



**TRANSPARENCY INTERNATIONAL - PAKISTAN**

Strives to make Pakistan a better country to live in

**ANNUAL REPORT  
ENDING  
DECEMBER 31, 2003.**

**65-C NATIONAL HIGHWAY  
PHASE II DEFENCE HOUSING AUTHORITY  
KARACHI**



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## **TRANSPARENCY INTERNATIONAL - PAKISTAN**

Strives to make Pakistan a better country to live in

### **THE ORGANIZATION**

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Web site:	<a href="http://www.transparency.org.pk">www.transparency.org.pk</a>
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.

## ONGOING AND FUTURE PROGRAMS 2003-2006

### 1. “INFORMING CHILDREN OF THE EVIL INFLUENCES OF BRIBERY AND CORRUPTION TO 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 29<sup>th</sup>. 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 2<sup>nd</sup>. 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<sup>nd</sup>. 2001 comprises the following:

1. As Essay Competition
2. A Poster Drawing Competition & Exhibition
3. A Drama / 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 between TI-Pakistan and the schools and ultimately the many thousands of children studying in these schools who are now actively participating in this program.

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 the first Finals of the Girls school was held in June 2003. We shall now continue the program with the boys schools in the year 2004..

## **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 14<sup>th</sup>. 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. Gulfaraz Ahmed of the National Reconstruction Bureau at a Seminar organized by TI-Pakistan also suggested the possibility of replication.

### **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](http://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 establishing the Web@Map which is a program to enable the Gulshan Town and its complaint centre to be made accessible to the Citizens of Gulshan Town. The same program can be used by the Police and other civic agencies in locating their own mobile vans, Domestic Residences and Major commercial establishments through Individual names, their Telephone Numbers, Power Meter numbers (KESC) and Sui Gas Meters or even their Citizens National Identity Cards (CNIC’s)

### **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](http://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 I 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 and the American Business Council seeking their views and support to this program. They indicated that they would support the initiatives being taken by Transparency International – Pakistan

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 21<sup>st</sup>. 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 15<sup>th</sup>. 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 the 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.**

On August 20, 2003 the 2<sup>nd</sup>. National Conference in collaboration with the Board of Investment and the national Accountability Bureau was held in Islamabad where the President of Pakistan along with representatives of Major Donor Agencies, the government represented by its Ministers, Diplomatic Corps including the US Ambassador and International Financial Institutions signed a PLEDGE to the Citizens of Pakistan to support the fight against corruption.

## **5 THE INTEGRITY PACT (E-PROCUREMENT) 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

A detailed Procurement Manual has been prepared in cooperation with the coordination committee nominated by the City Nazim to finalize its compilation. This Procurement Manual include guidelines and bidding documents for Engineering Services, Construction and procurement of Materials and Equipment based on the Recommendations, Guidelines and Bidding Documents of the Pakistan Engineering Council, Planning Commission, and the National Anti corruption Steering Committee recommendations approved by the President of Pakistan and the Cabinet of Ministers.

## **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 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.

**Present Status**

In July 2003, Transparency International – Pakistan submitted its final recommendations to the DIG Karachi City Traffic Police with regard to Transparency in the Driving License Department.

In October 2003 we have submitted the Final Recommendations to the DIG Karachi City Traffic Police with regards to Transparency in the Vehicle Fitness department.

**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 10<sup>th</sup>.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...’<sup>1</sup>

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.<sup>2</sup> 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**

Transparency International – Pakistan submitted its Draft report in July 2003. for approval and resubmitted the Final Draft on December 25, 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..

## **PRESENT STATUS**

The Karachi Water & Sewerage Board has finally awarded all the Contracts for Engineering Services and Construction. A final report has been prepared by TI-Pakistan with the cooperation of the Managing Director KW&SB which effectively shows the success of the integrity pact and the establishment of Transparency in Procurement. The total Process of Award which included nearly 12 major contracts valued at nearly Rupees four billion was finalized in September 2003. A separate detailed report is available on request. Based on the results achieved in this project TI-Pakistan is preparing a TOOL KIT to explain the mechanics and mode of implementation as a model to other TI- National Chapters. This can also be replicated in all major projects in Pakistan by Government and Civic Agencies. A Report has been prepared showing the success of this Program and was distributed at the International Seminar organized by TI-Indonesia and GTZ at Jakarta on December 16<sup>th</sup>. 2003.

