TRANSPARENCY INTERNATIONAL - PAKISTAN
Strives to make Pakistan a better country to live in

ANNUAL REPORT
ON ACTIVITIES ENDING DECEMBER 31, 2002

65-C NATIONAL HIGHWAY
PHASE II DEFENCE HOUSING AUTHORITY
KARACHI

ENDING DECEMBER 31, 2002
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TRANSPARENCY INTERNATIONAL - PAKISTAN
Strives to make Pakistan a better country to live in

REPORT ON ACTIVITIES ENDING DECEMBER 31, 2002

THE ORGANIZATION

Name: Transparency International – Pakistan
Address: 65-C National Highway, Defense Housing Authority, Phase II, Karachi - Pakistan
Telephone: 0092-21-4552438 and 5803518
Facsimile: 0092-21-4559152
e-mail: ti-pak@khi.paknet.com.pk, omari@transparency.org.pk
Web site: www.transparency.org.pk
Status: Registered as a TRUST. – Transparency International – Pakistan.
Function: A Non-Profit, Non-Political, Non-Partisan, Non-Investigative and Non-Confrontational Civil Society Organization established to combat corruption through systemic reforms.

HISTORY OF TI-PAKISTAN

In March of the year 2000, I was approached by Mrs. Margit Van Ham, Executive Director Transparency International, based in Berlin and Dr. Rajendra Panday – President TI-Nepal and Executive Member of the TI Board, who were visiting Pakistan to meet with people who had shown interest in forming a national Chapter of TI in Pakistan.

In April 2000, in consequences of her meetings in Pakistan, Transparency International-Secretariat (TI-S) Berlin nominated one representative from each of the three cities viz. Islamabad, Lahore and Karachi to act as Facilitators of TI-Pakistan in order to set up a National Chapter.

In November 2000 two Chapters, from Karachi and Lahore had in Principal been established and four members each from these two chapters had been identified as PROMOTERS solely to initiate the process for the formation of a National Chapter of TI-Pakistan. Subsequently approvals of the nominated Promoters and Requests for affiliation were then submitted to the Transparency International Secretariat – Berlin to establish an (In-formation) Chapter of TI-Pak.

In January and February of 2001 Agreements were exchanged between Transparency International – Secretariat and the representative Promoters of the two chapters. This agreement was finally signed in June 2001.
This agreement between TI-S and the Promoters of TI-Pakistan confirms the establishment of Transparency International – Pakistan designated as “in formation” and allows TI-Pakistan to act as a National Chapter under basic guidelines set up by TI-S, in that, the Chapter would function as a Non-Profit, Non-Partisan and Non-Political Organization.

Since the recognition of the TI-Pakistan as a National Chapter (in formation) by Transparency International – Secretariat, the Promoters have decided to operate through Provincial Chapters to be set up in the major cities of the provinces such as Karachi Chapter, Lahore etc. to function independently but under a Policy outlined by the Promoters of the National Chapter and the Guidelines of Transparency International..

A National Chapter has been formed with the knowledge and approval of the TI-Secretariat and Registered as a TRUST under the name of TRANSPARENCY INTERNATIONAL – PAKISTAN We have therefore, been pursuing projects and programs since its initial submission of approval as a Chapter in-formation from February 2001

The Promoters of Transparency International – Pakistan understanding that the Government of Pakistan was earnestly trying to combat corruption, this was not in doubt, but its approach was naturally only an investigative one. The National Accountability Bureau set up in 1999 was not initially mandated to support systemic reforms or to follow up on any previously established National Anti-corruption Policy or strategy. This was remedied, and in the beginning of 2002 a committee was set up to undertake such a program, that is to develop a National Anti-corruption Strategy (NACS) The Committee came out with its Final Report end July 2002 and has now been finally approved in October 2002 both by the National Cabinet and the President himself. The Implementation of this NACS is expected beginning February 2003.

At the same time it is true that the Government was simultaneously working on all fronts in pursuance of various reforms which included Police Reforms, Access to Justice and Information etc. which then became a part of an overall program by the Government. The reform was not specific to combating Corruption, even though this was part of the original commitment of the Chief Executive but basically to develop polices towards providing wherever possible good governance within its departments..

The government’s policy was clear, it was to try and bring to justice and punish those who had defaulted, defrauded, or had cheated the government of Pakistan in the past by kickbacks, extortion, collusion or other means. It was and still is without doubt a Herculean task for any government. TI-Pakistan very early realized, that what was needed in addition to the investigative approach, was for the government to go for systemic reforms and to provide for Good Governance and Transparency in all its Administrative, Financial and Procurement Procedures. This, in practical terms meant that the government had to develop and put in place necessary Checks and Balances that would in future not allow for the possibility of corrupt practices and the ease with which past governments robbed the meager resources of our country.

There was therefore a real need to support the government’s effort in combating Corruption. There was a need for Transparency not only in the Administrative and financial departments, but especially in the procurement procedures existing within the government. Only then could Pakistan emerge out of its being perceived as a Pariah in the International Business Community and as one of the most corrupt countries of the world.

In this, we can proudly say that the present Government has shown remarkable foresight and forthrightness in its declared crusade of fighting corruption, taking its lead from the President of Pakistan himself. We can also safely say that those whom TI-Pakistan have personally met, in the previous government of President Pervez Musharraf, such as the Federal Minister of
Interior, the Federal Minister of Law, Justice and Parliamentary Affairs, the Nazim - City District Government – Karachi, the Provincial Minister of Finance- Sindh, the Provincial Minister of Education –Sindh and most other Ministers and Senior Officials of the Federal Government whom the TI-Mission met during their invitation by the Ministry of Finance and the World Bank in April 2002 were all committed officials, who whole-heartedly accepted TI - Pakistan’s support in their fight against corruption. We do hope that this support to fight corruption continues as a part of the policy of the new government installed in October 2002.

TI Pakistan has played an important role in obtaining the commitment by senior officials in the Government of Pakistan to support the implementation of TI-Pakistan’s recommendations on “ensuring Transparency and Public Participation in the Public Procurement Procedures” and also a commitment of the GoP to implement the proposals given in the World Bank CPAR 2000.

TI-Pakistan took upon itself to support the National Accountability Bureau’s in its National Anticorruption Strategy (NACS), cooperating with them in incorporating within their Strategy Report, recommendations related not only to enhance Transparency in Public Procurement (approved by nearly all the stakeholders at a convention organized by the NACS in July 2002) but also recommending the implementation and monitoring of the OECD Convention on Combating Bribery of Foreign Public Officials.

The Strategy document has now been approved both by the Cabinet and the President in October 2002. In addition, a TI Mission visiting Pakistan in April 2002 at the request of the GOP had supported the initiative of the World Bank in its earlier CPAR report on Pakistan recommending the setting up of a Public Procurement Regulatory Authority. The GOP immediately approved the same through an Ordinance in May 2002. We hope to get the support of the GOP and the World Bank in the functioning of PPRA on proper lines as recommended in the CPAR.

OUR AIMS & OBJECTIVES

• To curb corruption by mobilizing like minded Citizens through local, and national coalitions encouraging the government, government departments, Municipalities, civic agencies and Private sector organizations to establish and implement effective laws, policies and anti-corruption programs,
• To promote and strengthen our national Integrity Systems.
• To strictly follow the Principles of Participation, Decentralization, Diversity, Transparency and Accountability
• To strengthen public support for anti-corruption programs and enhance public transparency and accountability in administrative, financial and in all business transactions and
• encourage all parties in local or national business transactions to operate at the highest level of integrity.

OUR MANDATE

Corruption is one of the greatest challenges of the contemporary world. It undermines good governments, fundamentally distorts Public polices, leads to the misallocation of resources, harms the Public and Private sector developments and particularly hurts the poor.

• TIP shall observe the Principles of Participation, Decentralization, Diversity, Accountability and Transparency, also,
• TIP shall be politically Non–Partisan.
• TIP shall be non-investigative and not ‘naming names’
• TIP shall help build provincial and national coalitions, embracing the state, the civil society and the private sector in order to fight national corruption.
• TIP shall collect, analyze and disseminate information and help raise public awareness on the damaging impact of corruption on human and economic development.
• TIP shall try to bring together a large number of highly professional volunteers for an integrated approach to combat corruption.
• TIP shall assist the civil society in playing a meaningful role in countering institutional corruption.
• TIP shall adopt a Non-Confrontational stance when dealing with Governments.
• TIP shall hold discussions with related Governmental Departments, Political Parties, Non-Governmental Organizations and Interested Individual Parliamentarians to develop the awareness of ills of institutional corruption.
• TIP shall assist in reviewing and suggest modifications in commercial, Business and Banking Laws, so as to introduce both accountability and transparency in the recording, accounting and auditing of business activities.
• TIP shall help review the administrative laws, rules and regulations, so as to introduce more Transparent Procurement Procedures for Government Procurement of Goods and Services.
• TIP shall assist in reviewing, suggesting and recommending appropriate modification of the Criminal and Tax Laws, so as to Criminalize Acts of bribery.
• TIP shall make recommendations to the various Governmental institutions and Departments so as to take effective steps to prevent and combat bribery, collusion, extortion and corruption within the relevant institutions and departments.
• TIP shall coordinate with International Financial Institutions (IFI's) such as the World Bank, IMF, IFC, Asian Development Bank, Islamic Development Bank, The European Bank for reconstruction and development etc. so as to strengthen and apply procurement rules for International Purchases and contracts financed from their loans, credits or grants. Stipulating standard conditions of contract compatible with existing conditions in Pakistan.
• TIP shall also recommend similar procedures to Donor Agencies operating within Pakistan, such as the UNDP, UNEP, UNIDA, CIDA SDC, DfID etc. to specifically address the problem of, and alleviating the possibility of corruption and help establish procedures of Transparency and Accountability and of continuous monitoring of its funding to the Government, Government Departments and Civic Agencies within Pakistan.
• TIP shall assist the Provincial and federal institutions and bodies such as the PEC, to establish procedures for bidding in the public sector contracts for goods and services.
• TIP shall help to spell out the standards of ethical conduct expected of Public Officials, employees and to inform Members of the Civil Society what to expect of Public Officials in conduct and attitude when dealing with them.

OUR CODE OF ETHICS

THE VISION
“To make Pakistan a better Place to live in.”

THE MISSION
To mobilize the individual, the Organization, the Society and the Nation, the young and the old, the poor and the rich and of all religions, and to bring together on one platform all those in whose hearts is a fire to improve our society and combat corruption within our country.
To seek out and form a coalition of all those individuals and organizations that prefer justice and abhor dishonesty and corruption, and those in whose hearts is a fear of God and the Day of Judgment.

Transparency International –Pakistan will try to raise public awareness of the evil influences and effects of Bribery and Corruption. It will assist the Civil Society to play a meaningful role in countering institutional corruption. It will advise Government departments and Civic Agencies on how to take effective steps to prevent and combat corruption. It will try to spell out the standards of ethical conduct expected of officials both in the Private and Public sectors. Above all we shall try to make Pakistan a better place to live in.

THE CORE VALUES
Ti-Pakistan has borrowed some of the core values from those of TI
Transparency, Accountability, Justice, Consultation, Honesty, Equal Participation, and Courage.

THE GUIDING PRINCIPLES
Transparency International – Pakistan, supports the Guiding Principles laid down by Transparency International in its meeting at the 9th. International Conference on Anti-corruption held in Ottawa Canada in September 2000.

The Transparency International guidelines state: That we are a Civil Society organization committed to respecting the following principles:

1. As coalition builders we will work cooperatively with all individuals and groups, with profit and not for profit corporations and organizations, and with governments and international bodies committed to the fight against corruption, subject only to the policies and priorities set by our governing bodies.
2. We undertake, to be open, honest and accountable in our relationship with everyone we work with and with each other.
3. We will be democratic, politically non-partisan and non-sectarian in our work.
4. We will condemn bribery and corruption vigorously and courageously wherever it has been reliably identified, although we ourselves do not seek to expose individual cases of corruption/
5. The position we take shall be based on sound, objective and professional analysis and high standards of research.
6. We will only accept funding that does not compromise our ability to address issues freely, thoroughly and objectively.
7. We will report accurate and timely reports of our activities to our stakeholders.
8. We will respect and encourage respect for fundamental rights and freedoms.
9. We are committed to building, working with and working through national chapters worldwide.
10. We will strive for balanced and diverse representation on our governing bodies.
OUR ACTIVE PROGRAMS

1. “INFORMING CHILDREN OF THE EVIL INFLUENCES OF BRIBERY AND CORRUPTION ON OUR ECONOMY, OUR SOCIETY AND OUR NATION”.

History
In November of 2000 the Provincial Minister for Education Ms. Anita Ghulamali first met with a TI delegation from Berlin. In this meeting the honourable minister offered her fullest cooperation to TI. This cooperation not only extended to developing an awareness programs in schools and colleges for children, but also to look into the Works Department of the Ministry of Education in developing a program for providing Transparency in its Procurement Procedures. In a subsequent meeting with the Secretary of Education Mr. Nazar Mahar we were asked to put forward a proposal. At this time TI-Pakistan did not really exist, but a few members were approved as Promoters by TI to develop a National Chapter.

Consequently, we put forward to the Minister of Education a comprehensive program for school children for the ages between 6 and 16, for Primary and Secondary male and female Schools. This program included informing children of the evil influences of Bribery and Corruption, its detrimental effects on our society and our nation. The program was intended to inculcate within the young children the need to fight this ever increasing evil menace in our society.

In response to our letter addressed to the Minister dated February 14, 2001 outlining our comprehensive program and requesting the Minister for the cooperation of the Ministry in our endeavours, the Minister of Education formally accepted our program submitted to them vide their letter No. 60(G.I)EDU-E&A-1-68/2000 Dated 29th. March 2001.

This program was initiated in June 2001 The Ministry of Education has since then worked closely with Transparency International – Pakistan

The first phase of the program was inaugurated by the Governor of Sindh - Mr. Mohammadmian Soomro on October 2nd. 2001, with a colourful ceremony, involving nearly 2,000 children, 400 facilitator/teachers equally divided between the male and female schools, from the Directorate of Primary and Secondary Education.

An important outcome of this inauguration ceremony in which we had prepared a street theatre depicting the speech of the founder of Pakistan Mr. Mohammad Ali Jinnah in which he speaks of bribery and corruption as a “curse and a poison” was well received by the Governor who then ordered that this street theatre would be presented and played in all the major towns of the province. The expenses of this will be borne by the Government.

The Total Program Envisaged by Transparency International – Pakistan
The Total program as envisaged by TI-Pakistan is a very comprehensive one, and shall comprise many individual and separately controlled programs and may include:

- **Lectures: in schools** by well known personalities who are well known to children such as Pop Stars, Sports personalities, Educationalists, Social workers, known Philanthropists etc.

- **Competitions**: These competitions shall include award of prizes to children who shall compete in their own schools then between other schools themes depicting different forms of corruption and submitting along with a one line solution to the form of corruption depicted in the picture. Inter School Essay writing competitions will also be held. This shall writing short essays on different forms and examples of corruption and how to fight it.
• **Exhibitions:** The above paintings can then be exhibited in schools and other exhibition centers with famous personalities giving away the prizes.

• **Musical Programs:** We shall request famous Music bands to perform free or on subsidized fees, but only for children below twelve years of age. The funds collected can be used in the fight against corruption or to beautify the city.

• **Pamphlets and Comic books:** These shall be printed with the theme depicting various forms and ills of corruption and the reaction expected from children. Showing that “Truth is better than falsehood” “Honesty is the best policy” etc

• **Walk-a-thons:** In a fight against corruption. Here famous personalities shall lead a two or three Kilometer walk of school children. Pamphlets shall be distributed, Banners can be displayed announcing support of the children’s fight against corruption etc. Multinationals and Industrialists will be involved.

• **Plays, Dramas & Skits.** These shall be arranged as competitions within schools depicting some form of corruption and its ultimate evil influence on society

**THE FIRST STAGE**
The program initiated on October 2\(^{\text{nd}}\) 2001 comprises the following:

1. As Essay Competition
2. A Poster Drawing Competition & Exhibition
3. A Skit / play Competition

The Theme of all the above competitions is: “A child’s view of Corruption”

**HIGHLIGHTS OF THE FIRST STAGE**
**The Client:** The Provincial Ministry of Education - Sindh

**The Organizers:** Transparency International Pakistan

**The Aims of the Program:** To garner the support of our children in the fight against corruption.

**The Objectives of the Program:**
*To develop within the young school children ages between 6 and 16 the spirit to fight corruption. The awareness, that corruption in all forms is wrong and detrimental not only to the economy of our country, but to the individual, the society and to the nation that our parents fought so hard to establish.*

**THE PARTICIPANTS.**
This program involves the direct participation of 400 schools or nearly 20% of all government schools in the City of Karachi both in the Directorates of Primary and Secondary Education. It involves 400 teachers and more than 20,000 children and their parents. The program divides the participants of the program *equally between male and female* students and male and female teachers.

**THE STAKEHOLDERS**
**The Ministry of Education.**
The Ministry of Education – Sindh has placed at our disposal through the direct commitment of the Minister of Education, their support to this program. It is helping TI-Pakistan to coordinate with the Directorates of Primary and Secondary Education in mobilizing the participation of schools.

**The Directorate of Primary and Secondary Education.**
The Directorates of Primary and Secondary Education are fully supporting this program through the commitment of the male and Female District Officers who are acting as coordinators.
There are presently 18-towns that have now been designated in the new Devolution Plan. These Towns are supervised by the Male and female District Officers. Each Town is now independently controlled by male and female Assistant District Officers. Who directly coordinate the affairs of the schools in their respective towns.

The Schools
The Assistant District Officers have mobilized schools within the different towns of Karachi and have appointed Representative Facilitators / administrators of these schools to organize the program within their respective schools. The number of schools participating in this program are: 400. (Two hundred Male and two Hundred female)

The number of facilitators / administrators representing these schools are also four hundred. (Two hundred Male and Two Hundred Female).

Transparency International – Pakistan.
The Transparency International shall participate in the following manner:
• Coordinating and sponsoring the program
• Organizing the Prize Distribution functions..

FORMAT OF THE COMPETITIONS
• Each of the 400 participating schools will organize competitions to select a winner from their school
• The winners selected from each school will compete in an inter-school competition within their respective towns.
• The winners selected from each town (18-towns within the City of Karachi) will then compete in an Inter-town competition.
• The winners (top three from the male and female competitors) in the Inter-town Competition shall then be declared as winners of the City of Karachi in order of their Rank.

THE PRESENT STATUS OF THE PROGRAM.
The various competitions have commenced in the schools and shall be completed by the Grace of God by August 2003 or even earlier.

2. IMPLEMENTATION OF THE “INTEGRITY PACT” AND THE OPEN SYSTEM IN GULSHAN-E-IQBAL TOWN TO ESTABLISH A CLEAN AND TRANSPARENT GOVERNMENT
To provide Advisory and Monitoring services for the implementation of the “Integrity Pact” and OPEN system of government to establish a CLEAN and TRANSPARENT Government.

History
On August 14th, 2001, the process of Devolution was initiated by the present Government of Pakistan. The elected members of City District Governments, Town and Village Councils took over the reigns of government. The people were being given back what was rightfully theirs. In his inaugural speech, Mr. Naimatullah Khan - Nazim City Government –Karachi made a promise to the Citizens of Karachi - to provide Transparency in all the dealings of the newly formed government.
Transparency International – Pakistan in response to this commitment by the City Nazim (Mayor) made a presentation to the City Government, introducing the “Integrity Pact” and the OPEN system of Government with a view to support him and his newly elected government in their promise of establishing for the Citizens of Karachi a Clean and Transparent Government.

On December 21, 2001 with the blessings of the City Nazim, the Nazim Gulshan-e-Iqbal Town Mr. Abdul Wahab signed a Memorandum of Understanding (MOU) with Transparency International – Pakistan (given below) to go ahead with the implementation of the “Integrity Pact” and the OPEN systems in Gulshan-e-Iqbal Town, one of the major towns within the City Government of Karachi. The successful implementation of the two systems within Gulshan-e-Iqbal Town would then be replicated in the other towns within Karachi City Government.

In a Seminar organized by transparency International – Pakistan in February 2002, the representative from the National Reconstruction Bureau – Dr Gulfaraz Ahmed supported the program and confirmed in his speech that the NRB were ready to take up this program if successful in Gulshan-e-Iqbal to be replicated in other towns of Pakistan under the devolution Plan.

**The Memorandum of Understanding.**

A Memorandum of Understanding was signed between Transparency International – Pakistan and the Gulshan-e-Iqbal with the approval of the 13-Union Council Members, in which both parties agreed to perform inter-alia the following Services / Responsibilities.

- Gulshan-e-Iqbal town would implement: the “Integrity Pact” for Transparency in Public Procedures and the OPEN system (On-line Procedures Enhancement for Civil Applications System)
- Transparency International Pakistan agree to provide all required professional services to Gulshan-e-Iqbal Town Council at no cost to the Town Council.
- Gulshan-e-Iqbal Town Council will provide all the information to the Coordination Committee and also to the Transparency International – Pakistan.
- Gulshan-e-Iqbal Town Council agree that Access to Information is the Key element in setting up of the Transparent Procedures and shall be part of the Integrity Pact
- Both the parties agree to jointly monitor the implementation of the Integrity Pact with the cooperation of the Civil Society and Professional Associations.
- The Town Nazim will constitute a Seven Member Coordination Committee for the purpose of implementing the Integrity Pact, comprising of Six (6) representatives from Gulshan-e-Iqbal Town Council and City Administration, and One (1) representative from Transparency International – Pakistan.
- The Coordination Committee will be fully authorized to take all decisions.
- The Town Council agree to implement all decisions taken by the Coordination Committee.
- The Gulshan-e-Iqbal Town Council has the responsibility to inform the local public and all interested individuals/institutions/organizations with regards to the decisions taken by the Town Council.
- In accordance with this agreement, Transparency International Pakistan will provide professional services for 12 months beginning from 1 December 2001

It is also agreed that Gulshan-e-Iqbal Town Council will continue the Integrity Pact even after the completion of this project, and will provide any information whenever Transparency International Pakistan requires for the purpose of replication of this Project.

**THE TOTAL PROGRAM AS ENVISAGED BY TI-PAKISTAN.**

In Implementing the “Integrity Pact” and the OPEN systems within the Gulshan-e-Iqbal Town we intend to not only satisfy the need for providing Transparency in Gulshan-e-Iqbal Town’s
Administrative, Financial and Procurement Procedures, but also establish our GOAL providing the necessary Checks and balances to establish a Clean Government and make the Town a “Better place to live in” for its nearly 650,000 citizens.

- Both these systems are tried and tested tools to provide Transparency in Government Procedures, be it for a department, Town, City or Government. In this particular instance with respect to the Gulshan-e-Iqbal Town.

