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# List of Acronyms

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<tr>
<td>AFH</td>
<td>Anti-Fraud Hotline</td>
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<td>ALAC</td>
<td>Advocacy and Legal Advice Center</td>
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<td>CBO</td>
<td>Community Based Organization</td>
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<td>CPI</td>
<td>Corruption Perception Index</td>
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<td>CSO</td>
<td>Civil Society Organization</td>
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<td>FBR</td>
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<td>MOU</td>
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<td>NAB</td>
<td>National Accountability Bureau</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>NICL</td>
<td>National Insurance Corporation Limited</td>
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<td>PPRA</td>
<td>Public Procurement Regulatory Authority</td>
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<td>PSO</td>
<td>Pakistan State Oil</td>
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<td>TI</td>
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<td>TIP</td>
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<td>YinG</td>
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Executive Summary

The mission of TI Pakistan has been to play an effective and efficient role in identifying, combating, and fighting against the incidence of corruption in both the public and private sectors of Pakistan.

The political situation of the country during the current democratic regime has been volatile to say the least. The constant changes in the political structure and framework create a complicated scenario that make the task of monitoring and uncovering unethical practices even more challenging and difficult.

This report covers TI Pakistan’s activities from January to December 2012.

Corruption has become an endemic in the country. The past year witnessed significant corruption related scandals, most importantly the Rental Power Plant Controversy, involving the political elite of the PPP regime with anticipated losses to the national exchequer of $500 million (The News, March 15th, 2013).

Taking an overview of the corruption levels in the public sector and government departments presents an alarming picture of the degree to which corruption, bribery, extortion, kickbacks, and other illegal activities have taken root in the country’s politics. Misappropriation of public funds and abuse of power have been the two most dominant issues that have prevented democracy from truly flourishing in the country since 1947.

The results of the TI Pakistan Corruption Perception Survey 2012 are clearly indicative of the fact that overall levels of corruption have magnified in Pakistan, Pakistan’s ranking dropped to being the 35th most corrupt country from a ranking of being the 47th most corrupt country in 2008. The common perception amongst the citizens is that the last five years of the democratic regime, the incidence of corruption has increased manifold.

The NCPS Index also revealed that the land department has taken over from the police as being the most corrupt government department. Land deals in NICL clearly show that public funds were misused and spent at 800% times more than the actual market value in the 800 Kanal Lahore deal. The misappropriation of funds reached such an extent that an intervention from the Supreme Court took place in November of last year to stop all property transfers made after the government of PPP came to power five years ago.

An important change that has taken place is a shift in perspective of the donor agencies. A number of international agencies have conditioned their funding on the implementation of anti-bribery and anti – corruption initiatives by the recipients. Transparency International Pakistan signed an agreement with the USAID for the establishment of “Anti-fraud hotline” to receive complaints of fraud, abuse and wastage in projects funded by USAID. Pakistan will receive an aid of US$ 7.5 billion over a period of five years under the Kerry Lugar bill.

TI Pakistan has also established important collaborative partnerships with key civil society stakeholders in order to implement important advocacy plans to curb the incidence of corruption in the country.

The incidence of corruption at the national level in Pakistan has been augmented by the coalition government in place. Due to the several numbers of political parties involved, those in power are
increasingly vulnerable for being blackmailed into supporting policy decisions that allow corrupt and fraudulent practices to continue unchecked and unabated.

The negative impact of the policies adopted by the Executive Branch include frequently disregarding Supreme Court verdicts on issues of massive national and international magnitude. The writ of the judiciary has been severely compromised since the government has repeatedly modified, revised, changed, and eliminated important legislation to suit their own interests. In the recent past, these arbitrary changes in the constitution include the controversies related to the Dual Nationality Law, the Tax Amnesty Scheme proposed by FBR, and the Contempt of Court Law.

Even when corrupt, unethical and fraudulent practices are identified and evidence provided against key holders of public office, the government ignores the evidence and makes no attempt to remove such individuals from important government positions due to fear of backlash from critical coalition partners. The government has also been observed to continue the appointment of inefficient, ineligible corrupt persons in leadership positions of major public institutions and government ministries.