## **09 THE REGIONAL SOUTH ASIAN SURVEY ON CORRUPTION.**

The TI-National chapters of South Asia Region at its 1<sup>st</sup>. 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.

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

**We completed the 1<sup>st</sup>. 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 Envelop 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.

## **11. POLITICAL PARTIES AND THE “INTEGRITY PLEDGE” TO FIGHT CORRUPTION.**

### **History**

The Supreme Court of Pakistan in October 1999 gave a judgment to the Military Government of Prevaiz 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 10<sup>th</sup>. 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⊗Details are found in the attachment :

***“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 Managing Director 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 19<sup>th</sup>. 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 Carroll 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.ELECTION**

#### **History**

On September 8<sup>th</sup>. 2002, TI-Pakistan arranged a meeting to meet with John Cushman – 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 13<sup>th</sup>. 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 13<sup>th</sup>.

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.

#### **Present Position and lesson learnt**

TI-Pakistan intends to prepare itself to support the EU in its observers mission in the next elections scheduled for 2006.

## PROPOSALS SUBMITTED AND UNDER CONSIDERATION

### 1. **Strengthening National and Provincial Legislative Governance,**

A Proposal was submitted in June 2003 in joint venture with World Vision – USA and IFES for Legislative Strengthening. This proposal outlines the proposed project description and funding requirements that the consortium, which consists of World Vision, IFES, and Transparency International, will need to carry out the intervention. The proposal responds to the USAID RFA titled “Strengthening National and Provincial Legislative Governance”. World Vision, IFES, and Transparency International responded as a consortium, as each aspect of the project is mutually reinforcing and will be more effective when addressed cumulatively. This project will be carried out over a three-year period. The goal of this program is “Improving Legislative Performance”. The objectives that will carry out this goal are

- 1) Training of legislators,
- 2) Forming of a membership association, which will be an advocate to and resource of the legislators, and
- 3) Training and organizing media, starting a P-Span channel and conducting relevant policy research. All of these activities will be accomplished in partnership with local organizations and entities, in order to assure a solid transfer/sharing of knowledge.

This RFA has as its main focus legislative institutions, legislators and the legislative process. This project will seek to increase the transparency, accountability, and competencies of the legislators and the aforementioned target groups, as well as build constructive partnerships between legislative bodies and civil society actors. Only in the fluid interaction of these relationships will come the development of public policies, passage of legislation, and approval of budgets that are efficacious and relevant to local populations.

Due to its long history of autocracy, Pakistani society does not have a well-entrenched understanding of democracy. For legislators, who are the main foci of this project, this means that they are unable to adequately perform their functions. They do not have training in the fundamentals of democracy, how to form issue-based coalitions, how to debate policy based legislation, how to analyze or propose legislation, or how to seek the involvement of their constituents and civil society in building momentum for reform.

This is not the only challenge. Pakistan has a great many civil society organizations. These organizations are predominantly grass roots development organizations or health based organizations. They have never been trained in advocacy, nor do they understand the important role of the legislative branch of government in their daily lives. They lack experience and know-how when it comes to mobilizing themselves to engage and lobby legislators and bring the weight of public pressure to bear on the legislative process.

Finally, the media need training, organization, and structures that will assist them in providing accurate, objective, and pertinent information about legislative institutions, actors, and process to the public and in covering initiatives by advocacy and watchdog groups to garnish public support for (or opposition to) proposed legislation.

### **Present Position**

In response to our original Joint Proposal, we received a request from USAID to revise our proposal and include participation of local NGO;s with related experience in some of the functions originally described in our proposal. This was necessary, as USAID felt that the present joint venture of World Vision, IFES and TI-Pakistan did not have sufficient experience within Pakistan. A Revised proposal was submitted by World Vision which in principle seemed

acceptable to USAID and discussions are in progress and individual Scope of Work is under finalization..