The Integrity Pact
It is a Pact which the Gulshan-e-Iqbal Town has promised to establish and implement. It is a tool in Transparency International’s fight against corruption. The ‘Integrity Pact’ is a system which ensures that all activities and decisions of public offices are transparent

- In which projects/works are implemented, services are provided or taken, and goods / materials are supplied without giving or taking any kind of personal benefit, financial or otherwise and,
- Justification of the decisions taken are provided to the parties concerned or to any interested individual or institution/organization
- The Integrity Pact when implemented establishes the necessary Checks and balances in its Administrative, Financial and Procurement Procedures.
- It provides for Access to Information to the Community, thus accomplishing the necessary Transparency in all its dealings

The IP System within Procurement Procedures comprises of five stages, a noticing of a bid, the bidding, contracting, implementation of the contracts, and its monitoring.

The OPEN system of Governance.
The OPEN System is an ONLINE system to enhance Transparency in the process of Administrative service to prevent unnecessary delays or unjust handling of civil affairs by public officials.

The OPEN System allows for

- Easy Access- to monitoring procedures through the internet
- Transparency- and Access to real time information on the details of handling civil applications.
- Increasing Credibility- for Access to information to all citizens thereby removing public distrust.

The OPEN system, or the Online Procedures ENhancement for Civil Applications, shall be implemented in Gulshan Town so as to institutionalize citizen-watch of public administration on a wide-reaching and sustainable basis. The OPEN system enables citizens to monitor, through the Internet, the entire process in the handling of civil applications.

The system requires that all relevant officials input the date and time when they handle each application. With real-time information available to everyone, no official can sit on a case without justifiable reason or make arbitrary decisions. Free access to all stages of administrative procedures eliminates the need for personal contact with a particular official and for the paying of ‘express fees’. Without making telephone calls or visits, citizens can monitor the processing of their civil applications through the Internet whenever they want and wherever they are.

TI-Pakistan with the help of Gulshan-e-Iqbal Town will place on the Internet details of its Organizational Structure and all other information on its Public Officials with respect to their duties and responsibilities and their availability to the public. Their Address, Telephone and fax numbers will be placed on the Internet.
The OPEN system will also incorporate a computerization of all information with regards to the Facilities and utilities available with the Town. It will place on the Internet all data with regards to Roads, Street Lighting, Parks and Gardens even the number of trees. It will give information on the Schools, colleges, hospitals and clinics. It will inform the community on the Contracts to be awarded and the procedures for bidding. It will give detailed information on the Project itself whether for Engineering Design, Construction or Materials.

**Transparency & Good Governance**

The successful implementation of the “Integrity pact” and the OPEN System will hope to establish a Clean and transparent Government by providing the necessary Checks and Balance for Good Governance.

**Local Government Ordinance - 2001**

We would also like to point out, that there are many aspects of the Devolution Plan 2000 and the ordinance 2001, as envisaged by the NRB dovetailed with our own program of developing Gulshan-e-Iqbal Town into a Model Town - an “Island of Integrity”

**HIGHLIGHTS OF THE PROGRAM**

**The Client:** The Gulshan-e-Iqbal Town Government.

**The Organizers:** Transparency International – Pakistan

**Aims of the Program:** To establish the “Integrity Pact” and OPEN system within the Gulshan-e-Iqbal Town to set up a Clean and transparent Government – To develop the Town into “An Island of Integrity”

**The Objectives:** The implementation of the “Integrity Pact” and the OPEN System also intends to achieve practical changes, not only in the Management of the Town, but also visible changes in the improvement in the Utilities and Amenities to be provided to the citizens. The need to implement the two systems does not therefore limit itself to providing Transparency in the running of Government but offers a practical approach, where the two systems will help in developing Gulshan-e-Iqbal into a an “Island of Integrity” achieving the following 10-point objectives.

- To keep all Roads and Streets clean
- To facilitate removal of Encroachments
- To develop its Parks & Gardens
- To systematically improve its Roads & Streets
- To provide an equitable distribution of Water
- To improve its Sewerage System
- To provide adequate Street Lighting
- To help increase in collection of taxes
- To establish a citizen friendly administration and
- To reduce corruption in the administration

**THE STAKEHOLDERS**

**The City District Government - Karachi**

The City District Government – Karachi is one of the main stakeholders in the Program, for it intends to replicate this program initiated in Gulshan-e-Iqbal Town in the other 17-towns of Karachi. The Nazim is keen to literally “Patent” this program and ultimately help the Government of Pakistan to replicate this program, if successful an all the Major Towns of Pakistan. Dr.
The Gulshan-e-Iqbal Town, The GI-Town and its 13 - Union Councils having committed themselves to completely supporting the program of establishing a Clean and Transparent Government within the Gulshan-e-Iqbal Town set up a Coordination Committee to expedite and cooperate with TI-Pakistan in the collection of Data, review of existing Laws, Acts and Procedures and place its final recommendation to the Town Council for its implementation. This will hasten the transfer of Government to the people.

The 13 – Union Councils
The Union Councils are represented through the nominated Coordination Committee to implement the approval taken from the Gulshan Town and the Union Council Members in the First meeting held by TI-Pakistan to introduce the program.

The TI-Pakistan Secretariat.
Transparency International -0 Pakistan will coordinate and supervise all efforts for the implementation of the “Integrity Pact” and the OPEN System

THE BENEFICIARIES OF THE PROGRAM
One can write a lengthy treatise as to who and why they will benefit from this program, but what is important is, who will directly and indirectly benefit from this program. They include:

The Children - by providing and developing for them facilities for recreation, sport and education through the Adopt a park and Adopt a school schemes.

The Women – By creating opportunities for their involvement in social and community activities such as Development of health and welfare programs.

The Citizens – by involving them not only in community activities but also their participating in decisions and programs relating to the development of their Town.

The Community – By developing systematically the utilities and amenities within the town. Which will provide an equitable distribution of Water? A Solid Waste Disposal systems to keep localities clean. It will improve their roads, streets and street lighting systems. Above all that the systems when implemented will prevent Bribery and Corruption which will in turn give enormous savings to the Town Government which will allow funds for further development.

The Elected Members and the Town Government – by affording them a chance to prove that they are good for the community and for the town and will give them an opportunity for re-election by the community. The program of Transparency in government will provide a climate of cooperation with and participation of the community. This will ultimately lead to a well run Clean and Transparent administration.

The Government of Pakistan
The Government of Pakistan will directly and indirectly benefit from the success of this program. Directly it will have Model of a Clean and transparent Government which it can replicate as part of its devolution program throughout Pakistan. Indirectly it will send a clear message to the International Investor and also to the Donor Agencies that the government means business. The program will help in the Image Building Process that the government is now Pursuing.
THE PRESENT STATUS OF THE PROGRAM
Since December 2001, following the Signing of the Memorandum of Understanding, Transparency International – Pakistan with the complete support of the Nazim, the Naib Nazim and the Coordinating Committee has been collecting and collating data and other relevant information to be placed on the Web Site in support of Transparency through the OPEN system of Government. A Web Site for the Gulshan Town was developed by TI-Pakistan and inaugurated on October 31, 2002. The Domain name is registered as: www.gulshantownkarachi.gov.pk

TI-Pakistan is now in the process of preparing Transparent Procedures for Procurement as part of the “Integrity Pact” in addition to other information that shall also be placed on the Web site.

3. A WEB SITE FOR “WHISTLE BLOWERS”
The need for establishing and maintaining a Web Site with access to the common citizen cannot be underestimated. Corruption needs to be exposed, at the same time unfortunately it has always been difficult for the common man to come forward and point out cases of bribery and corruption.

It is not always possible for the average citizen to have access to, or approach the normal Anti-corruption Agencies within the country. The average Agency Is not normally a “complaint friendly” organization. The site that TI-Pakistan has established will go a long way in helping serve the community as an outlet for their frustration, of witnessing corruption, but helplessly unable to do anything about it. Our Website will be a platform, which we hope will attract many who feel that “something must be done” and will have a means to do so.

The Website is: www.treansparency.org.pk

Though not fully functional due to lack of funds, but we intend to maintain a section to cater to complaints and exposures of cases of bribery and corruption. We have started receiving complaints which for the time being we pass directly on to the concerned authority, but really not being able to follow up on the complaints, which for all intents and purposes is a requirement for any reasonable success to be achieved from this Site.

“Complaints Anonymous” has been set up as a part of our present Web Site. We ultimately visualize a full section to be supervised by qualified personnel supported by a three member committee of TI-Members to process all complaints before passing them on to the relevant authorities involved in investigating a particular Corrupt practice, such as the National Accountability Bureau (NAB), the Regional Accountability Bureaus, the Army Monitoring Cells, the Federal Investigation Agency (FIA), the Federal and Provincial Ombudsman etc. TI-Pakistan shall itself not be involved in the investigation of any of the complaints but shall act as a “Watchdog” and in following up with the relevant agency as a pressure group.

Present Status
Transparency International – Pakistan through its own resources has financed the setting up of its Website, but to run the particular section on “complaints Anonymous” a site where not only Anonymous complaints and Whistle Blowers can have access to but shall be utilized for normal day-to-day complainants of Corruption as well needs further donor funding.

4. THE TI-Pakistan’s INITIATIVE TO ESTABLISH THE INTEGRITY PACT – BETWEEN THE GOVERNMENT OF PAKISTAN AND THE FOREIGN / MULTINATIONAL COMPANIES OPERATING IN PAKISTAN.
Implementation by Foreign and Multinational Companies Operating in Pakistan of the OECD Convention on Bribery of Foreign Public Officials in Public Transactions, and the Government of Pakistan’s support as a signatory to the Asia–Pacific ADB-OECD Anti-Corruption Initiative.

History
In Early September 2001, Transparency International –Pakistan (TIP) submitted the summary of a program to the Minister of Interior Lt. Gen. Moinuddin Haider recommending an awareness program. The program was to inform the local Foreign and Multinational companies operating in Pakistan to abide by the OECD Convention on combating Bribery of Foreign Public Officials. The main objective of this program was to fight the menace of Bribery and Corruption within Pakistan. This evil had ruined our economy and is slowly and steadily destroying our society and even our nation.

Another very important reason for implementing this program was the indirect result that would be achieved from it, that is it would serve as a tool in an Image Building Process to encourage international Investment and help build Investor Confidence.

The Minister of Interior approved the recommendation of TI-Pakistan in Principle and suggested that we meet Dr. Abdul Hafeez Shaikh, the Provincial Minister of Finance and get his support for this program, realizing that most of the leading Foreign and Multinational Companies operating in Pakistan were headquartered in Karachi.

We then met Dr. Abdul Hafeez Shaikh who, realizing the importance of the program immediately gave his support to the program. We decided to request the Overseas Investment Chamber of Commerce and Industry (OICCI), the American Business Council (ABC) and the Management Association of Pakistan (MAP) to participate in a meeting in which TI-Pakistan would present the program to them.

In the meantime Transparency International Pakistan met with the Secretary Generals of the Overseas Investment Chamber of Commerce and Industry (OICCI), the American Business Council (ABC) and the Management Association of Pakistan (MAP) to participate in a meeting in which TI-Pakistan would present the program to them.

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We also met with Mr. Zafar A. Khan, President and Chief Executive Engro Chemicals Pakistan Limited explaining TI-Pakistan’s program and requesting for his support.

A meeting was convened by the Finance Minister on November 21st, 2001 comprising most of the stakeholders

In the meeting TI-Pakistan explained the need for Foreign and Multinational companies operating in Pakistan to abide by the OECD Convention and at the same time recommend to the Government suitable procedures that would assist the Government in setting up Simple non–discretionary and at the same time Transparent procedures. These procedures if implemented by the government would provide the necessary Checks and balances.. The intention being to facilitate investment and also act as a deterrent to Bribery and Corruption.

Transparency International – Pakistan also explained the need for establishing an “Integrity Pact” between the Business Community and the Government of Pakistan.

In this meeting Dr. Abdul Hafeez Shaikh confirmed that the government was keen to support this program. which he understood to be aimed at the following results,
• To combat bribery and Corruption within the Government through establishing transparent procedures. This would require providing the necessary checks and balances to make the procedures discretion free and at the same time simple.
• The cooperation of the business community would help the Government in its Image Building Process to encourage international Investment and also support the confidence building measures presently being undertaken by the government.
• That the recommendation of Transparency International – Pakistan to establish the “Integrity Pact” between the two parties would initially be a symbolic gesture followed by actual cooperation between the two parties to fight corruption in a practical manner.

Three separate committees were then set up.

Committee # 1.
To represent the affairs of the Foreign and Multinational companies operating in Pakistan and study the above proposal
• Member of the Overseas Chamber of Commerce and Industry.
• Member the American Business Council
• Mr. Zafar A. Khan Chief Executive Engro Pakistan Limited

Committee # 2.
To represent the National Companies and study the above proposal
• Member FPCCI
• Member KCCI
• Member Sindh Industrial Estate.

Committee # 3.
This committee will handle the legal aspect for setting up all necessary procedures in support of the procedures recommended by the above two committees.
• The Minister of Finance
• Representative ( suggested to be from the Ministry of Industries)
• Representative (suggested to be from the Ministry of Law)

TI-Pakistan
TI-Pakistan stated that it would act as an independent entity along with the Management Association of Pakistan, which would act as a catalyst and an intermediary to supervise all three committees and coordinate efforts for the implementation and monitoring of the program.

The Integrity Pact
Between the Business Community and the Government of Pakistan
Corruption can have many manifestations, and countries typically develop a complex set of institutions, laws, rules and regulations (the "integrity system") in order to combat corruption.

Bribery and Extortion in the public sector either for Investment or Procurement of goods and services are key manifestations of corruption. "Public Sector" in this context includes national or provincial governments, administrations of cities or local communities as well as other organizations carrying out public functions.

While until now the bribery of public officials of a foreign country had not been a criminal act under the laws of nearly all countries (except in the United States under the Foreign Corrupt Practices Act of 1977), but since then the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in December 1997 by the member
states of the OECD has now come into force on 15 February 1999. This we hope will bring about a major change in the way a company carries out business in a foreign country.

Since the signing of the convention Bribing of Foreign Public Officials is now considered a criminal act in all ratifying states. Some of the largest trading nations such as Japan, Germany and the United Kingdom, in addition to the United States, have already ratified the Convention. Under this convention all signatory states will abolish the allowing of tax deductibility of bribe payments. Thus companies doing international business will now face a totally new legal situation with regard to their business practices.

Many governments and business leaders have recognized the high risk and cost of bribery and extortion and have sought ways to curb, and hope eventually eliminate corruption in such transactions.

In consequence of the OECD convention TI-Pakistan initiated a program in which we hope to establish the “Integrity Pact” (IP) concept between the Business Community and the Government of Pakistan.

In initiating this program, TI-Pakistan hopes to convince the Government of Pakistan to provide for Transparent Procedures to encourage, facilitate and expedite investment.

Purpose of the Integrity Pact (IP).
The Integrity Pact (IP) is intended to accomplish three objectives:

a) To enable companies to abstain from bribing by adhering to the policies laid down in the “OECD Convention on combating Bribery of Public Officials” the “OECD Guidelines for Multinational Enterprises” the “US Foreign Corrupt Practices Act 1977” and Transparency International’s “Business Principles for combating Bribery” Supporting these policies will discourage the need for bribing either by them or their competitors.

b) That government / agencies will undertake to prevent corruption, by committing itself to establish Transparent procedures in accordance with the guidelines set out by Transparency International Pakistan and the “ADB-OECD Anti Corruption Initiative” to which Pakistan is a signatory. This will provide the necessary checks and balances to reduce appreciably the possibility of collusion or of extortion by its officials. This will help the government not only in its Image Building Process but at the same time will reduce the high cost and disproportionate impact of corruption in Business Practices.

c) The involvement of Civil Society, in this case Transparency International – Pakistan, the Management Association of Pakistan, and other NGO’s in helping the Government establish Transparent Procedures for Investment and Procurement and in monitoring the Total Image Building Process proposed by TI-Pakistan.

The Integrity Pact however focuses on bribery of officials in order to obtain or retain a contract or other improper advantage. This includes any payments or other favors offered or granted in order to:

- Facilitate procedures in the form of ‘Speed Money’
- Or win a contract award in the form of ‘Bribery’
- Circumvent tax, duty, license or other legal obligations, or
- Induce an official to breach his/her official duties in any other way.

PRESENT STATUS
Unfortunately in the past year there has been delay in the implementation of this program, even though a Seminar was scheduled for February 15th 2002, but since its postponement, Pakistan has gone through a period of uncertainty requiring meetings and decisions to be postponed.
In September 2002, the Provincial Minister of Finance convened a meeting of the Business Community in which definite decisions were taken which included:

Preparation of a Questionnaire to be distributed to the Business Community, requesting for existing irritants in the government departments along with recommendations for their removal.

To organize a Seminar / Convention to initiate an image building program to increase investor confidence which would be developed jointly by the Business Community and the Government of Pakistan under the supervision of TI-Pakistan.

5 THE INTEGRITY PACT AND THE CITY DISTRICT GOVERNMENT – KARACHI

In consequence of our success in implementing the Integrity Pact with the Karachi Water & Sewerage Board’s K-III Karachi Water Supply Scheme, we have been approached by the City District Government to implement the IP in a number of Projects.

The Mayor (Nazim) of the City District Government – Karachi (CDGK) seeking to establish a Clean and Transparent Government including developing Transparent Procedures in its Major contracts has requested Transparency International – Pakistan to implement the “Integrity Pact” in a number of major Engineering Design and Construction Projects in Karachi. Within the past two months TI-Pakistan has worked on preparing Contracting Procedures for two projects. These include:

- The selection of Consultants and Contractors for an Overhead Bridge in Karachi.
- The selection of Consultants and Contractors for the Improvement of a Major Road.

The Format of the Integrity Pact in Procurement Procedures.

The government / government agency, when inviting contractors or supplies of goods or services to tender for a specific contract, informs the potential bidders that their tender offer must contain a formal commitment, on behalf and in the name of the bidder’s CEO, not to offer or grant any payments or favors in order to obtain or retain this contract or other improper advantage, and not to collude with other actual or potential bidders with the aim of restricting competition.

The bidder's commitment in the form of a “Code of Conduct” will have to cover all managers and employees of the company as well as gents, consultants, subcontractors and consortium partners of the bidder. It will include:

- An unequivocal statement of the company's policy prohibiting all forms of bribery and collusion;
- The company's policy regarding gifts and entertainment, travel and lodging expenses, political contributions etc;
- Distribution of the policy (in appropriate languages) to all managers and employees;
- An acknowledgment of receipt and acceptance by the employees, to be renewed annually;
- Training of employees in the application of the policy;
- Internal controls, external audit and record keeping; and
- Application of appropriate sanctions (including possibly termination of employment) in case of violation.

The government on its part will commit itself to prevent extortion and the acceptance of bribes by its officials, and to establish and follow transparent procurement rules. In substance, these commitments are nothing other than an agreement to respect and apply the existing laws of the country.
Present Status
The Project has been announced, Consultants have now been selected for the first of the two projects. This project has been evaluated on the basis of the Pakistan Engineering Council Bye Laws and shall be awarded on the PEC’s Procedures for Selection of Consultants.

In the second project, Contractors have been requested to provide documentation in the form of a Technical pre-qualification for evaluation of their capabilities along with their Financial proposal.

The Financial Proposals of the short-listed Consultants and Contractors will then be opened and the Least Cost method will be applied for Award.

This Award of Consultants and Contractors has been made and work has commenced, but unfortunately TI-Pakistan has not been asked to monitor these projects under the IP.

6 THE “INTEGRITY PACT FOR ENSURING TRANSPARENCY” WITHIN THE LICENSING AND VEHICLE FITNESS DEPARTMENTS OF THE KARACHI CITY TRAFFIC POLICE.

The History
In a presentation made to the Lord Mayor of Karachi in November 2001, with the possibility of putting in place an “Integrity Pact” with the CITY DISTRICT GOVERNMENT – KARACHI which was later approved for GULSHAN TOWN having a population of 650,000, the Commander Army Monitoring Cell City District Government Brig. Mohammad Ayaz invited the Deputy Inspector General General Traffic Police Mr. SAUD AHMED and Col. Azam to witness a similar presentation. The DIG Traffic Police was very impressed by this presentation and the work being carried out by. The Deputy Inspector General Traffic Police then invited TI-Pakistan for discussions and the possibility of implementing Transparent Procedures within his departments. These meetings resulted in the Traffic Police requesting TI-Pakistan to look to signing an “Integrity Pact” and for TI-Pakistan to provide recommendations for “Ensuring Transparency” in the workings of its departments.

After a few meetings with the DIG Traffic Police and his senior Staff it was decided that TI-Pakistan would in its initial phase take up two of its departments. The MEMORANDUM OF UNDERSTANDING was then signed between the two parties in July of 2002. This MOU is attached along with.

This very important program we hope will benefit the Citizens of Karachi with a population of 14 Million. This program when completed will make it possible for other cities of Pakistan to replicate this “Integrity Pact” and the recommendations put forward by TI-Pakistan.

The Program
Following the signing of the MOU with the Karachi City Traffic Police we have now had several meetings with the relevant personnel of the two departments. We have completed our survey of the two departments and are presently preparing reports of the existing procedures within the two departments. We have also prepared a DRAFT RECOMMENDATION for the Licensing and have forwarded it to the DIG Traffic Police for his review.

As a first step towards this goal, we intend to organize a Workshop on the “Integrity Pact” as a tool to establish Transparency in the Karachi City Traffic Police. In this Workshop we intend to bring together all the Stakeholders including the Heavy and Light Vehicle Transporter Unions informing them of our intentions to work with the Traffic Police in “Ensuring Transparency” within the two departments.
It is expected that the Project “Ensuring Transparency” within the Karachi City Traffic Police will take approximately 12 months ending in or about September 2003. It will result in benefit not only to the Citizens of Karachi, who normally have to pay “Speed Money” for obtaining Licenses but will help the Truck, Bus and Oil Tanker Transporters to get their “Fitness Certificates without also having to pay “Speed Money”

The Recommendations to the “Driving License Department” envisages the Use of “Smart Cards” in place of normal easy to forge Driving Licenses and “Test Driving Simulators” in place of present methods being followed which very easily allows for “Speed Money” being paid to the “Touts” thronging the premises of the Driving License Issuance Department. The recommendations in the “Vehicle Fitness: department” envisages the need to encourage Private Enterprises by setting up “Vehicle Testing Stations” thus eliminating the Direct Contact between the Police and the Owners of Vehicles.

At the same time, TI-Pakistan shall be recommending procedures and other formats whereby the Police personnel themselves will also benefit from Fund Raising Schemes. These schemes would be basically to monetarily compensate the Traffic Police and the Police Personnel at the Driving Licensing Authority and provide them a legitimate additional income

The Procedures:
The DIG Traffic Police has nominated One Senior Personnel from each of the two departments under consideration, to liaise with TI-Pakistan. We may also require the input of a “Foreign Expert” from TI-Secretariat or from one of the TI National Chapters but at this stage we do not really foresee such a requirement.

Terms of Reference of the project:
The details have been given above but to summarize we shall have to carry out:
- A Detailed review of the present Laws, Acts, system, rules, statutes etc.
- A study of the present system of awarding “Driving Licenses” and “Fitness .
- Identify legal hindrances and lacunas in the present Laws and make recommendations for “Ensuring Transparency in the existing Procedures”
- Submit Both Legal and Practical recommendations to the Karachi City Traffic Police for implementation.

