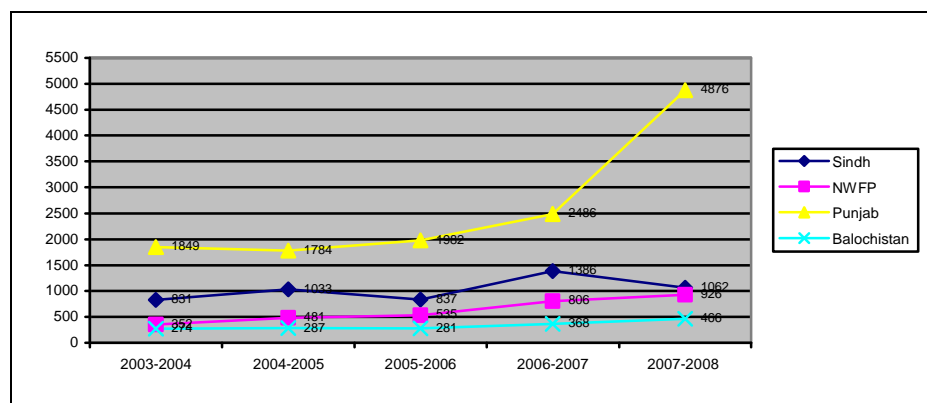
### VI.3. Education

*Literacy rates in provinces 1972-2004 (in %) (selected years)*

Province	Years	Both sexes	Male	Female
Punjab	1972	20.7	29.1	10.1
	1998	27.4	36.8	16.8
	2004	56.14	57.2	35.1
Sindh	1972	30.2	39.1	19.2
	1998	45.29	54.5	34.78
	2004	46.17	65.54	27.39
NWFP	1972	15.5	23.1	4.7
	1998	35.41	51.39	18.82
	2004	46.17	65.54	27.39
Balochistan	1972	10.1	14.8	4.3
	1998	26.6	36.5	15
	2004	37.18	49.72	23.31

Source: Choudhry, Munir Ahmed, *Pakistan. Where and Who are the World's Illiterates?*, April 2005, p. 13.

*Provincial Budgetary Allocation for TVET (in Rs. Million)*



Source: NAVTEC, *“Skilling Pakistan. A Vision for the National Skills Strategy”*, p. 27.

### VI.4. Energy

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### *Petroleum (thousands barrel per day)*

	2006		
	Pakistan	Asia & Oceania	Rank
Total Oil Production	67.98	8,474	57
Crude Oil Production	65.67	7,459	53
Consumption	359.00	24,526	34
Net Exports/Imports (-)	-291.02	-16,052	23
Total Oil Exports to U.S.	2	315	n/a
Proved reserves (billion barrels)	0.289	36	55

*Source: EIA, February 17, 2009*

### *Natural Gas (billion cubic feet)*

	2006		
	Pakistan	Asia & Oceania	Rank
Production	1,088	12,991	21
Consumption	1,088	14,586	24
Net Exports/Imports (-)	0	-1,535	
Proved reserves	26,830	386,298	28

*Source: EIA, February 17, 2009*

### *Electricity (billion kWh)*

	2006		
	Pakistan	Asia & Oceania	Rank
Net Generation	89.92	5,589	31
Net Consumption	67.06	5,075	34
Installed Capacity (GWe)	19.382	1,150	32

*Source: EIA, February 17, 2009*

## VI.5. Development assistance

*Projects for Partnership by Friends of Democratic Pakistan*

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Name of the project	Total cost (million USD)	Duration
Livestock production and development of meat production	19	5 years
Prime Minister's special initiative for livestock	21	5 years
Milk collection / processing and dairy project and development program	20	5 years
National Program for Control and Prevention of Avian Influenza	15	3 years
Aquaculture and Shrimp Farming	15	5 years
Special Program for Food Security and Productivity Enhancement of Small Farmers in 1012 villages	100	5 years
Research for Agriculture Development Program (NARC)	37	5 years
National Bio-Saline Agriculture Program	10	5 years
Special Program for Strengthening SPS Facilities and Quality Inspection Services in Compliance with WTP; Establishment of an Integrated National Animal and Pant Health Inspection Services (NAPHIS)	4	5 years
Improvement of agriculture and livestock markets and marketing system	25	5 years
<b>Total</b>	<b>266</b>	

*Projects for Partnership by Friends of Democratic Pakistan, implemented by Planning Commission 1<sup>st</sup> November 2008: small/medium dams*

Province	No. of proposed dams	Irrigation (acres)	Power generation capacity (MW)	Estimated fund required (in million USD)
Punjab	8	542,455	-	147
Sindh	7	116,160	2	221
NWFP	9	190,828	26	412
Balochistan	8	214,815	4	672
<b>Total</b>	<b>32</b>	<b>1,062,258</b>	<b>32</b>	<b>1452</b>

*Implemented Projects sponsored Pakistan's government*

Project	Cost (million RPs)	Present status
Fuel Savings Technologies (FST) Projects	15.51	Completed
Electrification of remote coastal villages using wind energy	32.18	Completed
Development of rural areas through promotion of biogas technology for production of bio-fertilizer and bio-fuel	22.02	Completed
Design, development and demonstration of Kaplan turbine for harnessing the power of canal falls	5.00	Completed
Establishment of testing laboratory for PV and solar thermal appliances	21.0	Completed
Community solar dryers	10.656	Completed
Pilot project of silicon solar cells and modules	37.41	Ongoing
Electrification of remote villages in NWFP, FATA and northern areas through installation of 70 micro hydropower plants	38.80	Ongoing
Development of low power high intensity solar lights	6.77	Ongoing
Pilot project on rural electrification using solar energy	37.50	Ongoing
Electrification of mosque and school in remote rural areas	28.58	Ongoing
Development and promotion of biogas technology for meeting domestic fuel needs of rural areas and production of bio-fertilizer	89.21	Ongoing
Up-gradation of facilities to produce silicon modules up to 80 kW annual capacity	183.986	ongoing
Provision of electricity to earthquake areas through installation of 100 micro hydropower plants	132.256	Ongoing
Up gradation and extension of	418.736	Ongoing

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PCRET facilities in Islamabad		
Development and installation of MHP plant at canal fall for demonstration and commercial applications	17.042	Ongoing
Total	1096.656	

*Other projects:*

Title	Years	Budgets
Solar dryers for dehydration of apricots	2004-2005	0.050
Malakand rural development projects	2003-2007	42.25
Barani area development project	2004-2007	26.44
Promotion of biogas plants for meeting energy requirements	September 2004-December 2004	0.55
Installation of wind/solar hybrid system	September 2004-December 2004	1.00
Development and dissemination of micro-hydro power plants	September 2004-December 2004	0.90
Community solar dryer for drying dates	September 2004-December 2004	0.50

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