## **2. Improving access to information and the quality of government services and e services for the poor using ICTs**

The Department for International Development T(DFID) UK announced a Request for Proposal (RFP) for the above project. Transparency International – Berlin responded with the request to include the following countries within this program. The countries included Pakistan, Croatia, Bangladesh, and Nigeria. The program was to promote greater quality and transparency in the delivery of government services/e-services to the poor

It is a known fact that the poor and disadvantaged in developing countries suffer a double bind in relation to delivery of public services. First, they lack access to those services due to physical, financial, informational, political and other barriers. Second, they lack effective mechanisms for feeding back their complaints, views, requests in relation to those services. As a result, public services to the poor lack transparency, accountability and quality.

The proposed project focuses largely on access to information and the inadequate state of grievance, redress and feedback mechanisms on services to poor women and men; and the opportunities for ICTs to strengthen those mechanisms.

Certain applications of ICTs may be relevant to particular local circumstances. However, the common core of this project will be to combine ICTs with the report card methodology and with other participatory techniques. Recent action research has shown the effectiveness of report card techniques – simple adaptations of market survey methods that gather views from the poor about various public services. Results of such surveys are communicated to appropriate government authorities and also publicized, thus providing a powerful tool for empowerment of the poor, and for improved quality of public services for the poor. TI has been using these techniques to lobby for better public services to citizens.

This project intends to use ICTs to disseminate information to service providers and users and provide an appropriate means by which the poor can provide feedback to governments on the service provided.-., The project would use ICTs in a number of ways, such as: a) to solicit a broader range of views on services from civil society and other relevant intermediary organizations; b) to disseminate these views to government departments; c) to monitor government's response to grievances; d) for broader dissemination of report card feedback; e) to enable some iteration within report carding, from simple "feedback on the feedback" up to Delphi-type techniques in order to produce richer feedback to government that more accurately reflects the views of the poor.

The direct beneficiaries will be those poor women and men who do or could make use of services/e-services in those cases selected for the action research component of the project. The ultimate overall intended beneficiaries of the project are those poor women and men who are, or require to be, recipients of public services, including e-services.

The target institutions for the project are two-fold. First, public service providers: all those institutions in the chain of delivery to the poor from central ministry to local office level. Providers will benefit from a better understanding of the views (both positive and negative) of the poor about the services/e-services that are being provided.

Second, those civil society organizations that seek to represent the needs and views of the poor. These organizations will benefit through use/demonstration/knowledge of improved feedback/grievance redress systems.

In terms of methodology, this is an action research project. It combines a direct action component to build pro-poor public service feedback systems, with a reflective/analytic component to build knowledge about such systems. In addition to its value in delivering concrete project outputs, action research has also been selected for its value to knowledge-building, and to the mutual development of understanding between stakeholders through activity-driven knowledge-sharing

Knowledge-sharing will be facilitated by a cascaded series of workshops involving the core TI and IDPM researchers centrally; TI National Chapters and relevant public/civil society agencies nationally; and local TI researchers and representatives of the poor and of service providers for each individual action research project.

The project will make particular use of the Report Card method. This participatory approach uses market research techniques to study the perception of users of various public services/e-services through surveys, focus groups and mini case studies (Paul 1992). Quantitative service data is also incorporated that reflects users' first hand experiences. Results are recorded on a report card, sent to relevant authorities and publicized via press conferences, and thereby becoming a powerful agent for change.

As noted above, this standard method will be strengthened through the use of ICTs in three main capacities: increasing the scope and interaction of organizations from whom feedback can be captured; increasing the richness of data through iterative feedback processes; increasing the reach of feedback dissemination. The project will also investigate the potential for automated feedback data capture at the point of service for public e-services.

To measure achievement of purpose, the project will also include subjective/objective survey data on service change over time involving both provider and user stakeholders.

### **3. Institutional Strengthening of TI-Pakistan**

In April 2003 Transparency International – Pakistan approached the Swiss Agency for Development and Cooperation (SDC) for core funding to strength its activities. Following a presentation made to them in April of 2003, a tentative but conditional agreement was given to TI-Pakistan for their support, whereby TI-Pakistan was to approach other Donor Agencies with a similar request to participate jointly with SDC in supporting Pakistan in either with funds or in organizational support.