7. THE NATIONAL INTEGRITY SYSTEM [NIS] AND THE COUNTRY STUDIES

History
In July 2002, we were approached by Stephanie McIvor Country Studies Research Coordinator (CSRC) with a proposition for the involvement of TI in a Commonwealth study funded by DFID of UK which basically involved a report which would study the possibility of Promoting Good Governance in Commonwealth countries. Following a study of the TOR and discussion within TI-Pakistan we gave them our approval of participation in this study The program, CV’s and Work Plan was finally approved by Alan Doig at the end of August and hoped to commence our Program by the 10th of September. Unfortunately due to the National Elections scheduled for October 10, we had to request for a change of our timetable from 12 to 16 weeks. This was also approved.

What is the NIS?
The NIS is a set of components (objectives), and elements (actions to be taken), to be delivered by or through key institutions, sectors or specific activities (the ‘pillars); collectively the NIS is proposed as a system which, when in existence and functioning, is concerned with combating corruption as part of the larger struggle against official abuse, malfeasance, and
misappropriation in all its forms, was in turn has an overall goal to create more effective, fair, and efficient government; in short the NIS is about promoting good governance:

'...the aim is not complete rectitude or a one-time cure or remedy, but an increase in the honesty or integrity of government as a whole…'1

The concepts, components and pillars of the NIS are developed in The TI Source Book (1997) and summarized in the TI Briefing Report (The National Integrity System: The Concept - which is available on request from the CSRC). The latest version - The Source Book (2000: http://www.transparency.org/publications) - takes forward and develops the themes in the 1997 publication.2 In particular it clearly defines the pillars of the NIS:

Legislature, Executive, Judiciary, Auditor-General, Ombudsman, Watchdog agencies, Public services, Media, Civil society, Private sector, International actors

What the country study will deliver – Purpose.
The purpose of each Country Study is to assess the National Integrity System (NIS) and its components: for example, which components have been more successful and why, and are they mutually supportive; what factors support or inhibit their effectiveness; where should the emphasis be placed for the future; what factors are further required to support the development of a NIS; and, what activities or areas could benefit from further in-depth research or donor support. As the country studies are to form an international overview, it is essential that each be prepared in the same manner and, as far as possible, carry the same information. Thus each report should seek to provide research findings on their country’s context, on the workings of the NIS and its components, on the key issues concerning the NIS in the past and present, as well as developmental and corruption trends observed in the countries studied, the government’s anti-corruption reforms over the last ten years, and anti-corruption initiatives involving donors.

The composition of each country study
Upon completion of the research, the in-country Lead Researcher is required to submit a Country Study consisting of a narrative section in the form of a Report and a completed Questionnaire (provided in Section 7). These are both subject to the guidance within these Terms of Reference and the agreement of the Lead Consultant before being accepted for the TI website.

The contents of each country study
The Report and the Questionnaire are intended to assess the NIS and its components. Two separate themes that should run through the Country Study – a formal ‘legal’ position and what actually happens in practice. The first can be answered by desk research. The second will require desk research and field research, including a series of focus groups/interviews with those ‘in the know’ - either on or off the record - (e.g. Auditor General, Inspector General of Government, lawyers, entrepreneurs, journalists etc), and the convening of a small ‘focus group’ of knowledgeable individuals (e.g. civil society representatives such as journalists, entrepreneurs, donor representatives, lawyers etc).

The Present Position
We hope to send the first part, which is the completion of the Questionnaire by January 10th, 2003. The program is expected to take approximately 6 – months to end hopefully by mid March 2003.
08. THE INTEGRITY PACT WITH KARACHI WATER & SEWERAGE BOARD

Transparency International – Pakistan (TI-Pak) initiated this program in April 2001 following a resolution of the KW& SB’s Management Board to initiate a program of Transparency in Public Procurement within the organization and to apply the “Integrity Pact” to the Rupees Six Billion (U.S. $ 100, million) Greater Karachi Water Supply Scheme (K-III Project ) which involved hiring International / National of Consultants and Contractors to implement the project.

We requested the Partnership for Transparency Fund (PTF) to finance this project which with the recommendation of TI – Berlin they readily did and provided TI-Pakistan with y U.S. $ Nineteen Thousand.

The Project time table was to be between June and August but was delayed until October 31, 2001.

TI-Pakistan recommended drastic and effective changes to the procurement procedures for hiring of Consultants which was accepted both by the KW&SB Management and the Consultants bidding for the project. The “Integrity Pact” was for the first time implemented in Pakistan on any project or program. This we would like to point out was accepted by:

14 – Leading Consulting Engineering Consulting Firms and
44 - Major Construction Companies

The above included a number of International companies.

The progress on the project which was on a fast track has unfortunately slowed down due to the tragedy of September 11, in the United States and the subsequent involvement of Pakistan in the war against terrorism and the attack on its neighbour Afghanistan. In fact due to this long delay and protest by the Pakistan Engineering Council the hiring of consultants for Engineering Services have gone out for re-bidding , the new bids having been received on Saturday December 15, 2001. The Technical Proposals have been opened on December 27, 2001 for evaluation by a NEW Evaluation Committee of 6-members, as objections were made to the previous Evaluation Committee.

The Consultant’s Contract was finally awarded in March 2002, and Construction has also commenced on one or two of the 19 packages envisaged by the KW&SB. Unfortunately we have not been asked to continue our services on the implementation of the IP as there has been a complete change in the Management with the replacement of the Managing Director and as it had been an autonomous body has now come under the Mayor of the City of Karachi. We are discussing our participation once again but has been delayed due to the change over both in Administration and Management. But we do hope to carry on with the second phase..

09. THE REGIONAL SOUTH ASIAN SURVEY ON CORRUPTION.

The TI-National chapters of South Asia Region at its 1st. Annual meeting held in March 2000 in Khatmandu – Nepal decided to carry out a corruption survey of the five countries of South Asia.

In March 2001 representatives of the TI-National Chapters of South Asia Region met at Dacca - Bangladesh in its first meeting to decide on the format for the Corruption Survey. Representatives from Bangladesh, India, Nepal, Pakistan and Sri Lanka attended the meeting.

The format for a questionnaire was put forward and it was decided that the questionnaire was to be finalized and presented at the forthcoming South Asia Regional meeting to be held in June 2001 at Colombo Sri Lanka.
The format of the Questionnaire was finally decided upon by October 16, 2001.

TI-Pakistan awarded the contract for carrying out the survey to M/s Marketing And Research Consultants on October 31, 2001. Pakistan was therefore the first country to commence the Corruption survey beginning November 1, 2001.

The Time Table for carrying out the survey is as follows.

1st. Phase: Household survey and Data Collection December 31, 2001
2nd. Phase: Compilation, Data Entry and Final Report March 31, 2002

We completed the 1st. Phase as per schedule and the Final phase in June 2002. This report was presented to the Members of South Asia Chapters at its annual meeting in June 2002 in Dhaka Bangladesh.

Note: In carrying out the Corruption Survey as per the finalized Questionnaire we have as an addition and as part of this questionnaire put out a simple format which will allow us to prepare a Corruption Perception Index (CPI) of about 10 Governmental Organizations. This will help TI-Pakistan in its future programs to implement the “Integrity Pact” with some of them.

Note: On completion of our Report we made a formal presentation to the Stakeholders in Islamabad under the Aegis of the Ministry of Finance and the National Accountability Bureau, giving each of them a copy of the final report (Under Embargo) as the NAB wanted to use some of its information in its own NACS Report which was finally submitted to the Cabinet and the President of Pakistan and was approved.

10 COOPERATION WITH THE NATIONAL ACCOUNTABILITY BUREAU IN ITS NATIONAL ANTI CORRUPTION STRATEGY IN ENSURING TRANSPARENCY IN PUBLIC PROCUREMENT

History
In August 2001, TI-Pakistan was asked by KPMG and other International Consultants to participate in partnership on a Project funded by DFID on the request of the National Accountability Bureau on a National Anticorruption Strategy (NACS) to develop in three Phases a strategy to combat corruption.

The NACS project has been led and undertaken by the Government of Pakistan to develop solutions which will prove effective in Pakistan’s social, economic and political context. Advice has been provided by KPMG Consulting, contracted by the UK’s Department for International Development. The project aimed to:

- analyse the causes, nature, extent and impact of corruption from a broad perspective;
- develop a broad based, high level and integrated strategic framework for tackling corruption, focusing on prevention as well as monitoring and combating corruption, ensuring consistency with the good governance reforms;
- Create an action plan for the implementation of the strategic framework to tackle public sector corruption.

In March of 2002, TI-Pakistan was invited by NAB to participate in a Focus group. Primarily for our assessment and understanding of the present climate of Corruption and suggesting the possibility of cooperation between the National Anticorruption Strategy Team set up especially for this program and TI-Pakistan.
The Focus group was very successful, in that it brought us on a one to one basis with the entire NACS team.

In May 2002, we were invited by KPMG the consultants appointed by the Donors to look into a Draft Report of the recommendations made by the NACS. It was at this point that we made a number of recommendations with regard to Transparency in Public Procurement. To their credit the recommendations made by TI-Pakistan were adopted by them in its entirety.

In June 2002 we were invited by NAB to present a Paper on ‘ENSURING TRANSPARENCY IN PUBLIC PARTICIPATION AND PROCUREMENT’ at a Stakeholders Workshop being organized by NAB at the Jinnah Convention Hall in Islamabad in July 2002... Our presentation was a great success. The Workshop ending with a resolution unanimously approved by all the stakeholders. The resolution recommended that the proposals put forward by TI-Pakistan for Transparency in Public Procurement should be adopted by the NAB and to be a part of the National Anticorruption Strategy.

The entire strategy including our recommendations were then submitted to the President and the Cabinet which was approved in October 2002.

The Recommendations for ensuring Transparency and Public Participation in Public Procurement Procedures were:

1. **The Standard Procedures for Procurement of Works, Goods and Consultants should be revised by the Public Procurement Regulatory Authority. Either the World Bank or PEC Bylaws should be uniformly implemented in all government and semi government departments till such time the PPRA prepares its own Guidelines.**

2. **For ensuring Transparency and Public Participation, the Transparency International Pakistan’s Tool ‘ Integrity Pact” should be made an integral part of all tenders.**

3. **For every new project, Public Hearings should be made mandatory for necessity of the project and environmental assessment, prior to concept clearance approval .**

4. **All Consultancy Contracts except Single Source Selection of the Engineering Expert, should be processed on the Two Envelope System, evaluated on the basis of Technical competence with minimum passing marks of 75%. The Financial Proposals of firms lower than 75% should be returned unopened, the remaining financial proposals should be publicly opened, and the contract awarded to the lowest bidder.**

5. **Clients must declare their evaluation reports ten days (10) prior to actual award of the Contract. All objections received from any sector including the competitors shall be examined and a Re-Evaluation if required is carried out and the Contract awarded to the lowest bidder.**

6. **Evaluation Committees for Pre-qualification and Award of Contracts must include at least two departmental members, and a minimum of three independent experts, (One each from the Pakistan Engineering Council, Institute of Chartered Accountants and FPCCI).**

It must be made clear that the above recommendations were only those that were approved by
The stakeholders at the NACS Workshop. There are about 25 other recommendations made by TI-Pakistan on Procurement Procedures and the OECD convention which has also been made a part of the NACS Report and approved by the President and his cabinet.

**Present Position**

Following the approval by the President, things had come to a standstill due to General Elections for the national and Provincial Assemblies. A step taken by the Military Government to revive Democracy within the country.

We have once again contacted the NAB to convene a meeting of the stakeholder Organizations to establish an action Plan to implement the recommendations of the NACS. The stakeholders are the NACS, the Public Procurement Regulatory Authority, the Pakistan Engineering Council and TI-Pakistan.

This meeting is to meet within the month of January. 2003.

**11. POLITICAL PARTIES AND THE PLEDGE TO FIGHT CORRUPTION.**

**History**

The Supreme Court of Pakistan in October 1999 gave a judgment to the Military Government of Pervez Musharraf that they must carry out Elections for the National and Provincial Assemblies within three years. In August 2002, the President of Pakistan announced that the Elections would be held on 10th October 2002.

In July 2002, TI-Pakistan decided to go ahead with a program to involve all Major Political Parties and the Government of Pakistan in an Integrity Pact, that neither of the two would involve themselves in using unfair means and corrupt practices in the forthcoming elections. A letter was then sent out to the Leaders of the Major Political Parties (specifically those parties who had one or more seats in the previous elections of 1997) and in addition to two or three parties who had not contested the previous elections or had been formed after 1997 but who did have a chance of success in the forthcoming elections. We then sent an appeal to the leaders of those parties:

"**Please treat this as an appeal** to all Political Parties both minor and major, to come together on one platform and declare your intentions to fight corruption in all its forms.."

Transparency International – Pakistan requests you to prepare an Anti-corruption Action Plan (ACAP) which can be made a part of your Election Manifesto."

Attached along with the appeal we sent them some recommendations:

"The ACAP must incorporate within it the steps that you and your party intend to take both pre and post elections to provide the necessary Transparency and Accountability within your organization and its representatives / members.

As part of the ACAP your party must outline the Checks and Balances that it intends to provide to support Good Governance whether the party is in power or in the opposition."

Unfortunately the response to this appeal was dismal. Speaking to the Leaders we discovered that the Major Political Parties had neither a Manifesto nor a Party Policy on which they had decided to fight the coming elections. A few of the parties did have Manifestos, which were just simple standard declarations, not one of which had included within it declarations as to their intentions fight against corruption or how they would tackle corruption. A scourge which had resulted in the overthrow of four previous democratically elected governments.
We then decided to prepare a Questionnaire, (The Detailed Questionnaire is given in the Annexure)

The Questionnaire was divided into sections, each section comprising one pillar of the National Integrity System. The questions were short, precise and self-explanatory thus requiring a positive response and at the same time a commitment by each political party to Civil Society and its own constituencies. To determine whether the party intended to serve the demands of the public the interests of the country and to see that both the Public and the Country were not short changed?

The Democratization of a country is an opportunity given to the Representatives of the People to control systemic corruption by opening up the activities of Public Officials to public scrutiny and accountability. We assessed that this questionnaire would help determine the extent to which each party would support the Institutional checks and balances and other accountability mechanisms such as eliminating secrecy, monopoly and discretion.

Again the response was unsatisfactory, this the Political Parties attributed to the hectic activities of the Election itself and still not having prepared their Manifestos and their policies.

We finally decided to interview the leaders of each of the major political parties, to take along the questionnaire and get immediate responses to each question. This was readily acceptable by most of the leaders including Mr. Nisar Khuro of the PPP, Mustafa Jatoi of the National Alliance, Dr. Farooq Sattar of the MQM, and Prof. Khurshid Ahmed of the Jamaat-e-Islami etc.

In August of 2002, Jeremy Pope of TI-UK got in touch with TI-Pakistan, informing us of their intention to jointly organize a convention, in which we would bring together Leaders or representatives of the Major Political Parties along with the President of Pakistan to sign a ‘Pledge to the People of Pakistan”

This we accepted in principle as we had already decided to hold a Seminar along the same lines, calling upon all the political parties to sign an “Integrity Pact” between the Political Parties and the Government of Pakistan. We were excited, as the Convention would then be “internationalized” and we would also have the support of the Administration of the Government to make it successful. At the same time TI-Pakistan was worried that it may also give an opportunity to the Leaders at such an august forum to castigate the Government of Pervaiz Musharraf, but fortunately this did not happen and we had a very successful convention on September 19th, 2002, jointly organized by TI-Pakistan, TI-UK and the National Accountability Bureau (NAB).

Success of this convention must be attributed to the efforts of TI-UK, which included Jeremy Pope, Jeremy Carver and Shazadi Baig From the NAB we must Lt. Gen Munir Hafeez, Brig. Tayyab Waheed and his hard working team who left no stone unturned to see that the convention was organized immaculately with regards to Organization and the safety of the Participants. The Pledge is given in the Annexure, but summarized as follows:

1. Those of us who emerge as the elected leaders of our beloved country will as a matter of the highest urgency come together to adopt and implement an effective anti-corruption reform program which will strengthen accountability and transparency based on ensured access to information throughout all levels of federal and provincial government.

2. Those of us who are elected and form the opposition will likewise play a full part in holding the government to account and to cooperate in non-partisan ways with the adoption and implementation of effective anti-corruption strategies.
The “Pledge” was signed by all the Political Parties Present, including the President of Pakistan, The Ministers of Government and all participants signed as witnesses to the event.
Immediately after the TI Pakistan Pledge was signed, the president of Pakistan promulgated Access to Information Ordinance 2002. (see annexure)

12. THE TRANSPARENCY INTERNATIONAL’S MISSION TO PAKISTAN AT THE INVITATION OF THE GOVERNMENT OF PAKISTAN (MINISTRY OF FINANCE)

History
In August of 2001, Dr. Michael Wiehen visited Pakistan to speak on Transparency in Public Procurement and the role of the “Integrity Pact”. In preventing Corruption. At a Seminar organized by TI-Pakistan for the Karachi Water & Sewerage Board. This Seminar was in consequence of the program adopted by the KW&SB to provide Transparency in its organization and especially on the Karachi Water Supply Scheme K-III project.

During his stay in Karachi, we were invited to the “Sindh Forum on Economic Development” by Dr. Abdul Hafeez Shaikh – Finance Minister for the Province of Sindh. At this forum Dr. Wiehen who was also invited, met with many of his old colleagues and friends from the World Bank and the Government of Pakistan while he was heading the former based in Pakistan. The friends he met included John Wall – Resident Country Director World Bank, Abid Hasan Project Direct World Bank, Mueen Afzal – Secretary General Federal Ministry of Finance and Caroll Long Resident Country Director UNICEF.

This meeting lead to an invitation to a TI-Mission by Mr. Shaukat Aziz Minister – Ministry Of Finance who was also a former friend and had worked with Dr. Michael as well as TI on Money Laundering while the former was at CITIBANK. The objectives of the TI-Mission were to assess the status of Pakistan’s anti-corruption activities and to make recommendations as to where additional efforts could be useful.

The TI-Mission comprising Dr. Michael Wiehen – Head of Mission and President TI-Germany, Margit Van Ham – Executive Director for Asian and the pacific TI-Secretariat arrived in Pakistan at the end of April 2002. The mission was joined by Shaukat Omari- representing TI-Pakistan. What followed was a hectic program of meeting senior officials of nearly all relevant Federal Ministries including senior members of related government departments, which are part of every National Integrity System.

A report on the TI-Mission to Pakistan was then prepared by Dr. Wiehen and was sent to the Ministry of Finance for clearance prior to Press release. This report was appreciated by the Government of Pakistan and was given wide coverage in Pakistan and used by the government itself in various reports and news releases subsequently. This report is available as an annexure

This TI-Mission also resulted in TI being invited by the World Bank at the Paris Meeting of Donor Agencies on Pakistan future Development Plans. The subsequent report is also available as an annexure..

The meeting was a resounding success, in that it gave TI-Pakistan an overnight recognition and acknowledgement of our presence in Pakistan. This was followed up with TI-Pakistan developing a rapport with the Ministry of Finance, the national Accountability Bureau and the National Reconstruction Bureau etc. It also resulted in TI-Pakistan being involved later on with the NAB in its NACS program.
Immediately after the TI Mission’s visit, President of Pakistan promulgated the Public Procurement Regulatory Authority (PPRA) Ordinance of 2002. (see annexure)

13. MEETING WITH CHIEF OBSERVER EU MISSION SUPERVISING PAKISTAN GENERAL ELECTIONS IN SEPTEMBER 2002

History
On September 8th, 2002, TI-Pakistan arranged a meeting to meet with John Cushnahan – EC Chief Observer of the EU Election Observers Mission visiting Pakistan at the invitation of the Government of Pakistan to observe the pre and post election arrangements being carried out by the Chief Election Commission of Pakistan.

Again on September 13th, 2002, we arranged another meeting with representatives of the EU Observers Mission with their base in Karachi, covering the Province of Sindh.

TI-Pakistan felt that it was necessary to meet with them to understand the Transparency and fairness involved by the Mission in its observation program. Also we were worried that the Mission was overstepping its mandate by commenting on the situation within the country which would be detrimental to its own final report. We also felt that the number of observers present in the country would under no circumstances be able to carry out an impartial observation, especially since they were making a lot of statements in the press, which was contrary to the guidelines laid down by the Code of Conduct of the EU Observers Mission, our observations were sent to the Chief Observer, the observations included:

One of the first things that we requested the Chief Observer and the representatives was to provide us with the guidelines under which the mission was to carry out its observation in Pakistan. This they did not have, but was given to us in the next meeting held on September 13th.

At the next meeting we again asked the EU Mission to give us a Check List under which the observers would carry out their observations, prior to during the Poling and after. This they did not have and did not provide to us even after an official request to them to do so.

TI-Pak Observation. We see that the EU Observers Mission are not authorized under its mandate and the Terms of Reference, to issue an Interim or Preliminary Report prior to the completion of the Polling Process?

TI-Pak Observation. We find that the EU Observers Mission has passed its judgment through various observations made in its Interim Report to the EU. It has not only exceeded its mandate but at the same time given cause “to create tension in the group’s relations with both the authorities and the political parties” It has also shown bias against one party, thus jeopardizing its own efforts to be Fair and Transparent in its reporting.

TI-Pak Observation. The EU Observers Mission has said that it has only “briefed the EU on the forthcoming elections in Pakistan and that its brief is not an interim report”. The Chief Observer has also stated that “his mission would make Public the Interim Report within 48 hours of the polling”

Whereas the DAILY TIMES of Karachi had published the full text of the EU report which clearly indicates that it is an “Interim Report” and that this Interim Report has been submitted “One Month” prior to the actual date of polling and not 48-hours after polling as stated by the Chief Observer.
TI-Pakistan feared that the bias of the Chief Observer if not corrected may ultimately damage Pakistan's image with the International Investor and the comity of nation, which it has been trying to improve for the past 12-months, by its support to the War on Terrorism, its fight against Corruption and its promise to hold fair and free elections.

We therefore summarized that the comments of the EU Observers Mission are therefore in violation of their mandate, and may jeopardize the Mission of the EU Observers by its bias.

We pointed out to the Chief Observer that the EU Observers Mission is limited in that it must
a) Respect the Law of the Land. (EU Guidelines P-36)

b) Must comply with all existing laws and rules of the host country. (EU Guidelines P-37)

c) Must comply with all national Laws and Regulations. (UN Guidelines P-12)

d) Inform the Election Commission of complaints by political Parties. (UN Guidelines)

e) The EU Observers must avoid giving its opinion and avoid supporting an opinion. (UN Guidelines)

We suggested to the Chief Observer that the EUEOM in its observation of the Election Process in its assessment must follow the guidelines of the EU. TI-Pakistan recommended that in order that the Final Report of the EU Observer's Mission is Transparent and Fair it remains within the mandate of its guidelines which was stated by the Chief Observer and carried by all leading newspapers.

