



ISSUE BRIEF

INSTITUTE OF STRATEGIC STUDIES ISLAMABAD

Web: www.issi.org.pk

Phone: +92-51-9204423, 24

Fax: +92-51-9204658

COVID-19: US PLEDGES COOPERATION WITH PAKISTAN

By
Mahrukh Khan
Research Fellow

Edited by
Najam Rafique

May 27, 2020

*(Views expressed in the brief are those of the author, and do
not represent those of ISSI)*



In face of the growing COVID crisis, the US has pledged to help Pakistan fight its battle against the pandemic – a promise made by US President Donald Trump to Prime Minister Imran Khan during a phone call conversation.¹

Both the leaders agreed to work on a coordinated response to the pandemic that has created havoc around the world and has not only impacted human lives, but also jolted the world economy. In this time of need, the US has committed nearly \$15 million in new funding to Pakistan and identified this assistance as a top priority needs by Pakistan.² The financial assistance will go into different programs working in the country for a more thorough outreach to the population.

Out of the total assistance made by the US, \$8 million are made in new contributions and assistance to Pakistan by supporting different programs nationwide that work for the afflicted people. The financial assistance will help establish different mobile labs to fight the pandemic in order to increase the efficacy of tests in the virus hotspot in the country. The outbreak of the virus is posing an enormous and an ever-increasing challenge to the health services sector in Pakistan, and in this critical time the mobile labs will help in testing, treating and monitoring of the areas that are hit the most by the pandemic in the country. The assistance will also help to fund emergency operations centres in different hospitals throughout all the provinces as well as the federal capital. Moreover,

¹ Ayaz Gul, "US Pledges New Financial Aid to Help Pakistan Fight Virus," *Voice of America*, April 18, 2020, <https://www.voanews.com/covid-19-pandemic/trump-pledges-support-pakistan-fight-against-covid-19>

² "U.S. Government Expands Partnership to Alleviate Poverty During Corona virus Pandemic," *U.S. Mission Pakistan*, May 7, 2020, <https://pk.usembassy.gov/u-s-government-expands-partnership-to-alleviate-poverty-during-coronavirus-pandemic/>

training will also be provided to community health workers so they can help the affected populations through the Pakistan-US health partnership program.³ All these steps will help reduce the mounting burden on the hospitals around Pakistan and help nib the evil in its bud.

Both the nations are collaborating to combat the spread of the virus and fight it for the benefit of the people in Pakistan. The economic uncertainty remains high during this time of crisis; its impact on the economy of Pakistan is expected to be significant, as it will give rise to increased fiscal needs. Furthermore, Washington's backing in these critical times has helped Pakistan to secure an urgent soft loan of approximately \$1.4 billion from the International Monetary Fund (IMF) to help overcome the economic repercussions.⁴ In this backdrop, the IMF support will prove to be a barrier against the decline in Pakistan's international reserves and provide financing to the budget for targeted and temporary spending increase aimed at restraining the pandemic and mitigating its economic impact.⁵

Out of the total assistance made by the US \$5 million are dedicated to support Pakistan's Ehsaas Emergency Cash Program and an additional \$2.5 million therapeutic food program for children diagnosed with acute malnutrition.⁶ The said assistance will help provide almost 70,000 eligible families extra support to buy food and essentials. In addition, the US has also delivered 336 metric tons of ready-to-use therapeutic food for children diagnosed with acute malnutrition, and equipment for 50 health facilities to treat malnutrition, in collaboration with UNICEF and the Government of Pakistan.

The US has also granted some relaxation to Pakistan on the FATF front. This measure comes in the wake of the pandemic that has spread globally and effected business as usual due to the lockdown across the globe. This has made it difficult for the assessors of institutes such as the FATF to conduct on-site and in person meetings, evaluations and other follow-up processes. The US has acknowledged the severe challenges that Pakistan is facing at this difficult time, and as it considers Pakistan the priority country during the Covid-19 crisis, it has recognized that the current

³ "US helps Pakistan in its Covid-19 battle," *Tribune*, May 15, 2020, <https://tribune.com.pk/story/2221936/1-us-helps-pakistan-covid-19-battle/>

⁴ Ayaz Gul, "US Pledges New Financial Aid to Help Pakistan Fight Virus," *Voice of America*, April 18, 2020, <https://www.voanews.com/covid-19-pandemic/trump-pledges-support-pakistan-fight-against-covid-19>

⁵ "IMF Executive Board Approves a US\$ 1.386 Billion Disbursement to Pakistan to Address the COVID-19 Pandemic," Press Release No. 20/167, *International Monetary Fund*, April 16, 2020, <https://www.imf.org/en/News/Articles/2020/04/16/pr20167-pakistan-imf-executive-board-approves-disbursement-to-address-covid-19>

⁶ "U.S. Government Expands Partnership to Alleviate Poverty During Corona virus Pandemic," *U.S. Mission Pakistan*, May 7, 2020, <https://pk.usembassy.gov/u-s-government-expands-partnership-to-alleviate-poverty-during-coronavirus-pandemic/>

circumstances will bring an unfair evaluation to the process. Pakistan has extended its appreciation to the US on the flexibility and ease of assessment on FATF.⁷

The support over FATF comes after a virtual meeting between the office-bearers and members of the US-Pakistan Business Council. Delegates on both the sides have discussed the importance of business relations between both the nations and highlighted that the business collaboration between the two countries have a great potential of growth, provided that the opportunities for businesses and investments are available equally in both the capitals.⁸

While both, Pakistan and the US have shared many uneasy chapters in the past, the current pandemic situation has brought together the two capitals to fight against a common humanitarian enemy without any selfish interests. Both the governments are collaborating on many levels to stop the spread of the virus as well as to curtail the economic fall-out. The funding provided by the US, as highlighted above is fully paid by the American people as a gesture of warmth and friendship. The funding will be utilized for a number of activities to help save many lives and the economic backlash in Pakistan. This act has strengthened the bond of friendship between the two capitals and marks a new chapter in their bilateral relations.

⁷ "Pakistan's Finance Adviser Lauds US Support in FATF," *Tribune*, May 21, 2020, <https://tribune.com.pk/story/2225904/1-pakistans-finance-adviser-lauds-us-support-fatf/>

⁸ Ibid.