TI-Pakistan then approached the USAID and the European Commission for support. Presentations were made to them individually at Karachi and Islamabad respectively. Unfortunately the European Commission response was negative but the USAID approved such a support. In a final meeting in November the two donor agencies have in principle agreed to fund TI-Pakistan for a period of three years commencing from January 2004.

## 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.

### **02. Investigating Corrupt Practices by Public Officials hindering private sector development – strengthening public management and governance.**

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.

#### **06 K-III Karachi Water Supply Scheme Construction Phase.**

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

### **09. 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.

**TI-PAKISTAN SHALL PROVIDE DETAILED REPORTS ON THE ABOVE PROGRAMS ON REQUEST**

## **PROJECTS FOR CONSIDERATION BY SDC.**

### **1. SURVEYS**

#### **Police Department**

Survey of Satisfaction / Dissatisfaction of the Police Department to understand the inherent cause for corruption in the department followed up by proposals to the government for its alleviation. Supported by a questionnaire in English and Urdu. This is in continuation of the Corruption Survey carried out by TI-Pakistan in 2002 which placed the Police as the most corrupt department in Pakistan..

#### **Gulshan Town**

To carry out a survey of Gulshan Town with regards to enrolling children in schools in support of the Education Program announced by the Government to provide free education to the poor up to Primary and Secondary level.

#### **Citizenship Education**

To carry out a survey through a questionnaire based survey of 400 schools with the intention of providing within the curriculum courses on Citizenship Educations and Rights. This program can also be carried out in the NWFP with the collaboration of the Provincial Government and the Education Departments.

#### **Corporate Governance**

To carry out a survey of the Multinationals operating in Pakistan with a view to ascertain whether they are complying with the OECD convention on Corporate Governance and Best Business Practices.

#### **Gender Support**

To carry out a survey of women in Gulshan Town with respect to understanding their social, cultural, economic and religious limitations on their possibility of gainful employment and accordingly developing proposals for cottage enterprise. This survey can be carried out with the support of the City Government and the Business Women Association. This program can also be extended to other cities and provinces.

### **2. AWARENESS PROGRAMS**

#### **Educational**

This is a program to combat corruption at the grass root level. With school and college going children. Which would involve children in understanding the evils of corruption and its effect on society and the economy of the country. This program intends to be a sustainable program which will develop funds to support itself through printing of post cards for various occasions, Printing calendars for Companies, Printing stickers and pins etc with a view to combating corruption. The themes for the above to be taken from Poster Painting competitions held within schools.

#### **Know your rights.**

This program will be initiated with the above survey of schools, followed by a city wide campaign involving the various Women Associations. This would require printing of Pamphlets, Banners etc. TI-Pakistan will take the support of National and Multinational companies in this effort. TI-Pakistan would only require Logistical and Secretarial support from the Donors.

### **Computer Literacy in Schools**

This will be a part of a comprehensive ICT Program, whereby an assessment will be made of the average computer literacy of school going children in Public schools. Thereby supporting a program for interaction between School Children and the Government of Pakistan. Giving children direct access to the Ministry of Education and other relevant Government Departments.

## **3 WORKSHOPS AND SEMINARS.**

### **Coalition Building**

To bring together on one platform the various Major NGO's in an effort to fixing direction and priorities of the NGO Community. To help them understand the workings of the Donor Agencies

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 the NGO's continue to remain a very loose coalition.

TI-Pakistan feels that this status quo should not remain. Fighting corruption must be from one platform and it is essential that Citizens through relevant NGO's fight it 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 pf staying in power by each government resulted in a strong opposition to all NGO's and any form of coalition building. 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.

### **Civil Society Involvement.**

To invite major NGO's and inform them of how to approach local Legislators for redressing of grievances, making them aware of the workings of the Parliament and how resolutions can be submitted through their local legislators. Local legislators will be invited to attend these workshops and Seminars. Some specific topics can be on Health, Education, child and women welfare etc. This can easily be replicated in other Provinces.

## **4. PARTICIPATION IN ANTI-CORRUPTION CONFERENCES ETC.**

### **International experience**

TI-Pakistan feels that it is important for discipline related TI-Pakistan representatives to attend a few major conferences, seminars and courses that are held internationally so as to keep abreast of the progress being made in the fight against corruption.