1. The impartiality of the electoral administration
2. The campaign freedoms afforded to political contestants
3. The fair use of state resources
4. The fair access for all contestants to the media, and in particular the state media
5. The universal franchise afforded to voters
6. The conduct of the polling and counting of votes.
OTHER PROJECTS BEING PURSUED BY TI-PAKISTAN

01. Developing Systems to Ensure Regulatory Transparency
Following an introduction to a World Bank representative by the Provincial Minister of Finance Dr Abdul Hafeez Shaikh we were approached to carry out a study with the Ministry of Interior on the above. The study was with reference to the following background.

In many surveys of the private sector the issue of regulation is raised as an obstacle to private sector development. This is (i) because they compete with a large number of enterprises which in whole or in part are not regulated – they remain in the informal sector and (ii) regulation is administered in a discretionary way often involving rent seeking. In response to this concern the GOS has modernized the regulatory framework through a process of streamlining and elimination of inspections. Yet the strong risk remains that the rent seeking relationship that has developed between the regulators and the private sector will continue, as the incentives for the private sector to pay off regulators remains.

It is expected that the output of this work will contribute to the development of Transparent Regulatory Systems in the Government of Sindh. In particular the consultants will design systems that align the behavior of both the government officials and the private sector away from rent seeking.

A financial proposal has been forwarded to the World Bank for their consideration. The project is expected to commence from January 2002 and be completed by end June 2002.

Unfortunately due to various circumstances including the political climate in Pakistan this program is now on hold.

A program to investigate corrupt practices, non-transparent, non-friendly ever-changing laws, rules, regulations, Duties and Taxes many of them being of colonial heritage and above all the menace of extortion by Public officials hindering Private Sector Development. It is therefore necessary to establish transparent procedures, basically eliminating the Discretionary Powers and the need for contact between the Public Official and the Private Sector Operator and ultimately limiting the involvement of the Public Official to Monitoring only. We hope to assist the government to design anti-corruption strategies and develop information, resource and advocacy materials for the Private Sector Entrepreneur.

03. Determining reasons for lack of Investor Confidence in the privatization initiative. - developing an integrity infrastructure.
Including manipulation in evaluation of Profits, Assets and the stock market itself and above all, in not providing sufficient Transparency in the Privatization Process. We know that Corruption in the process of privatization most often than not has a negative effect on foreign investment, which is the case with Pakistan where corruption is not only large but endemic.

04. Developing Confidence Building Measures for the private sector operator. - Policy and institutional reforms.
This would include establishing with the help of the Government, simple One Window, Fast Track, Discretion Free Transparent Procedures, including the systematic involvement of the Corporate Sector in Transparency, supported by awareness programs through advertising and Workshop sessions. It would also mean developing national capacity building programs and action plans to prevent and control corruption through Checks and balances resulting in good governance.
05. Monitoring & Protection of Donor Agency Investments
This would include establishing Transparent Fast track approval and disbursing procedures, including Monitoring of its utilization by reputed and contracted Fraud Control National and International investigating agencies from the Private Sector. Also to devise a cohesive policy on preventing Fraud and Corruption for the use of World Bank personnel operating in Pakistan.

Understanding that the success of the first phase is only part of the K-111 project whereby the Engineering Design and Construction Supervision Services were awarded.

The Departmental estimated cost of the total project is Rupees Six Billion of which the estimate of the Engineering Services was only approximately Rupees Two Hundred and Fifty Million only.

07. A Feasibility study For “Developing Systems to Ensure Regulatory Transparency”
We were approached by the World Bank to carry out the above project for the Ministry of Industries, Government of Sindh - Karachi, Pakistan through the PHRD Program.

Scope of Work
The output of this present Scope of Work will contribute to the future development of a comprehensive Transparent Regulatory Systems in the Government of Sindh. The need as TI-Pakistan understands it, is that the consultants (or TI-Pakistan) will subsequently, based on the present TOR, design systems that will align the behavior of both the government officials and the private sector away from rent seeking.

In many surveys of the private sector the issue of regulation is raised as an obstacle to private sector development. This is (i) because they compete with a large number of enterprises which in whole or in part are not regulated – they remain in the informal sector and (ii) regulation is administered in a discretionary manner often involving rent seeking. In response to this concern the GOS has modernized the regulatory framework through a process of streamlining and elimination of inspections. Yet the strong risk remains that the rent seeking relationship that has developed between the regulators and the private sector will continue, as the incentives for the private sector to pay off regulators remains.

Tasks
The consultants will carry out the following tasks:
1. Review main aspects of current approach to regulation, identifying areas where there is potential for rent seeking
2. Identify the main causes and incentives for rent seeking, in particular focusing on major obstacles to implementation
3. Produce a report summarizing the findings, together with a time bound action plan for detailed Study and Remedial Measures to be taken to curb Rent Seeking.

08. Report Card Study: performance levels of the Civic Agencies in Karachi
TI-Pakistan intends to carry out a Survey on the Citizen’s feedback or Report Card methodology on the performance level and the satisfaction / dissatisfaction of the citizens with respect to the various civic / utility agencies that operate within the city of Karachi.

TI-Pakistan feels that the Report Card Study is a successful tool in helping the civic agencies to understand their performances levels of their organization with respect to administration, service levels, co-operation with the public etc.
TI-Pakistan feels that this study will go a long way in supporting our program for implementation of the Integrity Pact in the various agencies which will be surveyed.

**In addition:** During the recent visit of the TI-Mission to Pakistan at the invitation of the Ministry of Finance, in which the Mission met Senior Officials of most of the Government Ministries and Agencies, the question that frequently cropped up was, what is corruption? How does it relate to the Public Official in terms of Ethics, Morality, Society, Religion, Legality, Poverty, or just Greed.

TI-Pakistan feels that a study must be made as to what extent qualitatively or quantitatively do the above tend to limit the need for accepting bribery. It may help the Government understand better on how to fight this menace.

Would increasing the Salary be a sufficient incentive, if so then how much should be the salary increase. Does it vary from Ministry to Ministry or department to department. In our many meetings we heard many different recommendations varying from 200 to 500 % increase. Does it really depend on a “living Wage” What would be needed to make a person actually stop taking bribes. To what extent does the fear of God play a part. Do children play a part in reducing acceptance of Bribes by their parents? Would rejection by society play a part.? Would the knowledge of severe punishment act as a deterrent?

Does the knowledge that a department is more lucrative really attract more people to the department. Is salary any longer an incentive? Such as the Customs, Income tax, police etc. In which departments do the majority of students participating in Civil Service examinations want to go. What are the aspirations of the youth of today? There are many questions that can be answered by an in depth survey of this kind.

**Present Status**
TI-Pakistan has approached two different survey groups who may be able to help us prepare the questionnaire, collect the necessary data and prepare the Report.

TI-Secretariat also has an in-house resource person Mr. Gopakumar Kriishnan who will be able to give us his very expert input.

**Scope of the study would include.**
- Preparation of Questionnaire, data Collection and Entry, Final Report
- Qualitative survey – involving discussion groups.
- TI- Pakistan’s Office / Logistical and Secretarial Support

11. **Institutional strengthening and Coalition building**

To implement its program, Transparency International – Pakistan urgently requires the necessary human resources, physical facilities, and a reliable documentation center and Library, to support its monitoring and reporting system.

In the initial stages of its establishment, we in TI-Pakistan assumed that with the large number of NGO’s operating in Karachi, any good cause such as bringing together the NGO’s would be an easy matter, unfortunately this is not so. We therefore decided to leave well alone till such time that TI-Pakistan itself had attained some sort of a credibility of its own in the eyes of the Private and Public sector organizations and Citizens of Karachi. We understand that previous efforts had been made by others to bring NGO’s under one banner in fighting Bribery, corruption, injustice etc. but unfortunately the venture was not successful.

The individual NGO’s even though active for many years have given up the idea of forming some sort of coalition, although there are presently some loose coalitions that have come
together out of need. These include the women activists under the banners of Women’s rights etc. There has also been some form of a coalition between a few NGO’s and Welfare organizations who have been fighting for the basic rights of the community such as for adequate water, sewerage, even against illegal construction of buildings and encroachment of Parks and Gardens and other amenity plots. But to all intents and purpose continue to remain a very loose coalition.

TI-Pakistan feels that this status quo should remain, but fighting corruption on one platform has never been a cause where NGO’s have got together. In the past 10 years nearly five different democratically elected governments have fallen due to this evil menace of corruption. Political expediency, compromise has been the mainstay of the previous corrupt governments. All promising to fighting corruption but when successful their main aim always remained was to stay in power.

This aim of staying in power resulted in a strong opposition to all NGO’s and any form of coalition building. Some sort of coalition building at this point in time may take root, for not only does the society sorely need such a coalition but that the present government’s positive policy towards fighting corruption and its outward support of NGO’s and CSO’s makes it the right time to mobilize a loose but strong and meaningful coalition.

To achieve this task of coalition building, TI-Pakistan itself needs support for institutional strengthening of its own. This would require a strong logistical support in the office with a senior coordinator who would by using his experience set up TI-Pakistan to sustain itself in lean times or when Donor support is at its low, which may be for many reasons.
ANNEXURE - 1

POLITICAL PARTIES PLEDGE
TO THE PEOPLE OF PAKISTAN

September 19, 2002

WE, THE POLITICAL LEADERS OF PAKISTAN, being the participants at the Convention of Political Leaders held in Islamabad on 16 September 2002 -

RECOGNISING the damage that is being done by corruption at all levels of our society, and particularly to the most poor among us;

ACKNOWLEDGING that for years corruption has been impacting, and is continuing to impact, negatively on economic growth, retarding economic and social development at all levels of our society;

ACUTELY AWARE of the deepening poverty of many of our people and of the utmost urgency of the task of countering corruption both effectively and sustainable;

AND RECOGNISING that continuing international support for our country is largely dependent on the prompt and effective National Anti-corruption Strategy -

DO HEREBY SOLEMNLY PLEDGE TO THE PEOPLE OF PAKISTAN –

3 As political leaders, we are deeply conscious of our duty to the people of Pakistan to combat the scourge of corruption that is a serious problem in many countries, and regretfully a very serious problem in our own beloved country.

4 Those of us who emerge as the elected leaders of our beloved country will as a matter of the highest urgency come together to adopt and implement an effective anti-corruption reform program which will strengthen accountability and transparency throughout all levels of federal and provincial government.

5 Those of us who are elected to the opposition will likewise play a full part in holding the government to account and to cooperate in non-partisan ways with the adoption and implementation of effective anti-corruption strategies.

6 After the elections, and when the new government is sworn in, we will meet again to determine a united front against an evil that is undermining the future of our country and which is one that transcends the divides of political parties and persuasions.

7 On a personal level, each of us gives our individual pledge that we are dedicated to serving the people of our country with the highest levels of personal integrity.

AWARE that the corruption crisis must be tackled openly by all, we invite every fellow citizen, to unite with us in a determination to rid our country once and for all of the corruption that has so retarded our country’s economic and social progress at home and marred our international image abroad.

SIGNED by the following, the participants:

........................................

THOSE INVITED but not attending were:

........................................
ANNEXURE - II

Report on
Attendance and Presentation at
Pakistan Development Forum
Paris, 29.4.02

At the invitation of the Director General Finance of Pakistan, Mueen Afzal, I attended the Paris meeting of the Pakistan Development Forum (formerly called the Pakistan Consortium), at the premises and under the auspices of the World Bank. Mueen Afzal chaired the meetings. Finance Minister Shaukat Aziz had been held back, at the last moment, due to the referendum, but he was actually “present” during the entire opening session via a large video screen. The press also participated in the opening session, both in Paris and in Islamabad in the presence of the Minister. Mieko Nishimizu (Vice President) and John Wall (Country Director) represented the Bank.

42 bilateral and multilateral delegations attended the meeting; TI was the only non-official participant. We were placed at the table and I made an official statement (attached) which was circulated to all participants and will be placed on the World Bank and GOP websites. The treatment of TI was extraordinary, thanks to the extreme courtesies extended by Mueen Afzal. Bank officials welcomed my presence and statement equally warmly. My statement was praised by several of the larger delegations in the discussion (“TI’s priorities of FOI, civil service reform and procurement reform are dead right”), and many others in the corridors. The UK delegate especially welcomed my reference to the obligation of the donors to do their part to avoid corruption in their own assistance procedures.

The GOP representatives addressed all governance issues forthrightly, but understandably they put their best foot forward in describing what has already been done. My statement qualified some of those statements (such as “has been achieved” vs. “has been initiated”), and there is a need to be even more specific in our full report so as to get the message across.

The big GOP corporations like WAPDA, KESC and PTLC came in for particular criticism from GOP and others alike, both for inefficiency and for corruption, but between the World Bank, the Asian Development Bank, the EU and many bi-laterals, there appears to be plenty of external commitment to assist in the restructuring.

My argument that the procurement system needs a total overhaul was not questioned by anybody. In fact, Mueen Afzal specifically invited TI to assist the Government when it sets out to reform the system. An institutional beginning has been made, by deciding to create a Public Procurement Regulatory Commission (PPRC), whose expected Chairman we met during our visit last week, which works under Mueen Afzal and is likely to cooperate closely with us (expecting some help – we will have to see how we can deliver).

The Social Sectors Review Session of the meeting was chaired by the Deputy Chairman of the Planning Commission (who for all practical purposes is the Chairman) – Shahid Amjad Chaudhury, a former World Bank colleague. Chaudhury is also very much interested in cooperating with TI. He is particularly interested in working with us in developing a survey on corruption in Pakistan, and was very excited when I told him that our NC has one already in the
drawer, to be published with the other 4 South Asian NCs in July or August. Shaukat Omari should make early contact with Chaudhury and begin a dialogue about possible collaboration in future surveys.

Finally, several major privatization cases are being prepared. We will push for the IP on at least one of them, perhaps the KESC, considering the location in Karachi.

Margit: I think we should report on the Pakistan mission and our attendance at the Development Forum Meeting in appropriate form in the Newsletter. We should consider putting my Paris statement on our own Website.

Michael Wiehen
30.4.02
TI-Mission Report on
Pakistan’s Anti-Corruption Program
Review and Recommendations

Submitted by Transparency International
May 2002

“One of the biggest curses from which India is suffering...is bribery and corruption. That really is a poison. We must put that down with an iron hand and I hope that you will take adequate measures as soon as it is possible for this Assembly to do so”.
(The Address of Quaid-i-Azam Mohammad Ali Jinnah to the Constituent Assembly of Pakistan on his election as President of Pakistan (11th August 1947)

The Government of Pakistan (GOP) invited TI to visit Pakistan to assess the status of its anti-corruption activities and to make recommendations as to where additional efforts could be useful. In response to this invitation, TI sent a small mission comprising Margit van Ham, Executive Director at TI’s Central Secretariat in Berlin, Mr. Shaukat Omari, Chairman of TI Pakistan, Karachi, and Michael H. Wiehen, Member of the Board, TI and TI Germany, which visited Islamabad and Lahore from April 18 to 26, 2002. The mission met with many senior officials, representatives of the business and legal communities, the media and several NGOs, including the Human Rights Commission of Pakistan and the Consumer Rights Commission of Pakistan, and members of the donor community.

The TI mission wishes to express its great appreciation for the full cooperation and support of the Government during this visit, and the World Bank’s willingness to cover the out-of-pocket expenses of the mission members.

The TI mission acknowledges that the present Government has sent very clear signals that it is determined to fight corruption, and has indeed taken a number of significant steps toward that end, such as the empowerment of the National Accountability Bureau, the initiation of the process of devolution and decentralization of government, the announcement of the “access to justice” program, the start of a civil service reform including the promulgation of the Removal from Civil Service Ordinance, the deregulation process including the abolishment of many price controls, and the separation of the accounting functions from the Office of the Auditor General. Finally the Government has contracted the services of a consultant to develop a comprehensive National Anti-Corruption Strategy.

Summary
Pakistan’s ranking in TI’s Corruption Perceptions Index (CPI) has consistently been in the lowest group of countries:

<table>
<thead>
<tr>
<th>Total number of countries</th>
<th>Pakistan’s Rank</th>
<th>Pakistan’s Score (out of 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI 1995</td>
<td>88</td>
<td>2.2</td>
</tr>
<tr>
<td>CPI 1999</td>
<td>91</td>
<td>2.3</td>
</tr>
<tr>
<td>CPI 2001</td>
<td>79</td>
<td>2.3</td>
</tr>
</tbody>
</table>

The TI mission received nearly uniformly the message that corruption at the top levels of government has very significantly declined – but that at the middle and lower levels of the
government apparatus corruption still thrives almost unabated. It is clear that the Government must continue and even strengthen its efforts to bring corrupt politicians and officials to justice. The TI mission however focussed on measures to strengthen the prevention and avoidance of corruption. A corruption survey conducted by TI-Pakistan over the last few months, in parallel with the TI National Chapters in India, Bangladesh, Nepal and Sri Lanka, should, by the summer of this year, bring out useful information about where in the country corruption is most prevalent and in addition allow some cross-country comparisons.

At a meeting of the Pakistan Development Forum in Paris, April 29-30, 2002, where the GOP met with its international development partners under the auspices of the World Bank, TI summarized its recommendations as follows:

“Central to the efforts of the Government should be, in our view, a bold Freedom of Information law, accompanied by an equally bold pro-active information policy under which most government activities are made public at an early stage, so that the citizens can contribute to the development of policies – and exercise their control function. Ordinances and laws should be shared with the public at the formative stage, and major investment projects should be discussed with all the stakeholders at an early stage, perhaps through open hearings, when changes are still possible. TI’s Corruption Perception Index shows a clear correlation between strong Freedom of Information legislation and very low corruption levels in a country.

“Secondly, a broad Civil Service reform should tackle issues like the “living wage”, a clear Code of Conduct for civil servants, clear rules on conflict of interest and nepotism, a significant reduction of discretionary powers, systematic monitoring and enforcement of the rules, promotions on merit, a serious “disclosure of assets” program, removal of corrupt officials, an easy complaints mechanism (for citizens and colleagues alike) and a whistleblower protection program. Part of this drive should be a further strengthening of the powers and capacity of oversight institutions such as the Auditor General, the ad hoc Public Accounts Committee and the Ombudsman’s Office, and the assurance of an independent, impartial and well-trained judiciary.

“Thirdly, it appears that Pakistan’s fight against corruption would benefit greatly from a more or less complete overhaul of the country’s procurement system, institutions and rules. Through public procurement a very large share of the country’s public resources is spent. Any improvement of the transparency, predictability, accountability and quality of the procurement process can save the country vast sums of money. The World Bank’s CPAR of June 2000 presents a clear message of the current problems.”

The Pillars of the Country’s Integrity System
The TI mission approached its task along the lines of its Source Book 2000 “Confronting Corruption: The Elements of a National Integrity System”, which is accessible through the TI Website www.transparency.org.

An Elected Legislature:
While at present Pakistan has no elected national legislature, national elections are scheduled to take place in October 2002. Under the commendable bold Devolution Program of the GOP, elections for local councils took place in the first 8 months of 2001, and district, tehsil and union “nazims” (mayors) were indirectly elected, with councillors acting as an electoral college. While many questions remain about the role of the nazims, and about the funds they will have available, TI’s National Chapter in Pakistan is working actively with the city naziem of Karachi and the nazims of several towns in Karachi toward the introduction of more transparency into the administrative activities, suggesting that at the grass roots level a political process with involvement of the citizens is possible. A possibly very interesting instrument for citizen-
administration interaction is the newly-to-be-established Citizen Community Boards. Their role and functions should be carefully monitored.

Independent and Impartial Judicial System:
An independent, impartial and well-informed judiciary holds a central place in the realization of just, honest, open and accountable government. A judiciary must be independent of the executive if it is to perform its constitutional role of reviewing actions taken by the government and public officials to determine whether or not they comply with the standards laid down in the Constitution and with the laws enacted by the legislature. And the selection and appointment of judges at all levels, but particularly at the High Court and Supreme Court levels, must be, and must be seen to be, totally professional, rule- and merit-based, and transparent.

At present, the judicial system in Pakistan is not held in high esteem. Some call it "the cause of all evil". Many regret that members of the judiciary are expressly exempted from the work of the National Accountability Bureau (NAB). However, in December 2001 GOP announced an Access to Justice Policy aimed at strengthening good governance, the rule of law and ensuring access to justice. Its implementation will have to be carefully monitored.

Supreme Audit and other Oversight Bodies:
Until less than a year ago, the Auditor General of Pakistan was also Accountant General. The recent separation of functions was a significant step toward building a strong, independent supreme audit watchdog office. The Auditor General has recently published (and put on its Website) the first Annual Report and a Corporate Audit Plan, and intends in future Annual Reports to include a section on Unfinished Business, listing items where recommendations of the AG have not yet been acted upon by the Executive. This development is laudable. For the future it is important that the Auditor General is empowered to audit in addition to government accounts also the accounts of all public corporations (though not those which have been set up as commercial corporations, even if the government holds the majority of the shares).

The Auditor General’s Office should be accountable to the Parliament only. The Auditor General of Pakistan appears to have some degree of independence, but its funding is determined by the Ministry of Finance, whose accounts it audits (even though the AG’s Office is now apparently free to use its budget funds as it sees fit, without any control by the Finance Ministry). It is highly desirable that the AG’s Office be given a fully independent status as soon as a Parliament has come back into existence.

Equally important as a strong Auditor General’s Office is the existence of other strong, independent oversight bodies, such as the Public Accounts Committee and the Ombudsman. In the absence of a legislature, the present ad hoc Public Accounts Committee has limited powers. The TI mission heard that the ad hoc PAC has cut the knot of an extra-long backlog and is presently reviewing the audits of 2001, having put aside the older files. While it is clear that audit action, if it is to be effective, must occur in a timely manner, it is important that older cases of violations, including probably corruption, are not simply abandoned.

All the oversight bodies should be supplied with adequate human and financial resources. Every Rupee invested in oversight will bring high returns.

Independent Anti-Corruption Agency:
Fully independent anti-corruption agencies like the Independent Commission against Corruption (ICAC) in Hong Kong have proven their worth, and it is to be hoped that at the end of the present consultancy GOP would decide to establish such an independent body, with judicial powers and the involvement of Civil Society.

Effective, well-trained Law Enforcement:
The National Accountability Bureau (NAB) has been empowered to deal with corruption crimes at the top political and official levels. NAB has dealt effectively with many cases and has recovered for the country significant amounts of money. It has established a strong organization and is generally considered an efficient and effective organization. The TI mission heard, however, fairly widespread concern that both the military and the judiciary are excluded from the mandate of NAB. Clearly, an unconstrained mandate would have strengthened the legitimacy of NAB.

The police are considered by many in Pakistan to be particularly corrupt. The TI mission welcomes the fact that GOP has acknowledged the need to address this issue and is embarking on a police reform, including the establishment of Public Safety Commissions, Criminal Justice Coordination Committees and an independent complaints handling authority. The separation of investigation and prosecution functions should enhance the due process of law and is welcome. Also, the police must be insulated from politics. The experience with the newly-established motorway police appears to demonstrate that sufficient pay, a well-structured job, effective monitoring and the creation of pride in the job can work wonders. This lesson should be remembered. All the arguments in the following section apply to the police as well.

A Strong Public Service to Serve the Public:
A well-trained, well-paid professional public service with pride in its job is a major factor in containing corruption in any country. Pakistan has started a civil service reform, focused on the federal level, addressing i.e. rewarding merit in recruitment and promotions, the pay and pension systems, and right-sizing and restructuring. The Federal Public Services Commission apparently has been given enhanced powers and some degree of autonomy. One can only hope that early attention will also be given by the Provinces to the provincial civil service system.

The TI mission believes that pay levels need to be given particular attention. If everybody believes that even after recent (fairly significant) pay adjustments the official income of civil servants, especially at the lower levels, is inadequate to cover basic family living requirements, then acceptance of this fact is a tacit invitation to supplement the official income through corruption, and that’s the way it is apparently interpreted inside the civil service as well as by the clients in Pakistan and abroad (the dangerous “corruption of need” argument). Enquiries as to the size of the gap between the actual and a “living wage” are answered by some with the need for a “four- to fivefold increase”. Obviously this would confront the GOP with a major problem. But some additional move, perhaps for selected, especially endangered and exposed civil servants, would appear to be necessary if the easy excuse for rampant corruption is to be removed and a drive for a professional, clean public service is to have a chance. The TI mission is painfully aware of the economic strictures, and yet would urge that this issue be given early attention.

Perhaps equally important is the removal or at least considerable reduction of discretionary powers of civil servants. Many government services can be structured so as to require minimum discretion in their execution. Discretion invites corruption. The GOP’s drive to deregulate the economy through the near-abolition of price controls, the closing of the Supplies Office, changes in the Factories Act and the effort to establish and then tackle “irritants” in the investment requirements deserves strong support. The exercise of discretion is a powerful catalyst for corruption throughout any administration. Among many other measures, the new electronic technologies offer unlimited opportunities for transparency and clarity without civil servant discretion — and even for interaction between client and official without personal contact, minimizing the occasions for the transfer of bribes.

Other important features of a non-corrupt, professional civil service are the adoption and acceptance by each civil servant of a good Code of Conduct with clear rules i.e. on conflict of
interest and nepotism, systematic monitoring and enforcement of the rules, and a serious "disclosure of assets" program (under which the disclosure forms are actually checked, verified, made publicly accessible, and action is taken, if suspicion of wrongdoing emerges). There needs to be well-functioning complaints mechanism, by which clients/citizens can question the delivery of service to them, citizens or citizens’ organizations can report on wrongdoing they have noticed and civil servants can complain about wrongdoing by their colleagues, without fear of mobbing or other adverse consequences. Lastly, Pakistan should have a good whistleblower protection program, giving assurance to people that their reporting violations will not get themselves into trouble.

Any set of rules and conduct of course requires effective sanctions to be taken seriously, and in this context the TI mission welcomes the promulgation of the “Removal from Service (Special Powers) Ordinance, 2000” with its broad powers to hold persons in government or corporation service accountable.

One institution traditionally beset by most of the problems referred to above appears to be the Central Board of Revenue. The CBR is considered particularly corrupt by many observers, and the TI was pleased to learn that a reform program for CBR is already underway, with significant donor support. Pakistan suffers from a particularly small tax base (1.2 million taxpayers in a population of 140 million people is excessively low), and due to inefficient (and often corrupt) practices, the tax collection result is totally inadequate. Here a broad use of electronic means to catch potential tax payers in other activities, but also in order to reduce the personal interaction between tax inspector and tax payer could go a long way toward increasing the tax intake. A Code of Conduct, reduction of discretion of tax inspectors, effective complaints mechanisms, strict monitoring and effective sanctions for violators should be part of any reform program.

On the other hand, the Deregulation Committee appears to have come up with several good decisions. The TI mission welcomes any move toward deregulation, on the assumption that all regulations, and their administration and management, provide discretionary powers to individuals and usually allow and invite corruption.

**Procurement:**

Pakistan’s fight against corruption could benefit greatly from an almost total overhaul of the country’s procurement systems, institutions and rules. Through public procurement a very major share of the country’s public resources is being spent – and much of it presently wasted. The World Bank’s Country Procurement Assessment Report of June 2000 paints a grim picture of the situation and presents many suggestions for improvement. The TI mission believes implementation of those recommendations would go some way toward cleaning up the procurement scene and improve transparency, predictability, accountability and quality of procurement. The semi-official, double role of the Pakistan Engineering Council is particularly difficult to accept, and we agree strongly that the PEC should be limited to its private sector responsibilities so as to remove the obvious conflict of interest that exists under the present arrangement. The TI mission would actually go beyond the recommendations of the World Bank report and stress in particular (i) the need for full transparency of the bid evaluation process, (ii) the need to apply particularly strict and transparent procedures to the selection of consultants, and (iii) the desirability of using the TI-developed concept of the Integrity Pact to a few selected major investment projects. The Integrity Pact concept has recently been applied to the selection of consultants for the Karachi Water and Sewerage Board K2 Project and has brought highly satisfactory results for KWSB, in terms of significantly lower consultant cost than had been predicted on the basis of past experience.

Incidentally, the Integrity Pact concept is equally applicable to privatisations and the issuance of licenses, concessions etc. Considering that the Government’s program foresees the privatization of several very large public corporations (such as PTLC and KESC) and of all the
bids, we recommend that the GOP consider using the Integrity Pact for at least one of those cases, to test its effectiveness and at the same time to send a clear signal that Government will make every effort to avoid the pitfalls of privatization as they can be observed in so many other countries.

Most external donors prescribe their own procurement rules which as a minimum increase the complexity and probably confusion of general procurement activities. One would hope that the donor community could be persuaded to agree and apply the “highest common denominator or standard” and thus help bring about uniform procurement rules.

By the same token, donors sometimes are not necessarily part of the solution, but part of the problem. Padding a project with items dear to the respective minister or secretary (cars etc), topping-up the salaries of senior officials involved in executing a donor-supported project, or offering to government civil servants consultancies (often external), which supposedly are carried out during official vacations but in fact are done instead of official duties, are unfortunately well-established practices in many developing countries. GOP is urged to monitor relations between donors and individual government departments carefully and to make sure that no such practices, which after all are a form of corruption, are tolerated.

In several discussions, the TI mission heard that delayed releases of budget funds often contribute to procurement problems: Down- or progress-payments fall due throughout the year, and funds should be available when due. If principals cannot pay when payment is due, the bidders will either pad their bids to make up for the delay in advance, or they will bribe the officials of the principal to see that they get paid over everybody else. A review of the release system may be desirable.

A final recommendation in the procurement area: Bribery of Pakistani officials by external companies (whether done from abroad or through subsidiaries in Pakistan) is now a criminal act in all 35 countries which have ratified the OECD Convention on Bribery of Foreign Officials. If GOP becomes aware of such bribery, or attempted bribery, in order to obtain or retain a contract with the Government of Pakistan, GOP should present the facts to the Embassy of the home country of the bribing company, with copy directly to the OECD Working Group on Corruption in Paris. Under the legality principle, the Embassy has to pass this information to its own prosecutorial authorities. Implementation of the OECD Convention requires deterrence by effective prosecution, and the judicial machinery in the home countries cannot act unless they obtain the relevant information. It would also be advisable that GOP inform the business community in Pakistan that it will fight corruption also by pursuing bribers, be they Pakistani or foreign.

Freedom of Information:
Central to the efforts of the Government should be, in our view, a bold Freedom of Information (FOI) law which gives citizens the right of full, easy and largely free access to most information of government. A few sensitive areas like defence-related matters and personal data can be protected and excluded, but the bulk of all information should be accessible. The FOI movement started in Sweden in 1766, and today all industrial countries with very few exceptions have broad FOI legislation. Pakistan's Official Secrets Act stems from a time when administrators had mostly control functions; in today's world of "service to the public", the old approach should be abandoned and replaced by a modern law. FOI - and the transparency of government created by it - acts as a major hurdle to corruption, as global experience clearly indicates. TI's Corruption Perception Index shows a clear correlation between strong FOI legislation and very low corruption levels in a country. Pakistan has had a Freedom of Information Ordinance, 1997 and a draft Ordinance to Provide for Transparency and Freedom of Information, August 2000. Both previous texts are rather restrictive. Both the Human Rights Commission of Pakistan and
the Consumer Rights Commission of Pakistan have prepared broader model FOI laws, and the TI mission would urge the GOP to be guided by the carefully developed two model laws.

In addition to promulgating a strong FOI law, the GOP should adopt an equally bold pro-active information policy under which most government activities are made public at an early stage, so that the citizens can contribute to the development of policies – and exercise their legitimate control function. Draft ordinances and laws should be shared with the public at the early formative stage (negative examples appear to be the NEPRA and PEMRA acts), even before the elections to a national legislature, and major investment projects should be discussed with all the stakeholders at an early stage, perhaps through public hearings, when changes are still possible.

Attached is a paper entitled “Transparency and Corruption Prevention on Building Large Dams” which TI presented to the World Commission on Dams in December 1999. Although this paper addresses primarily transparency and corruption-prevention issues to be considered in the context of planning and implementing large dam projects, the issues apply \textit{ceteris paribus} to any large investment project such as motorways, power generation or water transfer investments. This paper also provides information about the workings of TI’s Integrity Pact concept.

**Role of Civil Society:**

Pakistan today has a large number of Civil Society organizations which are anxious to play their role of contributing to public activities, and at the same time to monitor public institutions and hold their officials to account. The TI mission felt that even among the most professional non-governmental organizations, there is much frustration about the suspicion with which they are looked upon by the Government. TI being an active part of Civil Society, taking in any country a non-confrontational approach and instead seeking to build coalitions between government, the international donor community, the business community and civil society, hopes that the GOP will seriously consider inviting the Civil Society of Pakistan to take on a larger role than heretofore – to the benefit both of the Government and all the people in the country.

Finally, TI (including TI-Pakistan) would be pleased to be given an opportunity, at any stage of the process, to review and comment on the recommendations of the consultants (KPMG) employed by GOP to develop a national anti-corruption strategy.

Draft:MWiehen.30.4.02
ANNEXURE - IV

SINDH DEVELOPMENT FORUM
Thursday 13th. February 2002

Was invited to the Forum by Dr. Abdul Hafeez Shaikh – Provincial Minister for Finance, I requested Dr. Shaikh for invitation for Dr. Michael Wiehen – President TI- Germany and Member of the Board.

The forum had been organized basically to introduce to the Various Donor Agencies the possibility of their involving themselves in different Programs, projects being planned for the Province of Sindh by its various Departments.

It was very good that Transparency International – Pakistan was present at this Forum, for the first time we got some very much needed exposure to the Government of Sindh and at the same time with the Various Donor Agencies operating within the country.

It also gave us an opportunity through some very well placed questions to introduce two of our main programs that are presently on-going. The IP with the KW&SB and the Island of Integrity with the Gulshan Town.

In the first question that TI-Pakistan put and the recommendations made by us were that a task force or committee should be set up to review the present procedures and make its recommendations. This Dr. Abdul Hafeez Shaikh noted and said that the government would do so. We also offered all support to this task force.

Most of all the presence of Dr. Wiehen helped us be introduced to many of the Donor Representatives present at the Forum including
- John Wall - Country Director – World Bank
  He spoke of the Change in the attitude of the Present Government, and felt that we were on the road to serious development.
- Abid Hasan – Operations Advisor – the World Bank
  We discussed the Procurement Procedures and the Changes that were required. His main concern was the Procurement and Contract Procedures that is being followed by the Provincial Government through Acts, Ordinances for Purchase of Services – especially contracting.

  He has asked us to review the existing procedures and come up with recommendations which we can then meet with him to discuss.

I also discussed the Project of Rent and John Speakman he has asked me to send him the proposal to Islamabad.
- Carol Long – Country Representative - UNICEF
  After being introduced to Carol Long, I approached her for a meeting to be attended by Anita Ghulamali, which she granted immediately. We then met and I introduced the MOE program that we are doing with children. She immediately showed interest and instructed that Mohammad Tariq Khan who was with her to look into this possibility of funding
  Mohammad Tariq Khan = Asst. Project Officer – Planning – UNICEF
Tariq was present at the meeting with Carol Long and Anita Ghulamali in which he did mention that we had made a presentation to Sheila at the UNICEF a few months ago. We have to now meet with Mohammad Tariq for a follow up. Details of the Program and the Budget to be prepared by TI-Pakistan.

We also met with the following representatives:

- David Fletcher – Director of Programmed UN World Food Programmed.
- Evan Due – Counselor Development – Canadian High Commission. During my discussions with him on Procurement I also mentioned the refusal of the Canadian High Commission of my Visa to Canada; he said that this will not happen again as long as he is here.
- Mueen Afzal – Secretary General – Ministry of Finance. He should a keen interest in Dr. Wiehen attending a Conference being held in Paris later this year, where Pakistan was participating in a Global Business forum. He was also quite perturbed about the CPI and Pakistan's present rank.

Other Government Officials that we met included:

- Hifzur Rahman – Secretary of Communications / Irrigation. I discussed the RBOD Project with him, he accepted the suggestion that we meet in the near future and discuss this. He also informed me that this project was now under scrutiny by the Governor himself who had appointed the Monitoring team to look into the matter.
- Bashir Ahmed Dharo – Chief Engineer – Irrigation. He happened to be a NEDIAN and graduated in 1968, but I remember him as originally being with us. He informed me that the project had been awarded to MMP, but that this was not MOTT Macdonald which had been blacklisted by the WAPDA but another company. I told him that they were the same company as they were being qualified under the experience of MOTT MACDONALD and not under the experience of MMP.
- Dean Mohammad Farooqui – Minister Local Government. I mentioned that he was scheduled to attend the Seminar on Friday as a Speaker representing the Local Provincial Government but he apologized that he would not be available as he is taking the Donor Delegation to interior Sindh. But that he would like to meet with us later after the 20th.
- Aseem Hashmi – Advisor to Minister Local Government. Aseem was with the Minister Local Government and also suggested that we meet later in the month.
- Mrs. Shahnaz Hamid - Secretary Information. I discussed the MOE Program with her and asked her to let us meet with her. She readily accepted to meet whenever it was convenient. I think that we should make the proposal to Anita Ghulamali with a presentation of a few Skits. Which can then be aired with the help of the MOE and the Ministry of Information?
- Miss Anita Ghulamali – Minister of Education. Meeting her helped us with the UNICEF – I hope that something can come of it. We must take up the issue of airing the Skits through the Ministry of Information as discussed above.
REQUEST AND APPEAL
TO POLITICAL PARTIES
With recommendations
July 25th. - 2002

To
The Chairman / Secretary General
July 25th. 2002

REQUEST
FOR AN ANTI-CORRUPTION ACTION PLAN (ACAP)
FROM POLITICAL PARTIES
“TO ENSURE TRANSPARENCY AND GOOD GOVERNANCE.”

AN APPEAL

Sir / Madam

Transparency International is the only International Non-partisan, Non-political, Non-Governmental Organization devoted to combating corruption and bringing Civil Society, Business and Governments together on one platform, in a powerful global coalition to fight this malaise.

Transparency International (TI) and its 85 Independent National Chapters worldwide work at both the National and International level towards reducing Bribery and Corruption.

Corruption is the biggest challenge to this nation. It has undermined and destabilized our government, distorted our Public Policies, and led to misallocation of our meager resources. It has harmed Public and Private Sector developments and has given reason for dissolving the four previous democratically elected governments.

TI in its turn raises the awareness of the damaging effects of corruption, advocates policy reforms and works towards the implementation of theses reforms. At the National level, chapters work towards stimulating the process of Transparency and Accountability and simultaneously monitoring the performance of Government, Political Parties and the Public and Private Sector Organizations in a non-partisan manner.

Transparency International – Pakistan, keeping in mind the forthcoming October 2002 elections are writing to you as one of the major political parties “who won at least one seat in the 1997 election” for your cooperation in combating corruption at the grass roots level.

Please treat this as an appeal to all Political Parties both minor and major, to come together on one platform and declare your intentions to fight corruption in all its forms.

Transparency International – Pakistan requests you to prepare an Anti-corruption Action Plan (ACAP) which can be made a part of your Election Manifesto.

On receipt of your program for combating corruption, we shall organize a Seminar where Political Parties and the Press shall be invited to participate in a question / answer session and where the parties will be requested to pledge themselves to the “Political Party Protocols” derived from the Action Plans submitted by the Political Parties themselves.
Transparency International – Pakistan in its turn shall support you in publicizing your party’s Anti-corruption Action Plan before the forthcoming elections and will assist you in monitoring its implementation after the elections.

We therefore invite you and your party to commit yourselves to a program of reform, and to the establishment of a Clean and transparent Government that will fight corruption in our society.

We further request you to provide us (PREFERABLY THROUGH E-MAIL) your ACAP before August 08, 2002.

Yours sincerely

Shaukat Omari
Executive Director
Transparency International – Pakistan
Omari@transparency.org.pk
Ti-pak@khi.paknet.com.pk

Attachment: Recommendations for the ACAP.

c.c. To all Major and Minor Political parties.
RECOMMENDATIONS TOWARDS PREPARING THE ACAP

Quaid-e-Azam’s Speech to the Constituent Assembly of Pakistan 11th. August 1947

“One of the biggest curses from which India is suffering - I do not say that other countries are free from it, but I think our condition is much worse – is Bribery and Corruption. This really is a Poison. We must put that down with an Iron hand and I hope that you will take adequate measures as soon as possible for this assembly to do so.”

The ACAP must incorporate within it, the steps that you and your party intend to take both pre and post elections to provide the necessary Transparency and Accountability within your organization and its representatives / members.

As part of the ACAP your party must outline the Checks and Balances that it intends to provide to support Good Governance whether the party is in power or in the opposition.

In addition to the Political Parties Act of 1962 and the Political Parties Rules of 1986 and the amendments of 1997 and 2002 and Part VIII entitled Elections – Chapter II – Electoral Laws and Conduct of Elections of the 1973 Constitution of the Islamic republic of Pakistan and its amendments of 2001-2002. We request you to consider as part of the ACAP for Transparency and Good Governance the following:

Pre-election.
• The Criteria for selection of Candidates. Personal Integrity, Honesty etc.
• Transparency in selection of candidates -The Method of Selection – Election or Nomination.
• The Procedures that you intend to take to verify the Declared Assets of the Candidate.
• The Code of Conduct of the selected representatives / members and of your party.
• Financial Disclosures – Ways, Means and Sources of funding and of Expenses.
• Transparency in Election Issues and Party Policies.

Post Election
What steps will your party take:
• To provide Transparency and Accountability in the workings of the Government.
• To provide the necessary Checks and Balances for Good Governance. Encompassing the National Integrity Systems.
• To prevent and Monitor the practice of corruption by your party representatives within government.
• To establish the Accountability of the corrupt.

The ACAP should also incorporate the following:
• A clear commitment by your party leaders to combat corruption wherever and whenever it occurs and to submit themselves to scrutiny. Giving up the need for immunities and privileges which may shield them from the legal process.

• A plan for the prevention of future corruption and on changing systems rather than indulging in witch hunting.

• The adoption of comprehensive Anti-corruption legislation, implemented by agencies of manifest integrity., including its investigators, prosecutors and adjudicators.
• Identification of those activities of government prone to corruption and the steps that your party will take to combat and reform the process through providing transparency in the administrative, financial and procurement procedures.

• Outline a program for raising and ensuring that the salaries of civil servants and political leaders adequately reflect the responsibilities of their positions and are as comparable as those in the private sector.

• Ways and means of establishing a partnership between Civil Society and the Government in an effort to combat corruption.

• Outline a program on making Corruption a “high risk” and “low profit” undertaking. i.e. increasing both the risk of being detected and the likelihood of appropriate punishment thereafter.
ANNEXURE - VI

QUESTIONNAIRE

AN ANTI-CORRUPTION ACTION PLAN (ACAP)
INVOLVING POLITICAL PARTIES
TO ENSURE TRANSPARENCY AND GOOD GOVERNANCE.
FOLLOWING THE OCTOBER 2002 ELECTIONS

PRAYER

God give us men! The time demands
Strong minds, great hearts, true faith and willing hands;
Men whom the lust of office does not kill;
Men whom the spoils of office cannot buy;
Men who possess opinions and a will;
Men who have honor; men who will not lie;
Men who can stand before a demagogue
And scorn his treacherous flatteries without winking;
Tall men, sun crowned, who live above the fog,
In public duty and in private thinking.
For while the rabble with their thumb-worn creeds,
Their large professions and their little deeds
Mingle in selfish strife; lo, Freedom weeps;
Wrong rules the land, and waiting justice sleeps.

Sir / Madam

Transparency International – Pakistan made an appeal on July 25th. To all the major political parties who had won even a single seat in the 1997 General Elections, to come forward with your Anti-corruption Action Plan in which we had requested all the political parties to come together on one platform and declare your intentions to combat corruption in all its forms.

Transparency International – Pakistan had made a few suggestions which could help the party incorporate within its Manifesto its Action Plan for combating Corruption and providing Transparency and Good Governance post October 2002 elections. The suggestions for Transparency & Good governance included:

Pre-election.
• The Criteria for selection of Candidates. Personal Integrity, Honesty etc.
• Transparency in selection of candidates -The Method of Selection – Election or Nomination.
• The Procedures that you intend to take to verify the Declared Assets of the Candidate.
• The Code of Conduct of the selected representatives / members and of your party.
• Financial Disclosures – Ways, Means and Sources of funding and of Expenses.
• Transparency in Election Issues and Party Policies.

Post Election
What steps will your party take:
• To provide Transparency and Accountability in the workings of the Government.
• To provide the necessary Checks and Balances for Good Governance. Encompassing the National Integrity Systems.
• To Prevent and Monitor the practice of corruption by your party representatives within government.
• To establish the Accountability of the corrupt.

Transparency International – Pakistan had also suggested that your ACAP should incorporate the following:
• A clear commitment by your party leaders to combat corruption wherever and whenever it occurs and to submit themselves to scrutiny. Giving up the need for immunities and privileges which may shield them from the legal process.
• A plan for the prevention of future corruption and on changing systems rather than indulging in witch hunting.
• The adoption of comprehensive Anti-corruption legislation, implemented by agencies of manifest integrity, including its investigators, prosecutors and adjudicators.
• Identification of those activities of government prone to corruption and the steps that your party will take to combat and reform the process through providing transparency in the administrative, financial and procurement procedures.
• Outline a program for raising and ensuring that the salaries of civil servants and political leaders adequately reflect the responsibilities of their positions and are as comparable as those in the private sector.
• Ways and means of establishing a partnership between Civil Society and the Government in an effort to combat corruption.
• Outline a program on making Corruption a “high risk” and “low profit” undertaking. i.e. increasing both the risk of being detected and the likelihood of appropriate punishment thereafter.

In view of the lack of response from the various Political Parties, due to the hectic activities of the Election itself, we have decided to interview the leaders of each of the major political parties and bring along with a questionnaire which will allow us and the citizens of Pakistan to assess the seriousness of each party in its fight against corruption.

The Questionnaire is divided into sections, each section comprising one pillar of the National Integrity System. The questions shall be short, precise and self-explanatory thus requiring a positive response and at the same time a commitment by each political party to Civil Society and its own constituencies.
QUESTIONNAIRE

Party Funding

Question # 1. If funds are raised through the private sector. How does your party intend to keep in check the relevant demands of the private sector which normally requires returns on its contributions.