### **Importing International Expertise**

TI-Pakistan would also like to invite experts in the field of combating corruption, such as Money Laundering, Bank Fraud, Fighting departmental corruption, Training of Police in combating corruption, E-Governance and E-Procurement etc. so as to make available to the Federal and Provincial Government and its departments the facility which would be much cheaper than if the government had to send out dozens of its Officers for the same courses costing many times

than what it would cost for importing experts into Pakistan for a week or ten days at a time. This program can also be replicated in other Provinces of Pakistan.

## **5. PROJECTS AND PROGRAMS.**

### **Preparation of Procurement Manual.**

We have been invited by the Punjab government to look into the possibility of establishing a Clean and Transparency Procurement system. This would entail preparing a comprehensive Procurement Manual which would contain guidelines, procedures and bidding documents for Carrying out Engineering Services, Construction and purchase of Materials and Materials.

### **E-Governance**

1. The Provincial Government of NWFP through the **NWFP- COMMUNITY INFRASTRUCTURE PROJECT (CIP) Local Government, Elections & Rural Development Department** has invited us to look into the possibility of cooperating with them in establishing an e-governance program for Transparent Government in their fight against corruption. Our involvement would be limited to providing the necessary advisors for short periods of time to help them establish such a program. This would include setting up of a Comprehensive Web site in an effort to provide information to the citizens of the NWFP.

2. We are presently working with the Gulshan Town Karachi which has a population of more than 650,000 in establishing a Clean and transparent Government. We have completed most of the work including setting up a comprehensive Data Based Website containing information that helps the citizen to seek information not only on Gulshan Town Itself but in seeking the help of the Gulshan Town Government with regards to complaints on civic amenities etc.

TI-Pakistan intends to develop a program which would provide the Civic Agencies instant contact with Citizens reporting complaints. This would be through Computerized Display Boards which would indicate the exact Location of the Complainant giving reference to his Telephone Number, Power and GAS Meter Numbers, NIC Numbers etc. At the same time it will give the caller's identity and Address on the computer. This will also be displayed on a Computer for an immediate printout. The police can also use this facility for immediately locating complaints. Connected to a GPS system the location of each vehicle or mobile of the police can also be identified and located.

## **6. 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 unfortunately helpless and 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](http://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 we intend to 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 **Volunteer** 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 Anti Corruption Establishments and 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.

## **07 “REPORT CARD” STUDIES IN THE PUBLIC SECTOR.**

### **Introduction**

Transparency International – Pakistan are aware that a number of studies must have been carried by the government, IFI’s and Donor Agencies prior to allocation of the Hundreds of millions of Dollars to the Pakistan’s Poverty Alleviation Programs and that there is a continued support both from International Financial Institutions and Donors in this Direction. Unfortunately not much is actually known or recorded about how the poor have benefited from the programmes that the government and International agencies have initiated to alleviate the poverty in both the Urban and Rural areas of Pakistan.

Some of the services are infrastructural and others entail basic civic amenities. In general these services are supposed to impact directly on the productivity of the poor and on their ability to take advantage of the economic opportunities provided by these programmes. But as is often pointed out by these very same poor, there does not really seem to be any valid or significant evidence of those promised opportunities or those benefits that were expected following the enormous funds that have been put into these Programmes.

Over the past few years, the government and of course the IFI’s and Donors, vide loans and grants, have invested heavily in a variety of Poverty Alleviation Programme which on the surface has satisfied both. The programs are usually evaluated in terms of their outlays, physical measures of output and supposed financial returns.

Whether in fact these services and “successful” programmes are actually being utilized by the poor and whether they meet felt needs adequately are not often asked by most evaluators. Consequently, the outcomes and effectiveness of Public investments are seldom monitored or ever fully known.