Question # 2. Will the party question the origin of the funds contributed by the private sector. Would contributors be requested to prove their identity.

Question # 3. Does the party intend to accept funds from foreign & Multinational companies if so why?

Question # 4. Does the party intend to accept funds from the business community, including builder’s community. If so why?

Question # 5. How does the party intend to legitimize the payments made to them. Would it require that all payments made to it to be received through cheques.

THE LEGISLATIVE

Question # 1. What steps does the party intend to take in case of unethical behavior or misuse of power by its elected members.

Question # 2. What steps will the party take to prevent conflict of interest with regards the assets, incomes, liabilities, and other business interests of its elected members.

Question # 3. How does the party intend to protect the interest of the public when it hears of or fears collusion between its elected members and the Public Servant to serve their own interests.

Question # 4. Would the party consider the declaration of the assets of its elected members on its Web site.

Question # 5. What role does the party see for the Public Accounts Committee with regards to prevention of corruption.

Question # 6. Would the party consider the involvement of Civil Society in legislation through Public Hearings etc. as a part of its fight against of corruption.

THE EXECUTIVE

Question # 1. Would the party commit itself to the separation of the Executive from the Judiciary and give it the necessary independence as the Executive has been elected under the Rule of Law.

Question # 2. Would the party consider giving Watchdog Agencies the necessary resources and the mandate to do its duties and functions without fear or favour.

Question # 3. Would the Party support the establishment of a Code of Conduct for Ministers.

Question # 4. Would the party support the establishment of “Rules of Conduct” defining the immunities and privileges of the Ministers as minutely as possible so that the Corrupt Ministers cannot shelter behind it.

Question # 5. That Budgets prepared by the Executive must be open to the Public vide Public hearings and Parliamentary Public Committees.

Question # 6. That Property belonging to the government should not be bestowed on the Executive on any other than for social, educational or humanitarian purposes.

Question # 7. Would your party support the Auditor General through sufficient resources and independence to audit the Government Accounts in a Transparency Manner.
Question # 8. Would your party consider given the Public Accounts Committee Oversight duties and have the authority to receive and act upon the reports of its Auditor.

Question # 9. That the Privatization Process and Sale of Government Property must be completely Transparent and with the participation of the Private Sector in the process.

THE JUDICIARY

Question # 1. Would the party support the establishment of an Impartial, independent and informed Judiciary for the realization of a Just, Honest, Open and Accountable government to perform its main duty of protecting the Citizen.

Question # 2. Would the Party support the Judiciary in its constitutional role of reviewing the actions taken by the government and public officials to comply with standards laid down in the constitution and the laws laid down by the Legislation.

Question # 3. Would the party take steps to establish the Accountability of Judges so as to increase the integrity of the Judicial Process.

Question # 4. Would the Party support the setting up of a Judicial Council:

- to check Judges accused of impropriety,
- to establish a transparent appointing process,
- to establish rules of appointing of cases by Judges themselves.
- To establish rules for postings and transfers of Judges.
- To establish modern tracking method for cases
- To appoint judges who have the integrity, ability, appropriate training & qualification in the field of law.
- To establish Transparent procedures for appointment, promotion and retirement of Judges.
- To establish a code of conduct for Judge.
- To train Judges in ethics, management, transparency and public relations.
- To establish procedures for annual Declaration of assets of Judges.
- To establish Transparent systems for allocation of cases, incentives in clearing of backlog & setting up of court filing systems through computerized systems.

THE OMBUDSMAN

What does an ordinary citizen do when things go wrong? When grievances and complaints against the government and the bureaucracy fall on deaf ears? Go to the Ombudsman of course.

Question # 1. Does the party support the need for giving the Ombudsman the powers of investigation and of inspection of systems of the administration and the powers of examining mal-administration in the public sector so that it can restrict corruption to a minimum.

Question # 2. Will the party support the power of the ombudsman to review and monitor the declaration of income and assets made by senior Public Officials and to investigate when Public Officials refuse to provide the Public with information that they are entitled to have.

Question # 3. Would the party protect the independence of the ombudsman with regards to its budget allocations. Giving him a fixed term, and defining the procedures for his retirement

Question # 4. Would the party consider giving the ombudsman the powers of execution in addition to its investigative and monitoring powers.

INDEPENDENT & FREE MEDIA

Question # 1. Would the party give the Media / Press the right to report and publish freely within Pakistan and abroad and to be accorded the fullest possible facilities for access to public information.

Question # 2. Would the party consider giving every person the right to freedom of expression which is defined in article 19 of the International Covenant on Civil and Political
Rights where, “Everyone shall have the right to freedom of opinion and expression; this right shall include freedom to seek, receive and import information and ideas of all kinds regardless of frontiers, either orally, in writing or in print in the form of art, or through any other media of his choice but should be within the proprieties allowed by Islam.

Question # 3. Would the party support the initiative of the press for “Self Censorship” to be allowed to make judgments of its own and set up policies that govern it and the news that it should allow itself to publish.

INDEPENDENT ANTI-CORRUPTION AGENCIES

Question # 1. Would the party consider establishing an independent Anti-Corruption Agency or Commissions” with the functions Prevention and Prosecution.

Question # 2. Would the party consider that the “Commission” be responsible solely to the legislative and the courts and that the “commission” itself shall be monitored by Citizens Advisory Committees.

Question # 3. That the Commission be given political and operational independence to investigate even the highest levels of government and that it should not be controlled by political direction.

Question # 4. Would the party allow for the head of the “commission” to be selected through a Parliamentary Select Committee and that his removal should not be at the discretion of anyone.
ANNEXURE - VII

Transparency International Pakistan

Memorandum of Understanding
Between
The DIG – Karachi City Traffic Police
And
Transparency International – Pakistan

“THE INTEGRITY PACT”

An agreement between DIG-Karachi City Traffic Police and Transparency International Pakistan (TI-Pakistan) has been reached on July……., 2002 whereby TI - Pakistan shall:

“Carry out a detailed study of the following Departments of the Karachi City Traffic Police

• Department of Driving License.
• Department of Vehicle Fitness Test.

With regards to the existing situation of Rent Seeking and make its recommendations.”

And whereby both parties agree to perform the following services/responsibilities;

1. The Karachi City Traffic Police agree to implement the “Integrity Pact” including the OPEN System.

2. Transparency International Pakistan agrees to provide all required professional services to Karachi City Traffic Police at no cost to the Police Department.

3. The Karachi City Traffic Police will provide all relevant information requested for by Transparency International - Pakistan.

4. Karachi City Traffic Police Department agree that Access to Information and elimination of Discretionary Powers is the Key element in setting up Transparent Procedures and which shall be part of the “Integrity Pact”

5. Both the parties agree to jointly monitor the implementation of the Integrity Pact and if required seek the support of the Civil Society and Professional Associations.

6. The DIG Karachi City Traffic Police shall approve a Three member Coordination Committee for the purpose of implementing the Integrity Pact and OPEN System. The Committee shall comprise - Two (2) representatives from the Karachi City Traffic Police department and One (1) representative from Transparency International - Pakistan.

7. The representatives nominated by the DIG - Karachi City traffic Police should be fully authorized to gather and provide all information to TI - Pakistan
8. The DIG – Karachi City Traffic Police agrees to implement all recommendations of the coordination Committee that are within his jurisdiction

9. DIG Karachi City Traffic Police must take the responsibility to inform the public with regards all decisions taken by the Coordination Committee following his approval.

10. The DIG Karachi traffic Police must carry out necessary Awareness programs decided upon jointly, so as to implement successfully the recommendations of TI – Pakistan

11. In accordance with this agreement, Transparency International Pakistan will provide professional services for 06 months beginning from June ………., 2002

It is also agreed, that the DIG Karachi City Traffic Police will continue the Integrity Pact even after the completion of this project, and will provide any information whenever required by Transparency International Pakistan for the purpose of replication of this Program.

It is also agreed by the DIG – Karachi City Traffic Police that in case the DIG Karachi City Traffic Police fails to carry out the recommendations of the Coordination Committee after his approval, TI-Pakistan has the right to withdraw from its commitment and declare so through a public announcement.

Note:
The “Integrity Pact” and the OPEN System are components of the Integrity System which ensures that:

- All services and responsibilities must be carried out without giving or taking any kind of benefit, financial or otherwise.
- A code of Conduct that is practiced both in Spirit and in action by all within the Karachi City Traffic Police.
- it provides for Access to Information to the Community, thus accomplishing the necessary Transparency in all its dealings
- The possibility of Easy Access to monitoring the procedures through the internet
- Transparency and Internet Access to the customer’s application for a Driving License thus removing Public Distrust.
- In addition, it ensures that all activities and decisions of the Karachi City Traffic Police are transparent

Hereinafter the above is agreed by:

Mr. Saud Ahmed  
DIG – Traffic  
Karachi City Police

Shaukat Omari  
Executive Director  
TI - Pakistan
MEMORANDUM OF UNDERSTANDING

CONTRACT
for the
Implementation of the Integrity Pact & OPEN System
In Gulshan-e-Iqbal Town

An agreement has been reached on December 1, 2001 between Gulshan-e-Iqbal Town Council and Transparency International - Pakistan to implement the following Programs

* "Integrity Pact" for Transparency in Public Procedures

Both parties agree to perform the following services/responsibilities;

12. Gulshan-e-Iqbal Town Council agrees to implement the Project of “Integrity Pact” including the OPEN System.

13. Transparency International Pakistan agrees to provide all required professional services to Gulshan-e-Iqbal Town Council at no cost to the Town Council.

14. Gulshan-e-Iqbal Town Council will provide all the information to the Coordination Committee and also to the Transparency International - Pakistan.

15. Gulshan-e-Iqbal Town Council agrees that Access to Information is the Key element in setting up of the Transparent Procedures and shall be part of the Integrity Pact.

16. Both the parties agree to jointly monitor the implementation of the Integrity Pact with the cooperation of the Civil Society and Professional Associations.

17. The Town Nazim will constitute a Seven Member Coordination Committee for the purpose of implementing the Integrity Pact, comprising of Six (6) representatives from Gulshan-e-Iqbal Town Council and City Administration, and One (1) representative from Transparency International - Pakistan.

18. The Coordination Committee will be fully authorized to take all decisions.
19. The Town Council agrees to implement all decisions taken by the Coordination Committee.

20. The Gulshan-e-Iqbal Town Council has the responsibility to inform the local public and all interested individuals/institutions/organizations with regards to the decisions taken by the Town Council.

21. In accordance with this agreement, Transparency International Pakistan will provide professional services for 12 months beginning from 1 December 2001.

It is also agreed that Gulshan-e-Iqbal Town Council will continue the Integrity Pact even after the completion of this project, and will provide any information whenever Transparency International Pakistan requires for the purpose of replication of this Project.

---

Mr. Abdul Wahab,  
Town Nazim, Gulshan-e-Iqbal Town,  
DMC Office,  
Karachi East  

Syed Adil Gilani,  
Project Director, “Integrity Pact”  
Transparency International,  
Pakistan, Karachi.

Date December 21, 2001.  
Location Gulshan-e-Iqbal Town - Karachi
The Integrity Pact

Between
The Government of Pakistan and the
Foreign / Multinational / National Companies
Operating in Pakistan

Introduction
Corruption can have many manifestations, and countries typically develop a complex set of institutions, laws, rules and regulations (the "integrity system") in order to combat corruption. Bribery and Extortion in the public sector either for Investment or Procurement of goods and services are key manifestations of corruption. "Public Sector" in this context includes national or provincial governments, administrations of cities or local communities as well as other organizations carrying out public functions.

While, until now the bribery of public officials of another country has not been a criminal act under the laws of any country (except in the United States under the Foreign Corrupt Practices Act of 1977), the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in December 1997 by the member states of the OECD and five additional countries (Argentina, Brazil, Chile, Bulgaria and Slovakia), and coming into force on 15 February 1999, will bring about a major change:

Henceforth International Bribery of Public Officials will be a criminal act in all ratifying states. Some of the largest trading nations such as Japan, Germany and the United Kingdom, in addition to the United States, have already ratified the Convention. Also, all signatory states will abolish the tax deductibility of bribe payments. Thus companies doing international business will face a totally new legal situation with regard to their business practices.

Many governments and business leaders have recognized the high risk and cost of bribery and extortion and seek ways to curb and eventually eliminate corruption in such transactions. Many business leaders have expressed their desire to stop paying bribes but are held back by the fear of losing orders if their competitors continue to pay bribes.

If a government has embarked on a program to curb corruption, the establishment of the "Integrity Pact" (IP) concept for Transparency in Investment or Procurement Procedures could be an important part of that program. For example, if the government receives assistance from an International Financing Institution (IFI) or another external donor in this program, the IP should be applied to selected IFI/external donor-financed projects as well. Similarly if National and International Investment are to be encouraged the Government must first provide Procedures which facilitate and expedite investment. This can only come about if the government commits itself to Transparency in all its Investment and Procurement procedures.

Main Features of the Integrity Pact.
The IP is an agreement between the government / government agency and the Investor / companies, who either intend to establish new Ventures within Pakistan or participate in the
bidding process for the supply of goods or services for a selected contract / project. Those bribes will not be offered, granted or sought, either during all stages of setting up of a new venture or in the bidding / implementation of the contract by the successful bidder.

**Note:** One must point out that in practically all countries, all forms of domestic corruption including bribery are illegal, and one should assume that our government will continue to prosecute all offenders. Unfortunately either due to expediency or other pressures, corruption seems to have taken over and is now the norm.

The IP however focuses on bribery of officials in order to obtain or retain a contract or other improper advantage. This includes any payments or other favors offered or granted in order to:

- Facilitate procedures in the form of ‘Speed Money’
- Or win a contract award in the form of ‘Bribery’
- Circumvent tax, duty, license or other legal obligations, or
- Induce an official to breach his/her official duties in any other way.

**Note:** This language is taken from the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, dated 17 December 1997.

The IP shall have the following main features:

- A formal signed no-bribery commitment by all Foreign / Multinational / national companies as a pre-requisite in the **Image Building Process** supported by a “company Code of Conduct and a Compliance of the OECD Convention on combating Bribery of Pakistani Public Officials in all its transaction.”
- A corresponding commitment of the government followed by a definite program to establish Transparent procedures to prevent extortion and the acceptance of bribes by its officials
- The involvement of Civil Society, in this case Transparency International – Pakistan / other NGO’s in helping the Government establish Transparent Procedures for Investment and Procurement and in monitoring the Total Image Building Process proposed by TI-Pakistan.

Applying the Integrity Pact concept would be one step for the government towards bringing increased Transparency and Credibility into its procurement process. The “Integrity Pact” if adopted by the Government and the Business Community, would be just a part albeit an essential part of the **Image Building Process** and will go a long way in allaying the fears of the potential Investor and a tool towards developing Investor confidence. The broader government program to combat corruption through investigative and systemic change in its administrative, financial and public procurement procedures should be implemented concurrently and as rapidly as possible.

The bidder's commitment in the form of a “Code of Conduct” will have to cover all managers and employees of the company as well as gents, consultants, subcontractors and consortium partners of the bidder. It will include:

- An unequivocal statement of the company's policy prohibiting all forms of bribery and collusion;
- The company's policy regarding gifts and entertainment, travel and lodging expenses, political contributions etc;
- Distribution of the policy (in appropriate languages) to all managers and employees;
- An acknowledgment of receipt and acceptance by the employees, to be renewed annually;
- Training of employees in the application of the policy;
- Internal controls, external audit and record keeping; and
• Application of appropriate sanctions (including possibly termination of employment) in case of violation.

The government on its part will commit itself to prevent extortion and the acceptance of bribes by its officials, and to establish and follow transparent procurement rules. In substance, these commitments are nothing other than an agreement to respect and apply the existing laws of the country.
EU Mission to Pakistan
Minutes of first meeting dated 8 September 2002.

Mr. John Cushnahan,
EC Chief Observer,
KARACHI

09 September 2002,

Dear Mr. Cushnahan,

At the invitation of the EU Electoral Observation Mission a 90 minutes bilateral discussions was held between John Cushnahan EU Chief Observer, Dr Staffan Darnolf and representatives of TI-Pakistan. Shaukat Omari and Syed Adil Gilani on Sunday 8 September 2002 at Karachi.

The Chief Observer explained the Mission’s objectives and said that it is necessary to observe all stages of the electoral process in order to have a well founded and comprehensive assessment. For instance, voter registration, the unfolding of the election campaign or the resolution of disputes after the voting may be crucial to assess the election process properly. He also said all of 164 EC observers will be involved in the whole process at a cost of US $ 1.8 million.

On the question of comprehensive observation the Chief Observer said that it may require more resources in the form of manpower and cost and therefore only a sample observations is being carried out.

TI Pakistan asked the Chief Observer with regards the Criteria for the Observers and Subsequent Evaluation process. TI-Pakistan requested for the relevant Criteria to be provided to TI Pak when ready. This we hoped would be publicly announced for the information of voters, Public Official of Election Commissions as well as for the political parties in order to maintain the element of Transparency in the Observations of the EU Mission.

On the point that the Observation Mission has officially commenced from 7 August 2002 and that the Report would be made public after 75 days of its commencement i.e. on 12th October 2002, TI Pak commented that the 48 hours for preparing a comprehensive report following the report of its observers is a very short period to evaluate in a fair and just manner the final polling carried out on 10 October 2002. The Chief Observer clarified that other aspects of the Observation like the degree of impartiality shown by the election management body; the degree of freedom of political parties, alliances and candidates to organize, move, assemble and express their views publicly; the fairness of access to state resources made available for the election, the fairness of access for political parties,

alliances and candidates to the media, in particular the state media; the registration of voters without discrimination are pre-poll activities and would be completed prior to the Election date. The conduct of polling and counting of votes as described in the electoral law will be the only activity required to be observed by the Mission on 10th October and the time 48 hours is enough to finalize the Report.

TI Pakistan stressed upon the Mission that as its Observation Report will represent the opinion of EU Countries for future bilateral relations as well as EC investment projections in Pakistan, and would be one of the main tools to asses the image of the Pakistani Democratic setup. It is therefore a very sensitive Task and should either be carried out thoroughly as a sample observation may give a misleading picture to the EU Member countries. It is recommended that
sufficient manpower and money should have been allocated for such a sensitive program which actually represents bringing back Democracy to Pakistan.

We appreciate the good intentions of the EU Missions its aims, and its efforts to support Transparency in the Electoral Process in Pakistan.

With regards

Shaukat Omari
Executive Director
TI Pakistan.
Points of Discussions for Friday 13 Set. 3.30 meeting with EC Election Observers Mission at Karachi Merritt Hotel.

Issue No. 1
The 7 point Criteria published in News paper of 12 September 2002 is for observers is that they would be guided in arriving at conclusions on the election process.

1. The degree of impartiality shown by the Election Commission of Pakistan and election officials;
2. The degree of freedom of political parties and candidates to organize, move, assembly and express their views publicly;
3. The fairness of access to state resources made available for the election;
4. The fairness of access for political parties and candidates to the media, in particular the state media;
5. The manner in which registration of voters is conducted;
6. Any other issue concerning the essential freedom and fairness of the election; and
7. The conduct of polling and counting of votes.

TIP Suggestion: The Criteria of Observation is there and has been available on the web site also, but Evaluation process of the individual Criteria is still to be provided to TI Pak.

As an example one evaluation basis is given below,

8. The fairness of access to state resources made available for the election;

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<thead>
<tr>
<th>Sub No</th>
<th>Criteria</th>
<th>Observed as OK</th>
<th>Observed as not OK</th>
<th>Marks</th>
<th>Marks Obtained</th>
</tr>
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<tbody>
<tr>
<td>1</td>
<td>Access to State TV</td>
<td></td>
<td></td>
<td>5</td>
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<tr>
<td>2</td>
<td>Same day availability of Electoral List by EC</td>
<td></td>
<td></td>
<td>5</td>
<td></td>
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<tr>
<td>3</td>
<td>EC Rules on Internet</td>
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<td>5</td>
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<td>4</td>
<td></td>
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</tbody>
</table>

Marks Obtained 75% good 50% OK Less than 50% Not OK

TI Pakistan’s mission is to provide a NON Discretionary Criteria, and the above process will be the most Transparent and Judicious.

Issue No. 2.
As the EC Observation Report will form opinion of EC Countries for future bilateral relations as well as EC investment projections in Pakistan, and will also become one of the main tool to assess the image of Pakistan Democratic setup, it will be a highly sensitive Task. The assessment of EC Observation Mission on the Pooling held in over 100,000 polling stations all over Pakistan on 10 October 2002 should be observed in at least 25% pooling stations.

The authenticity of Observations will be reflected in the predetermined Formats prepared by EC Mission on the lines as suggested in Issue No 1 by TI Pakistan.
**TIP Suggestion:** 165 observers will not be enough to conduct this observations judiciously, and therefore the numbers of observers may be increases substantially to cater for this requirement. Local assistance may be taken which will be at economical cost for this purpose.

**Issue No. 3**
48 Hours will be very tight to collect all data from EC Observers fro all over the Country of 140 Million, tabulate, and finalize to form final Report.

**TIP Suggestion:** It is suggested that the Final report should be given at least 7 days after 10 October 2002.
EU Mission to Pakistan
Minutes of second meeting dated 13 September 2002.

Mr. John Cushnahan,
EC Chief Observer,

Dear Mr. Cushnahan

The second meeting between Ms. Mette Hilmann, Long Term Observer and Mr. Martim Castro Freire, Long Term Observer representatives of EC Elections Observer Mission and Mr. Shaukat Omari, Executive Director & Founder Member TI Pakistan and Syed Adil Gilani, Promoter & Founder Member TI Pakistan was held on Friday 13th September 2002, at Hotel Marriott Karachi, from 3.30 p.m. to 5 p.m. Ms. Amna, Interpreter of the Mission was also present

TI Pakistan appreciated the publication of news item released by the EC Elections Observer Mission in national newspapers on Thursday 12th September on the process and fairness of the Observations and the guidelines criteria for the Mission.

Mr. Martim Castro Freire provided to TI-Pakistan a copy of communication from the commission on EU Election Assistance and Observation to TI Pakistan, which was received with thanks.

During the discussions the Criteria of Observation given as general guidelines by the EU in its document of 1998 and available on the EU Website was discussed in detail. Unfortunately the Evaluation Assessment criteria for the Seven (7) individual Criteria’s published in the Newspapers by the EU Observers Mission as information to all the stakeholders involved in the Election Process has still not been provided to us as requested in the earlier meeting of 8th September with you.

The EU Mission was informed that Transparency International - Pakistan is highly appreciative of the presence of the EC Elections Observer Mission on the eve of General Elections in Pakistan, which will surely be a major deterrence to the possibility of any malpractices during the Election Process by any of the stakeholders. It will definitely go a long way in achieving a free and fair elections in Pakistan and a step towards true democracy.