It is recommended that Report Card studies be carried out to verify the effectiveness of the Poverty Alleviation Programmes and Public Services being provided to the urban poor. The underlying principle of such studies is to determine or elicit information from the poor themselves on the aspects of effectiveness for which they are the best judges. How responsive for example, are these poverty Alleviation programs or Public service providers to the needs of the urban poor?. Has the poor actually benefited from the programmes? Do they really have access to infrastructure and civic services in their localities? What do they say about the adequacy and quality of the services supposed to have been provided? etc.. Since users of the services are at the receiving end, it is their assessment of the quality, efficiency and adequacy of the Poverty Alleviation Programs and Public Services and the problems they face that can provide significant inputs to anyone really interested in improving service delivery and the

management of the Agencies involved. This is of course essential to get a realistic perspective of the success of the programmes being carried out. Unfortunately the monopolistic nature and organizational incentives of most Public Agencies, however, limit their concern for such feedback from users or citizens and their interest in using such feedback even when possible. A user perspective or “a view from below” is thus a sadly neglected dimension in most cities of Pakistan and in fact in most developing countries which are so lavishly funded by International Agencies. Some Agencies do follow up on their funding, but this is rare.

The efficiency and effectiveness of public services in a country are important determinants of the productivity, progress and the quality of life of the people. Industry and Commerce cannot thrive and expand when infrastructural services such as power, water, transport, Municipal services, communication, Health and Education are inadequate and unreliable.

Comparative analysis must be made of the slum and Katchi Abadi dwellers in the major cities and towns of the four provinces of Pakistan. The purpose of the study is not only to see how Pakistan’s Public Agencies are serving the Urban poor, but also to assess the value of citizen feedback on satisfaction / dissatisfaction as a means to improve Public Accountability, Performances and Responsiveness of the Public Agencies themselves.

The questions that must be asked are:

- How satisfactory is the Poverty Alleviation Programs and Public Services that matter most to the citizen.
- What specific aspects and feature of their workings and the enormous funds thrown into these programs are satisfactory or unsatisfactory.
- What does it cost the user to get the services or to solve the problems associated with getting the services.

Following such a Report Card Studies it will be possible to understand how the public assesses different services and agencies based on its interaction with the agency and its staff. It is then possible to rank the agencies involved in terms of their service performance and the corruption within the department. The essential of this study is the “Report Card” on the Poverty Alleviation Program or the Public Agency involved to be used to stimulate some introspection by those responsible for the program or the agency as well as the public at large. There is no gainsaying the fact that public perceptions do matter especially when clear patterns emerge from the study of large number of people. The feedback offers pointers to the Investors and agencies and the government itself to explore them further and to rectify the problems if real, or take steps to change public opinion if the perceptions are based on misunderstandings.

A number of “Report Card” studies are possible especially in the Public Sector which is of prime importance to the development and well being of a nation and which we hope will and can directly benefit the poor and in the long run the nation itself. These include:

### **Public Utilities and Poverty Alleviation Programs**

Public Services to the Urban Poor is another such area that needs consideration along with the study of the Poverty Alleviation Programmes that are being so lavishly supported by the International Agencies.

### **Police, Health Care and Educational Institutions**

A Report card Study following a Survey of Satisfaction / Dissatisfaction of the Police Department, Health Care and Educational institutions to understand the inherent cause for satisfaction/ dissatisfaction and corruption in the department followed up by proposals to the government for its alleviation. This is a natural follow up to the Corruption Survey of seven major departments carried out by TI-Pakistan in 2002 which placed the Police as the most corrupt

department in Pakistan. This program can easily be replicated in all the four provinces and will also help us determine satisfactory levels of wages.

### **Citizenship Education**

To carry out a survey through a questionnaire based survey of 400 schools with the intention of determining the need to include within the curriculum courses on Citizenship Educations and Rights. This program can also be carried out in the NWFP, Baluchistan and the Punjab with the collaboration of the Provincial Government and the Education Departments.

### **Gender Discrimination, Child Welfare and Population control.**

The importance of a Report Card study on this subject cannot be over emphasized. It involves the very well being of a country and especially of a poor country such as Pakistan. There has seldom been a reliable feedback from the parties involved. It has always been that “we should do this” and “we should do that” but not what the Women and Children themselves want. TI-Pakistan is at least not aware of any such Report Card Studies carried out in the past, which can relate to the enormous funds being invested by the IFI’s the Donors and the Government of Pakistan. The results of such report card studies will also indicate the amount of Corruption and wastage in funds allocated to such projects in the past. It will also clearly indicate the direction that the country must take. This program can be initiated in a any of the four Provinces in Pakistan and then replicated if necessary.

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