We understand that the such an Evaluation Assessment criteria or “Check List” is still not available, but is being processed. It was recommended by TI-Pakistan that unless such a “Check List” is not provided to the LTOs’ and STOs’ in advance of their Observatory Mission, the consistency of reporting of observations amongst their individual reports may create confusion, and a truly representative and non-discretionary report may not result. Mr. Friere and Ms. Hilmann assured us that they would convey our recommendation to the Chief Observer – that is yourself.

TI Pakistan expressed its fears that the observation of the LTOs” and STOs’ without such a “Check List” may not be truly representative of the ground realities, firstly due to the due to the lack of sufficient STOs & LTOs and secondly that the observations owould not really be specific to the criteria given in the EU Guidelines.
The Mission agreed with our view of there being far less observers than would normally be required for a country as large as Pakistan but informed us that the Law and Order situation warranted a caution by the EU Mission. The Missions small size being reduced even further.

TI Pakistan reiterated, that since the EU Observers Report will form the background for any policy decisions of the EU Countries in its future relations and projections with regards to Investment by the EU Community in Pakistan, the report one of the main tools to assess the climate of investment may do more harm than good if not truly representative.

The EU Observers Mission may have as its mandate to oversee that a Free and Fair election is being carried out and that all stakeholders are working within the norms of normal decency and honesty towards the process of Democracy, the report will also become one of the main tools to assess the image of Pakistan’s Democratic setup.

The task being undertaken by the EU Observers team is highly sensitive but at the same time an important one. The assessment of the EU Observation Mission especially on the Polling date – October 10, of over 75,000 polling stations all over Pakistan by not more than 150 observers comprises not more than 0.2% which in itself is a cause for concern, but to finalize a preliminary report within 48 hours is more worrying. This preliminary report we feel will not be truly representative of the facts at least of the Polling itself. We recommend that at least 7-days if not more would be preferable to make a fair assessment, especially as it will give extra and precious time for a feedback from all the injured parties.

TI Pakistan suggested the Mission take support from reputable and credible NGOs and even to share the field work if possible. TI-Pakistan recommended a few NGO’s that could and would probably help. Using local NGO’s may also be far more economical.

On the observation of Polling and Counting of votes, TI-Pakistan pointed out that considerable cheating was possible only on the polling day itself and is directly related to Vote counting and transfer of the results from the polling station to the Offices of the Election Commission itself where the verification of the ballot count and the announcements are made.

The most important issue discussed was the Polling Stations Results where the votes are counted (on the spot) in front of the Political Party’s or candidate’s polling agents and signed by all authorised representatives.

TI-Pakistan recommended that the EU Observers should approach the Chief Election Commission and recommend that in addition to the results being posted on the Polling Station’s Notice Board, a copy of the Polling results signed by all the Polling Agents at the Polling Station should be sent to the EU Observers Mission. This will further ensure Transparency. The EU Observers Mission also suggested the possibility of sending the copy of the results to TI-Pakistan. Even though we are a small organization, we would have no objection to taking on this responsibility if requested by the EU Observers Mission or the Election Commission.

The meeting closed with a note of thanks, and with the invitation by the EU Mission to feel free in approaching them, and with TI-Pakistan offering its limited resources at the disposal of the EU Observers Mission.

Shaukat Omari
Executive Director
TI-Pakistan
ANNEXURE - XII

COMMENTS SENT TO THE EC CHIEF OBSERVER – EU OBSERVERS MISSION ON ITS CONDUCT PRIOR TO THE ELECTIONS

Preparation for Mission  (EU Guidelines Page – 34)
After a decision in principle has been made to offer to observe, and an invitation has been received, the concrete needs, scope and degree of involvement of the EU’s observation shall be assessed if necessary by sending a needs assessment mission. This must be accompanied by an early dialogue with the national authorities. Specific terms of reference for the observation mission will then be drawn up by the EU and agreed with the country concerned.

TI-Pak Observation  Have the EU Observers Mission agreed upon a “Specific Terms of Reference” with the Government of Pakistan / Election Commission?

TI - PAKISTAN’S COMMENTS ON EU ELECTION OBSERVER’S INTERIM REPORT AND ITS POSSIBLE NEGATIVE IMPACT ON THE ELECTORAL PROCESS.

A. Under the ECDPM Working Paper Number 22, June 1997, page 13, the Observers are advised that, “They can describe the course of their activities but should reserve judgment on the electoral process until the group members have shared their observations during post-election debriefing and a formal observer statement on the elections has been issued”.

TI-Pak Observation  We see that the EU Observers Mission are not authorized under its mandate and the Terms of Reference, to issue an Interim or Preliminary Report prior to the completion of the Polling Process?

TI-Pak Observation. We find that the EU Observers Mission has passed its judgment through various observations made in its Interim Report to the EU. It has not only exceeded its mandate but at the same time given cause “to create tension in the group’s relations with both the authorities and the political parties” It has also shown bias against one party, thus jeopardizing its own efforts to be Fair and Transparent in its reporting.

TI-Pak Observation. The EU Observers Mission has said that it has only “briefed the EU on the forthcoming elections in Pakistan and that its brief is not an interim report”. The Chief Observer has also stated that “his mission would make Public the Interim Report within 48 hours of the polling”.

Whereas the DAILY TIMES has published the full text of the EU report which clearly indicates that it is an “Interim Report” and that this Interim Report has been submitted “One Month” prior to the actual date of polling and not 48-hours after polling as stated by the Chief Observer.

B. Under the ECDPM Working Paper Number 22, June 1997 page 12, the Observers are not to interfere with the Electoral Process. It states “First and foremost, the observers must not take sides or seem to give the impression of taking sides. Second, they should always base their actions on the existing laws and other valid regulations in the host country”.

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**TI-Pak Observation**  Statement / comments made in its Interim Report may cause great damage to Pakistan. These Comments include:

“The most contentious amendments would be”? 

“The latter amendment renders the Chief Ministers “employees” of the Governors and the Provincial Assemblies vulnerable to pressure.”

“The insertion of a number of qualification and disqualification requirements for candidates for Parliament (Art. 62 and 63, respectively) effectively pre-empting the electoral legislation prior to the adoption of the constitutional amendments by Parliament”

It is feared that this bias if not corrected may ultimately damage Pakistan’s image with the International Investor and the comity of nation, which it has been trying to improve for the past 12-months, by its support to the War on Terrorism, its fight against Corruption and its promise to hold fair and free elections.  The above comments of the EU Observers Mission are therefore in violation of their mandate, and may jeopardize the Mission of the EU Observers by its bias.

It is understood that the EU Observers Mission is limited in that it must

f) Respect the Law of the Land. (EU Guidelines P-36)

h) Must comply with all national Laws and Regulations. (UN Guidelines P-12)

i) The EU Observers must avoid giving its opinion and avoid supporting an opinion. (UN Guidelines)

We fear that the contents of Interim Report (prepared prior to the arrival of the majority of the LTO’s) are definite judgments by the Chief Observer and are contrary to his mandate.

The EUEOM in its observation of the Election Process in its assessment must follow the guidelines of the EU. TI-Pakistan recommends that in order that the Final Report of the EU Observer’s Mission is Transparent and Fair it remains within the mandate of its guidelines which was stated by the Chief Observer and carried by all leading newspapers.

7. The impartiality of the electoral administration
8. The campaign freedoms afforded to political contestants
9. The fair use of state resources
10. The fair access for all contestants to the media, and in particular the state media
11. The universal franchise afforded to voters
12. The conduct of the polling and counting of votes.
CODE OF CONDUCT
OF EU OBSERVER’S MISSION

It is essential to understand the Code of Conduct of the EU Observers Team with regards to its activities during any Election Process.

Code Of Conduct (EU Guidelines Page 36-37)
The following guidelines will apply to nationals of any country participating in EU observation missions decided by the EU unless specifically agreed otherwise. The Guidelines will not apply to EU nationals participating in e.g. OSCE or UN missions, in which case those organization’s own codes will apply.

All official EU observers should adhere to the following guidelines:

• **Respect the laws of the land.** Observers enjoy no special immunities as an international observer, unless the host country so provides;
• Observers will participate in all pre-election briefings with their supervising officers;
• Observers will be subject to the direction and management of the observer team leadership, carrying out their **written terms of reference** and covering the geographical schedules specified by team leaders;
• Observers should be aware of the presence of other electoral monitoring teams, and liaise with them under the direction of the leader of the EU observer team;
• Observers will carry prescribed identification issued by the host government or election commission, and will identify themselves to any interested authority upon request;
• Observers shall **maintain strict impartiality** in the conduct of their duties, and shall at no time **express any bias or preference** in relation to national authorities, parties, candidates, or with **reference to any issues in contention** in the election process;
• Observers will not display or wear any partisan symbols, colors or banners;
• Observers will undertake their duties in an unobtrusive manner, and will not disrupt or interfere with the election process, polling day procedures, or the vote count;
• Observers may bring **irregularities to the attention of the election officials**, but will not give instructions or countermand decisions of the election officials;
• Observers will base all conclusions on **well documented, factual, and verifiable** evidence, and will keep a record of the polling stations and other relevant places that they visit;
• Observers will refrain from making any personal or **premature comments** about their observations to the media or any other interested persons, but should provide, through a designated liaison officer or spokesperson, general information about the nature of their activities as observers;
• Observers will participate in post election debriefings with their supervising officers and will contribute fully towards appropriate EU reports on the elections monitored;
• Observers must **comply with all national laws and regulations.** Where these limit freedom of assembly or movement about the country, they must note where such rules prevent them from carrying out their duties;
• At all times during the mission, including during private time away from work, each election observer should behave blamelessly, exercise sound judgment, and observe the highest level of personal discretion.
ANNEXURE - XIII

PUBLIC PROCUREMENT REGULATORY AUTHORITY
AN ORDINANCE

To provide for the establishment of Public Procurement Regulatory Authority for regulating public procurement of goods, services and works in the public sector;

WHEREAS it is expedient to provide for the establishment of a Public Procurement Regulatory Authority for regulating procurement of goods, services and works in the public sector and for matters connected therewith or ancillary thereto;

ND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999, read with the Provisional Constitution (Amendment) Order No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:-

CHAPTER I.-PRELIMINARY

1. Short title, extent and commencement.- (1) This Ordinance may be called the Public Procurement Regulatory Authority Ordinance, 2002.
   (2) It extends to the whole of Pakistan.
   (3) It shall come into force at once.

2. Definitions.- In this Ordinance, unless there is anything repugnant in the subject or context,-
   “Authority” means the Public Procurement Regulatory Authority established under section 3;
   “Board” means the Board constituted under section 6;
   “Chairperson” means the Chairperson of the Board;
   “Fund” means the fund established under section 9;
   “Goods” means articles and objects of every kind and description including raw materials, products, equipment, machinery, spares and commodities in any form and includes services incidental to installation, transport, maintenance and similar obligations related to the supply of goods if the value of these services does not exceed the value of such goods;
   “Managing Director” means the Managing Director appointed under section 8;
   “Member” means a member of the Authority;
   “Mis-procurement” means public procurement in contravention of any provision of this Ordinance, any rules, regulations, orders or instructions made thereunder or any other law in respect of, or relating to, public procurement;
   “Prescribed” means prescribed by rules made under this Ordinance;
“Procuring agency” means any Ministry, Division, Department or any Office of the Federal Government; any authority, corporation, body or organization established by or under a Federal law or which is owned or controlled by the Federal Government;

“Public Fund” means the Federal Consolidated Fund and the Public Account of the Federation and includes funds of enterprises which are owned or controlled by the Federal Government;

“Public procurement” means acquisition of goods, services or construction of any works financed wholly or partly out of the Public Fund, unless excluded otherwise by the Federal Government;

“Regulations” means regulations made under this Ordinance;

“Rules” means rules made under this Ordinance;

“Service” means any object of procurement other than goods or works; and

“Works” means any construction work consisting of erection, assembly, repair, renovation or demolition of a building or structure or part thereof, such as site preparation, excavation, installation of equipment or materials and decoration, finishing and includes incidental services such as drilling, mapping, satellite photography, seismic investigations and similar activities, if the value of those services does not exceed that of the works themselves.

CHAPTER II.-ESTABLISHMENT OF AUTHORITY

3. Establishment of Authority.-
   (1) There is hereby established an Authority to be called the Public Procurement Regulatory Authority for carrying out the purposes of this Ordinance.
   (2) The Authority shall be a body corporate, having perpetual succession and a common seal, with powers subject to the provisions of this Ordinance, to acquire and hold property, both moveable and immovable, and, sue and be sued by the name assigned to it by sub-section (1).
   (3) The headquarters of the authority shall be at Islamabad and it may establish its offices at such other place or places in Pakistan as it may consider appropriate.

4. Power of the Federal Government to issue directives.- The Federal Government may, as and when it considers necessary, issue directives to the Authority on matters of policy, and such directives shall be binding on the Authority.

4. Functions and powers of the Authority.-
   (1) Subject to other provisions of this Ordinance, the authority may take such measures and exercise such powers as may be necessary for improving governance, management, transparency, accountability and quality of public procurement of goods, services and works in the public sector.
   (2) Without prejudice to the generality of the powers conferred by sub-section (1), the Authority may- monitor application of the laws, rules, regulations, policies and procedures in respect of, or relating to, procurement; monitor the implementation of and evaluate laws, rules, regulations, policies and procedures in respect of, or relating to, inspection or quality of goods, services and works and recommend reformulation thereof or revisions therein as it deems necessary; recommend to the Federal Government revisions in or formulation of new laws, rules and policies in respect of or related to public procurement; make regulations and lay down codes of ethics and procedures for public procurement, inspection or quality of goods, services and works; monitor public procurement practices and make recommendations to improve governance, transparency, accountability and quality of public procurement; monitor overall
performance of procuring agencies and make recommendations for improvements in their institutional set up; provide and coordinate assistance to procuring agencies for developing and improving their institutional framework and public procurement activities; submit reports to the Government in respect of public procurement activities of procuring agencies; call any functionary of procuring agencies to provide assistance in its functions and call for any information from such agencies in pursuance of its objectives and functions; and perform any other function assigned to it by the Federal Government or that is incidental or consequential to any of the aforesaid functions.

CHAPTER III.-MANAGEMENT AND ADMINISTRATION OF THE AUTHORITY

6. Board.- (1)General directions and administration of the Authority and its affairs shall vest in a Board which may exercise all powers, perform all functions and do all acts and things which may be exercised, performed or done by the Authority.

(2) The Board shall consist of the following Members, namely:-

(1) Secretary, Finance Division. \textbf{Chairperson}
(2) Secretary, Ministry of Industries and Production.. \textbf{Member}
(3) Secretary, Defence Production Division. \textbf{Member}
(4) Secretary Ministry of Water and Power \textbf{Member}
(5) Secretary, Ministry of Housing and Works. \textbf{Member}
(6) Secretary, Ministry of Communications. \textbf{Member}
(7) Three Members from private sector to be nominated by the Federal Government. \textbf{Members}
(8) Managing Director. \textbf{Member}

(3) The Managing Director shall act as Secretary to the Board.

(4) A member appointed from the private sector shall hold office for a period of three years and shall be entitled to such terms and conditions as the Federal Government may determine.

(5) A member from the private sector may, by writing in his hand addressed to the Federal Government, resign his office.

(6) A casual vacancy in the office of a private sector member shall be filled by appointment of another member from the private sector for the residue of the terms of his predecessor.

7. Meeting of the Board.-

(1) The meeting of the Board shall be presided over by the Chairperson or, in his absence the member elected by the members, shall preside at the meeting of the Board.

(2) Five members shall constitute a quorum for a meeting of the Board requiring a decision by the Board.

(3) The meeting of the Board shall be held at such times, places and in such manner as may be prescribed by regulation.

(4) The members shall have reasonable notice of the time and place of the meeting and matters on which a decision by the Board shall be taken in such meeting.

(5) The decision of the Board shall be taken by the majority of its members present and, in case of a tie, the member presiding a meeting shall have a casting vote.

(6) All orders, determination and decision of the Board shall be taken in writing and shall be signed by the Managing Director.

8. Managing Director.-

(1) The Federal Government shall select and appoint a whole-time Managing Director to serve as member of the Board and shall be responsible for day to day administration of the Authority for such period and on such terms and conditions as the Federal Government may, determine.
The Managing Director shall be appointed for three years and he shall be eligible for re-appointment but his total tenure shall in no case exceed six years.

No person shall be appointed or continue as Managing Director, if he—
- has been convicted of an offence involving moral turpitude;
- has been removed from service for misconduct;
- has been adjudicated as insolvent;
- is incapable of discharging his duties by reasons of physical or mental incapacity and
- has been so declared by a Medical Board appointed by the Federal Government; or
- fails to disclose any conflict of interest at or within the time provided for such disclosure by or under this Ordinance or contravene any of the provisions of this Ordinance.

The Managing Director may, at any time, resign his office by writing under his hand addressed to the Federal Government.

The Managing Director shall be paid such salary and allowances as the Federal Government may determine but his salary and allowances shall not be varied to his disadvantage during his term of office.

The Managing Director shall not, during the term of his office, engage himself to any other service, business, vocation or employment nor shall he before the expiration of one year thereof enter into employment or accept any advisory or consult relationship with any person engaged in public procurement activity. Provided that where the Managing Director is a Government servant there shall be no such restrictions on his employment after he has retired or transferred from the post of Managing Director and where he is from private sector he shall not have any direct or indirect financial interest or have any connection with any company engaged in public procurement activity for so long as he holds office and for a period of one year thereafter.

The Managing Director shall have power and responsibility to—
- exercise administrative control over the personnel of the Authority;
- exercise, in respect of the Authority, such other management, administrative and financial powers as deemed appropriate by the Authority;
- submit the annual budget proposals of the Authority to the Board;
- prepare the annual report of the Authority for the Board and the Federal Government;
- exercise such powers as the Board may delegate to him; and
- act on behalf of the Authority, in any emergency, subject to the obligation to report such action to the Board at its next meeting and to seek the Board’s ratification of any action so taken.

CHAPTER IV.-FINANCIAL PROVISIONS

9. Fund.- (1) There is hereby established a Fund to be known as the Public Procurement Regulatory Authority Fund which shall vest in the Authority and shall be utilized by the Authority to meet the charges in connection with its functions under this Ordinance.

(2) To the credit of the Public Procurement Authority, a fund shall be placed comprising – such sums as the Federal Government may, from time to time, allocate to it in the annual budget; grants; income from investment by the Authority; and all other sums or properties which may in any manner become payable to, or vest in, the Authority in respect of any matter.

(3) The Authority, while performing its functions and exercising its powers under the Ordinance, shall exercise highest sense of prudence as far as expenditures are concerned.

10. Expenditure to be charged on the Fund.
(1) The Fund shall be expended for the purpose of—
- paying any expenditure lawfully incurred by the Authority, relating to remuneration of its members, employees, advisers, and consultants of the Authority, including provident fund contributions, superannuating allowances or gratuities, legal fees and costs as well as other fees and costs;
paying any other expenses, costs or expenditure properly incurred or accepted by the Authority in the performance of its functions or the exercise of its powers under this Ordinance; purchasing or hiring equipment, machinery and any other work and undertakings in the performance of its functions or the exercise of its powers under this Ordinance; repaying any financial accommodation received; and generally, paying any expenses for carrying into effect the provisions of this Ordinance.

11. Power to obtain finances and receive grants.- The Authority may, from time to time and with the approval of the Federal Government, accept grants from entities both domestic and international, including multilateral agencies for meeting any of its obligations or performing any of its functions.

12. Investment.- The Authority may invest its surplus funds in accordance with the instructions of the Federal Government.

13. Budget and accounts.- The Authority shall cause its accounts to be maintained properly and in respect of each financial year submit for approval of the Federal Government by such date and in such form as may be specified by the Federal Government a statement showing the estimated receipts and current expenditure and the sums to be required from the Government during the next financial year.

14. Maintenance of accounts.- The Authority shall cause proper accounts to be kept and shall after the end of each financial year cause to be prepared for that financial year a statement of accounts of the Authority which shall include a balance sheet and an account of receipt and expenditure.

15. Audit.- The accounts of the Authority, shall be audited every year by the Auditor-General of Pakistan.

CHAPTER V.-REGULATORY AND OTHER PROVISIONS.

16. Information.-
   (1) The Authority may call for any information required by it for carrying out the purposes of this Ordinance, from any person or any institution in public procurement activities and any such person or institution shall provide the required information called by the Authority.
   (2) The Authority shall furnish to the Federal Government such information with respect to the policies and procedures it is pursuing or proposes to pursue in the performance of any of its functions under this Ordinance as the Federal Government may, from time to time, require.

17. Annual report.- Within one hundred and twenty days from the end of each financial year, the Authority shall cause a report to be prepared on its activities including inquiries and investigations made by the Authority under this Ordinance during that financial year and release to the public after it has been seen by the Cabinet.

CHAPTER VI.-MISCELLANEOUS

18. Appointment of officers and staff, etc.-
   (1) The Authority may, from time to time and within its resources, appoint such officers, servants, advisers, consultants and experts as it may consider necessary for performance of its functions.
(2) The Authority shall by regulations prescribe the procedure for appointment of its officers, servants, advisers, consultants and experts and the terms and conditions of their service.

19. **Members, officers, etc. to be public servants.** - The Chairperson, members, Director-General, officers, servants, advisers, consultants and experts of the Authority shall, when acting or purporting to act in pursuance of any of the provisions of this Ordinance or the rules and regulations made thereunder, be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code (Act XLV of 1860).

20. **Delegation.** - The Authority may, by such conditions and limitations as it may deem fit to impose, delegate any of its functions or powers to the Managing Director, or one or more members or any of its officers except the power to— approve audited accounts; recommend exemption under section 21; and make or repeal regulation made under this Ordinance.

21. **Power to exempt.** - The Authority may, for reasons to be recorded in writing, recommend to the Federal Government that the procurement of an object or class of objects in the national interest be exempted from the operation of this Ordinance or any rule or regulation made thereunder or any other law regulating public procurement and the Federal Government on such recommendations shall exempt the aforesaid objects or class of objects from the operation of the laws and rules and regulations made thereunder.

22. **Validity of proceedings.** - No act or proceedings of the Authority or the Board, shall be invalid by reason only of the existence of a vacancy in, or defect in the constitution of, the Authority or the Board.

23. **Indemnity.** - No suit, prosecution, or other legal proceedings shall lie against the Authority, the Board, the Chairperson or any member, officer, servants, advisers or consultants of the Authority in respect of anything in good faith done or intended to be done under this Ordinance or the rules and regulations made thereunder.

24. **Common seal.** -
   (1) The Authority shall have a common seal and such seal shall be kept by the Managing Director or such other person as the Chairperson may authorise.

   (2) The seal shall be authenticated in the same manner as may be prescribed by regulation and any document purported to be sealed with the seal so authenticated shall be receivable as evidence of the particular stated in the document.

25. **Winding up.** - No provision of law relating to winding up of bodies corporate shall apply to the Authority and the Authority shall not be wound up except by the orders of the Federal Government in the same manner as the Federal Government may direct.

26. **Power of the Federal Government to make rules.** - The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

27. **Power of the Authority to make regulations.** - The Authority may make regulations, not inconsistent with the provisions of this Ordinance and the rules made thereunder, for carrying out the purposes of this Ordinance.

Sd-
GENERAL
PERVEZ MUSHARRAF,
PRESIDENT.
October 27, 2002

The President promulgated an Ordinance called "Freedom of Information Ordinance 2002." This Ordinance has been enacted to ensure transparency by providing access to information. Following is the text of the Ordinance:

AN ORDINANCE:
to provide for transparency and freedom of information;

WHEREAS it is expedient to provide for transparency and freedom of information to ensure that the citizens of Pakistan have improved access to public records and for the purpose to make the Federal Government more accountable to its citizens, and for matters connected therewith or incidental thereto;

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provincial Constitution Order No. 1 of 1999, read with the Provisional Constitution (Amendment) Order No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:-

1. Short title, extent and commencement.-
(1) This Ordinance may be called the Freedom of Information Ordinance, 2002.
(2) It extends to the whole of Pakistan.
(3) It shall come into force at once.

2. Definition.- In this Ordinance, unless there is anything repugnant in the subject or context,-
(a) "complainant" means
(b) (i) a requester, or
(ii) any person acting for and on behalf of requester;
(b) "complaint" means any allegation in writing made by a complainant;
(i) where he is a requester, that access to record has been wrongfully denied to him by a public body;
(ii) where he is a requester, that access to and/or correction of his personal information has been wrongfully denied to him by a public body having the custody or control of the record;
(iii) where is a requester that the information requested by him has been unduly delayed by a public body;
(c) "designated official" means an official of a public body designated under section 10;
(d) "employee", in relation to a public body, means a person employed in a public body whether permanently or temporary;
(e) "Federal Tax Ombudsman" means Federal Tax Ombudsman under section 3 of the Establishment of the Office of Federal Tax Ombudsman Ordinance, 2000 (XXXV of 2000);  
(f) "Mohtasib" means the Wafaqi Mohtasib (Ombudsman) appointed under Article 3 of the Establishment of the office of the Wafaqi Mohtasib (Ombudsman) Order, 1983 (P.O.NO. I of 1983);  
(g) "prescribed" means prescribed by rules made under this Ordinance;  
(h) "public body" means;  
(i) any Ministry, Division or attached department of the Federal Government;  
(ii) Secretariat of Majlis-e-Shoora (Parliament)  
(iii) any office of any Board, Commission, Council, or other body established by, or under, a Federal law;  
(iv) courts and tribunals;  
(i) "record" means record in any form, whether printed or in writing and includes any map, diagram, photography, film, microfilm, which is used for official purpose by the public body which holds the record;  

2. Access to information not to be denied.-  

(1) Notwithstanding anything contained in any other law for the time being in force, and subject to the provisions of this Ordinance, no requester shall be denied access to any official record other than exemptions as provided in section 15.  
(2) This Ordinance shall be interpreted so as  
(i) to advance the purposes of this Ordinance, and  
(ii) to facilitate and encourage, promptly and at the lowest reasonable cost, the disclosure of information;  

4. Maintenance and indexing of records.- Subject to provisions of this Ordinance and in accordance with the rules that may be prescribed, each public body shall ensure that all records covered under clause (i) of section 2 of this Ordinance are properly maintained.  

5. Publication and availability of records.- The acts and subordinate legislation such as rules and regulations, notifications, by-laws, manuals, orders having the force of law in Pakistan shall be duly, published and made available at a reasonable price at an adequate number of outlets so that access thereof is easier, less time-consuming and less expensive.  

6. Computerisation of records.- Each public body shall endeavour within reasonable time and subject to availability of resources that all records covered by the provisions of this Ordinance are computerised and connected through a network all over the country on different system so that authorised access to such records is facilitated.  

7. Declaration of public record.- Subject to the provision of section 8, the following record of all public bodies are hereby declared to be the public record, namely:-  

(a) policies and guidelines;  
(b) transactions involving acquisition and disposal of property and expenditure undertaken by a public body in the performance of its duties;  
(c) information regarding grant of licenses, allotments and other benefits and privileges and contract and agreements made by a public body;  
(d) final orders and decisions, including decisions relating to members of public; and  
(e) any other record which may be notified by the Federal Government as public record 'for the purposes of this Ordinance,  

8. Exclusion of certain record.- Nothing contained in section 7 shall apply to the following record of all public bodies, namely:-
(a) nothing on the files;
(b) minutes of meetings;
(c) any intermediary opinion or recommendation;
(d) record of the banking companies and financial institutions relating to the accounts of their customers;
(e) record relating to defence forces, defence installations or connected therewith or ancillary to defence and national security;
(f) record declared as classified by the Federal Government;
(g) record relating to the personal privacy of any individual;
(h) record of private documents furnished to a public body either on an express or implied condition that information contained in any such documents shall not be disclosed to a third person; and
(i) any other record which the Federal Government may, in public interest, exclude from the purview of this Ordinance.

9. **Duty to assist requesters.** - A public body shall take necessary steps as may be prescribed to assist any requester under this Ordinance.

10. **Designation of official.** -
(1) A public body shall designate and notify an officer or employee to whom requests under this ordinance are to be made. These officials will be designated to ensure easy public access to information.
(2) In case no such official has been designated or in the event of the absence or non-availability of the designated officials, the person in-charge of the public body shall be the designated official.

11. **Functions of designated official.** - Subject to the provisions of this Ordinance and the rules made thereunder and the instruction if any, of the Federal Government, the designated official shall provide the information contained in any public record or, as the case may be, a copy of any such record.

12. **Applications for obtaining information, etc.** -
(1) Subject to the sub-section (2), any citizen of Pakistan may make an application to the designated official in the form as may be prescribed and shall with his application, furnish necessary particulars, pay such fee and at such time as may be prescribed.
(2) Nothing contained in sub-section (1) shall apply to such public record as has been published in the official Gazette or in the form of a book offered for sale.

13. **Procedure for disposal of applications.** -
(1) Subject to sub-section (2), on receiving an application under section 12, the designated official shall, within twenty-one days of the receipt of request, supply to the applicant the required information or, as the case may be, a copy of any public record.
(2) In case the designated official is of the opinion that-
(a) the application is not in the form as has been
(b) the applicant has not furnished necessary particulars or has not paid such fee as has been prescribed;
(c) the applicant is not entitled to receive such information;
(d) the required information or, as the case may be, the required record does not constitute a public record under section 7;
(e) the required information or, as the case may be, the required record constitutes -a record which is excluded under section 8;
(f) He shall record his decision in writing and the applicant shall be informed about such decision within twenty-one days of the receipt of the application.
(3) The information from, or the copy of, any public record supplied to the applicant under subsection (1), shall contain a certificate at the foot thereof that the information is correct or, as the
case may be, the copy is a true copy
of such public record, and such certificate shall be dated and signed by the designated official.

14. **Exempt information from disclosure.**- Subject to the provisions of this Ordinance, a public
body shall not be required to disclose exempt information.

15. **International relations.**-
(1) Information may be exempt if its disclosure would be likely to cause grave and
significant damage to the interests of Pakistan in the conduct of international relations.
(2) In the Section, “international relations” means relations between Pakistan and
(a) the government of any other foreign State; or
(b) an organisation of which only States are members.

16. **Disclosure harmful to law enforcement.**- Information may be exempt if its disclosure is
likely to
(a) result in the commission of an offences
(b) harm the detection, prevention, investigation or inquiry in a particular case;
(c) reveal the identity of a confidential source of information;
(d) facilitate an escape from legal custody;
(e) harm the security of any property or system, including a building, a vehicle, a computer
system or communications system.

17. **Privacy and personal information.**- Information is exempt if its disclosure under this
ordinance would involve the invasion of the privacy of an identifiable, individual (including
individual) other than the requestor.

18. **Economic and commercial affairs.**- Information is exempt if and so long as its disclosure
(a) would be likely to cause grave and significant damage to the economy as a result of the
premature disclosure of the proposed introduction, abolition of variation of any tax, duty, interest
rate, exchange rate or any other instrument
of economic management;
(b) would be likely to cause significant damage to the financial interests of the public body by
giving an unreasonable advantage to any person in relation to a contract which that person is
seeking to enter into with the public body for
the acquisition? or disposal of property or the supply of goods or services, or
(c) by revealing information to a competitor of the public body, would be likely to cause
significant damage to the lawful commercial activities of the public body.

19. **Recourse of the Mohtasib and Federal Tax Ombudsman.**-
(1) If the applicant is not provided the information or copy of the record declared public record
under section 7 within the prescribed time or the designated official refuses to give-such
information or, as the case may be, copy of such record, on the ground that the applicant is not
entitled to receive such information or copy of such record, the applicant may, within thirty days
of the last date of the prescribed time for giving such information or, as the case may be, of
such record, or the communication of the order of the designated official declining to give such
information or copy of such record, file a complaint with the head of the public body and on
failing to get the requested information from him within the prescribed time may file a complaint
with the Mohtasib and in cases relating to Revenue Division, it subordinate departments, offices
and agencies with the Federal Tax Ombudsman.
(2) The Mohtasib or the Federal Tax Ombudsman, as the case may be, may, after hearing the
applicant and the designated official, direct the designated official to give the information or, as
the case may be, the copy of the record or may reject the complaint.
20. **Dismissal of frivolous, vexations and malicious complaint.**- Where a complaint instituted is found to be malicious, frivolous or vexatious, the complaint may be dismissed by Mohtasib, and fine may be imposed on the complainant up to an amount not extending ten thousands rupees.

21. **Offence.** Any person who destroys a record which at the time it was destroyed was the subject of a request, or of a complaint with the intention of preventing its disclosure under this Ordinance, commits an offence punishable with imprisonment for, a term not exceeding two years, or with fine, or with both.

22. **Indemnity.**- No suit, prosecution or other legal proceedings shall lie against any person for anything which is done in good faith or intended to be done in pursuance of this Ordinance or any rules made thereunder;

23. **Ordinance not to derogate other laws.**- The provisions of this Ordinance shall be in addition to, and not in derogation of, anything contained in any other law for the time being in force.

24. **Power to remove difficulties.**- If any difficulty arises in giving effect to the provisions of this Ordinance, the Federal Government may, by order in the official Gazette, make such provisions not inconsistent with the provisions of this Ordinance as appear to it to be necessary or expedient for removing the difficulty.

25. **Power to make rules.**-
   (1) The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.
   (2) In particular and without prejudice to the generality of the foregoing powers, such rules may provide for-
      (a) the fee payable for obtaining information from, and copies of the public record;
      (b) the form of application for obtaining information from, and copies of, the public record; and
      (c) the form in which information from public record shall be furnished.
ANNEXURE - XV

RECOMMENDATIONS & THE ACTION PLAN
TO THE TASK FORCE
“FOR ENCOURAGING AND IMPROVING THE CLIMATE OF INVESTMENT IN PAKISTAN”

RECOMMENDATIONS

The Aim of the task Force
In its first meeting, the Task Force for “Improving the Climate of Investment” under the chairmanship of Mr. Sohail Wajahat Siddiqui decided upon the following Aims and Objectives.

“The responsibilities of this Task Force is to come up with a set of recommendations after reviewing the investment Policy, Laws and Procedures in the context of regional competition and suggest improvements and to examine impediments to the investment climate and suggest steps for investment facilitation. The Task Force will also assess successful regional models of investment promotion agencies and recommend effective institutional structures and capacity building programs for the Board of Investment and also make practical recommendations for investment promotion and improvement of the country image for this purpose.”

Introduction
There is no reason to assume, that any work done by this task Force will come to fruition. There is also no guarantee that the recommendations made by this Task Force will actually be implemented. If in case steps are taken to implement the recommendations of the Task Force then, would there be an organization or an Authority that will actually monitor the implementations. Self Monitoring is not sufficient. There has very seldom if ever, been a successful Investment Policy, in any country for which one can assuredly say was or is successful because the controlling body on Investment was given increased or all encompassing powers or that the “ONE WINDOW” or “fast Track” operation which is normally and in fact nearly always recommended, is the Panacea.

Here we must be very careful not to fall into a false sense of complacency that these two recommendations are of major importance, unfortunately it is not. Standard terms used in all Terms of Reference designed to improve investment are nearly always the same.

Capacity Building, Institutional Strengthening, Simplification of Procedures through One Window or Fast Track Operations, Removal of Impediments, Investment facilitation and increasing the Power base of Investment Bodies are the basic requirements and essential, but has never been the Solution. For if it had been so then we would have had many, many successful stories world wide.

Preparing pre-feasibilities or even comprehensive studies is also a means to an end but not the end in itself. This is being done in Pakistan for many years by various agencies including the
PIDC, NDFC, Bankers Equity, Agricultural and Industrial Development Banks, the BOI itself and many privately hired consultants. It has not got our country anywhere. In fact all these pre-feasibilities and studies have been carried out in a non-professional haphazard manner, without the necessary extensive research that is really required. These feasibilities have in most cases been used for the purpose of obtaining fraudulent loans, which was more for lining the pockets of both the Public and Private sector individuals. These feasibilities led to corruption and corrupt practices and seldom if ever, viable projects for investment.

Giving more power to an organization working under the President or Prime Minister only gives the Senior Officials in the department more discretionary powers. This again leads to corruption and no real investment to show for it. Also the powers given to the Organization or the individuals within the organization in the past has never really been productive. The Dictum “Power Corrupts and Absolute Power corrupts absolutely” has been found to be correct universally.

Under the existing system, or in any past government, the organizations involved in investment, have never been able to get the Investor even a Telephone, a Gas or a Power connection. They have not helped in expediting loans or equities unless palms were greased. The Investor had to, and still has to pay bribes to the individual agencies to get the same. The discretionary powers given to the organizations, only worked within the organization itself, but that too only as a source of corruption. Leave alone the past, even procedures within the existing organization are neither fully transparent nor Non-discretionary. Thus, giving powers without the necessary checks and balances is counterproductive and most times tends to chase away the investor.

How does one prevent misuse of powers? This is not something that one can treat lightly. Nationalized Banks such as the NBP, HBL, UBL, and Development Financial Institutions/corporations such as the NDFC, Bankers Equity, ADB, IDBP etc. all had powers to distribute loans. What did it get us – DEFAULTERS AND ABSCONDERS. What Agricultural, Industrial or Infrastructural development is there that we can be proud of? It is now nearly impossible to Privatize any of the so called nationalized industries. To do so we have to sell them at throw away prices, and even then we do not seem to be getting investors unless large amounts of money is first put into them. Transparent Procedures with the necessary checks and balances is the answer.

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What does one understand by a “One Window” or a “Fast Track” operation?. It has never been fully understood, and if understood never implemented, especially not in a Corruption prone country, and whatever we say to others, the Task Force must admit that all our past failures were never because of lack of policies but that they were non-transparent and discretionary. If the Task Force takes this track then there is a reasonable chance of success of the recommendations.

The past policies have failed and so will any new one. To be an Asian Tiger is not going to be easy and giving institutions power without the necessary checks and balances only leads to more corruption and less investment.

What I understand from a speech given to an august gathering of the business community by Abdul Hafeez Shaikh - the Advisor to the Prime Minister, that for the past 25 years or more, Pakistan has had nearly all of its governments in the past declaring policies to bring in Investment. Many Task Forces and Commissions were set up for this purpose, but to what end? After 25 - years we were where we were, if not in a worse position.

The Advisor also summed up in a few words the reasons for this failure to attract Investment – “Vested Interests” he said. We must agree with the Advisor on both counts.
I can now quote Dr Abdul Hafeez Shaikh (Dawn 14th, January 2003)

"Yet the truth is that we have not followed any privatization policy. “And that the Privatization in Pakistan was stalled by hidden opponents among the vested interests including Bureaucracy.”

.I shall not presently elaborate on this, but shall recommend to the Task Force, that before we go any further and waste the precious time of so many, we request the Advisor Dr. Shaikh that he request the President, the Prime Minister, the BOI and senior Officials from related Ministries, such as the MOF, MOI, MOC, MOP and BOI for a

‘PLEDGE TO IMPLEMENT THE RECOMMENDATIONS OF THE TRASK FORCE. And support the program for encouraging in Investment whole heartedly and to the best of their ability, and as part of an image building process do whatever is in their power to curb corruption within the Public sector”

It is understood very clearly by all industrialized countries and those third world countries with successful Investment policies, that for a successful Investment policy it is essential:

- To Respect the Rule of Law
- To provide a safe and secure environment.
- To Create an Image of Honesty within the country.
- To Promote Transparency and Good Governance in the Public sector
- To promote Integrity and a code of Ethics in the Private sector.
- To Develop non-discretionary and transparent Procedures and Policies for the investor.
- That all policies and procedures must not only be non-discretionary and Transparent but allow for the necessary Checks and Balances, rewards and punishments etc within the procedures itself.
- To drastically reduce the contact between the Investor and the related Agencies of the government viz. the Ministries of Finance (CBR, TAX, DUTY, EXCISE, CUSTOMS etc. Industry, Commerce and Production. The Export Processing Zones, the IFI’s, the DFI’s the BOI and above all the Utility Agencies. This can easily be done through the OPEN System of Government now successfully operative in KOREA etc. Where all contact between the Customer / Investor and the Public Sector is done through the Internet. As e-business. This reduction in contact reduces the possibility of corruption to a great extent.
- And above all, all policies and procedures for investment must provide for the involvement of the Civil Society and the related business and professional associations to be a part of it. This provides for the necessary Checks and balances required for a successful implementation of any policy more so an Investment policy.
- The Civil Society and the Business and Professional Associations must also be used for continuous monitoring of the Investment policies recommended by the Task Force.

Transparency International – Pakistan is very clear, that if the Government of Pakistan is serious in encouraging Investment, which we know they are then it must first look to solving the above. Otherwise like many other policies in the past, this too will fall by the wayside. The work of this Task Force will also be in vain...

“Pakistan or for that matter any other country seeking to bring in Investment, must first develop Transparent, non-discretionary, friendly policies and procedures.”

The Government of Pakistan must also not forget that it is its duty to safe guard the interest of the Investor, whether it is his life or his investment. In the end the government must provide for the Investor a climate where there are:
• No hidden Costs due to corrupt practices.

• No unforeseen Risks such as frequent change in policies or commitments so as to safeguard their investment.
• No unnecessary delays in approvals of loans or equity participation. By DFI's,
• No delays in providing Infrastructural facilities and land and rail communications.
• Port charges should be subsidized.
• Cheaper and uninterrupted Utilities like Water, Gas, Power, .
• Policies and procedures on Taxation, Duties and Customs should be friendly, transparent and minimal.
• Repatriation of profits should be made without delay
• Etc. etc..

From past experience, in countries successful and not successful with their investment policies, it is not always the “best policies” or “unbridled power” or “One Window Operation” or “Facilitation” that becomes a reason for success or failure, or even having Clean and transparent Investment Policies, at the end of the day it is “THE COST FOR DOING BUSINESS”

“The importance of developing institutions to promote economic progress, is that Capital Investment, Human Skill Development and technological improvements are important determinants of growth, but institutions play an important part by reducing what economists call “transactions cost” – (Shahid Javed Burki – Dawn January 14th. 2003)

To summarize, TI-Pakistan recommends that the Task Force along with the initiatives that it is taking and declared in its first meeting held under the Chairmanship of Mr. Sohail Wajahat Siddiqui on January 06, 2003 and as detailed in Paragraph one above, must look to:

• An Image Building Program to show ourselves as a Clean and Transparent country. This is being effectively carried out by Singapore and Hong Kong.
• Review and revise all policies and procedures that are non-transparent and discretionary.
• Support the National Anti Corruption Strategy prepared by NAB and approved by the President.
• Involve Civil Society in Implementing and Monitoring the Investment Policies recommended by the Task Force.. The only good watchdog is the Civil Society itself.
• Enact Laws to protect the “whistle Blowing” officials and employees in the Public sector.
• Encourage employees reporting malpractices in the Private sector.
• Establish Internal Audits and External Controls
• The Auditor General and the Public Accounts committee must be strengthened.
• Code of Conduct and the OECD Convention must be implemented in the Private Sector
• The government must implement the ADB-OECD Anti Corruption initiative.
• The Government must establish either within the NAB or separately an institution like the “Independent Commission Against Corruption” established in Hong Kong, Australia.

Transparency International – Pakistan thanks Dr. Abdul Hafeez Shaikh to have included it in the Task Force set up for “Encouraging and Improving the climate of Investment in Pakistan”.

We hope that with the support from nearly 90 National Chapters world wide and its Secretariat in Berlin, Transparency International – Pakistan we will be able to put together detailed recommendations in support of the effort of the Task Force and the Government of Pakistan.
Our effort will remain mainly in the field of combating corruption and setting up transparent and non-discretionary procedures wherever possible.

We are well aware that the other members of the Task Force under your chairmanship are well qualified to take on this task given to them, but the support of the Advisor Dr. Abdul Hafeez Shaikh is a prerequisite for successful implementation. We pray that the Task Force is equal to the task given to it and its recommendations if implemented and monitored will not only lead to Investor confidence but give the Investor a Climate where “THE COST OF DOING BUSINESS” in Pakistan is competitive, safe and Transparent.

THE ACTION PLAN

The Board of Investment and the Privatization Commission must establish an Image Building Program so as to convince the business community that Pakistan is as of today striving towards being a **Clean and Transparent Country**. The Private Investors must be assured that they will henceforth be a part of a non-discretionary level playing field in a climate of Transparency and Good Governance. The Recommended Action Plan is:

1. That a **PLEDGE TO IMPLEMENT THE RECOMMENDATIONS OF THE TASK FORCE** from the President, the Prime Minister and all stakeholders be taken to support the program for encouraging Investment whole heartedly and as part of an image building process do whatever is in their power to curb corruption within the Public sector
2. That All Public Sector Companies and Organizations be privatized under transparent and non-discretionary procedures which includes that all procedures should be made public and all procedures of short listing, evaluation and award be available on the organization’s website.
3. That an “Independent Commission Against Corruption” be established immediately on the lines of the Hong Kong and Australian experience.
4. That laws on “Prevention of Bribery” be enacted immediately.
5. That the Anti Corruption Strategy prepared with the input of all stakeholders and approved by the Cabinet on October 3, 2002 and signed by the President on October 13, 2002 be implemented immediately.
6. That a corporate Code of Conduct in the Private sector be established and monitored under the lines advocated by the US FCPA and the OECD Convention of 1999.
8. That laws on the “Protection of the Whistle Blowing” by public officials and employees be enacted immediately.
9. That Laws protecting Employees in the Private Sector reporting malpractices be enacted immediately.
10. To set up the OPEN system of government on the lines of the Korean experience. This will minimize the contact between the investor and the Public Official. All transactions between the Customer / Investor and the Public Sector is done through the Internet. This reduction in contact increases transparency and reduces corruption to a great extent.
11. The importance of the involvement of Civil Society in all decisions of the government cannot be underestimated. This is possible by placing members of society representing Business and Professional Association on the Board of all Public Sector institutions. This will provide the necessary Checks and balances within all decisions.
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ANNUAL REPORT
ON ACTIVITIES ENDING DECEMBER 31, 2002

65-C NATIONAL HIGHWAY
PHASE II DEFENCE HOUSING AUTHORITY
KARACHI

ENDING DECEMBER 31, 2002