One of the factors that have enabled TI Pakistan to play an instrumental role in unearthing scams of millions of dollars in a number of sectors of the country, has been the initiation oriented approach of the Supreme Court of Pakistan. Any instance of violation of rules and regulations in the areas of corruption and bribery specifically, TI Pakistan sends an official letter to the organization in question, the regulatory bodies and Human Rights Cell of the Supreme Court, stating the violation and asking for its immediate correction.

The social environment of the country has deteriorated severely in the last few years. Unprecedented increase in street crimes, frequent target killings, and the increasing terrorist threats and attacks have led to severe worsening of the law and order situation. The real issue is not that there is a dearth of required legislation to punish corruption related activities; rather there is a lack of transparent implementation of the constitution and deficiencies in the corporate governance framework.

The economic environment of the country has remained more or less the same in terms of both the GDP levels recorded and the incidence of corruption in the public and private sectors’ economic activities. The pervasive corruption in the procurement sector specially is of great concern, since all stakeholders involved have become so accustomed to operating in an unethical and often illegal manner that such activities have become the accepted norms of doing business.

In the 1990s, Pakistan’s highest tax to GDP ratio in the country’s history which was close to the 14% mark (Trading Economics.com), has seen a consistent decline and stabilized around the 10% mark. According to the NAB Chairman, the tax to GDP ratio for the year 2012 was only 9%, while it actually should have been around the 17% mark, had tax collection mechanisms been free from corruption. This tax to GDP ratio of Pakistan is one of the lowest in the region, and is considered to be an important indicator of the level of transparency in the tax collection mechanism.

The deteriorating percentage points towards inherent corruption in the taxation mechanism of the country; a critical issue that requires immediate resolution for the economy of the country to recover and grow in future. This prevalence of corrupt practices in the very fabric of the country’s political, social, economic, and legal institutions constitutes the most complicated challenge for TI Pakistan. The
battle to create awareness and change the corrupt and fraudulent practices that have become the norm in Pakistan is the sternest goal for TI Pakistan.

The provinces of Balochistan and KPK have special focus in the strategic plan of TI Pakistan since the levels of corruption in both these provinces have increased dramatically in the last five years.

TI Pakistan recognizes the importance of keeping the citizens updated and engaged with all its ongoing activities and projects to stimulate their interest. To achieve this purpose, the TI Pakistan website is updated on a daily basis with all pertinent information and events. Separate webpages with extensive details are also maintained for TI Pakistan’s ALAC and AFH Projects.

All of these factors have created substantial hurdles in the path of TI Pakistan’s march towards accomplishing the spirit of the TI Mission. TI Pakistan is indebted to various NGOs, CSO and CBOs for endorsing our mission and propagating our message at the grass root level.
Part 1 – Review

1. Changes in Situational Dynamics
The mission of TI Pakistan has been to play an effective and efficient role in identifying, combating, and fighting against the incidence of corruption in both the public and private sectors of Pakistan.

Transparency International’s Corruption Perception Survey 2012 reported Pakistan’s ranking slipping from being the 42nd most corrupt country in the world to the 32nd most corrupt country in the world, which is indicative of the extent to which corruption, service delivery issues, and extortion etc. have taken root in the country.

The political situation of the country during the current democratic regime has been volatile to say the least. The constant changes in the political structure and framework create a complicated scenario that make the task of monitoring and uncovering unethical practices even more challenging and difficult.

The incidence of corruption at the national level in Pakistan has been augmented by the coalition government in place. Due to the several numbers of political parties involved, those in power are increasingly vulnerable for being blackmailed into supporting policy decisions that allow corrupt and fraudulent practices to continue unchecked and unabated.

The negative impact of the policies adopted by the Executive Branch include frequently disregarding Supreme Court verdicts on issues of massive national and international magnitude. The writ of the judiciary has been severely compromised since the government has repeatedly modified, revised, changed, and eliminated important legislation to suit their own interests. In the recent past, these arbitrary changes in the constitution include the controversies related to the Dual Nationality Law, the Tax Amnesty Scheme proposed by FBR, and the Contempt of Court Law.

Even when corrupt, unethical and fraudulent practices are identified and evidence provided against key holders of public office, the government ignores the evidence and makes no attempt to remove such individuals from important government positions due to fear of backlash from critical coalition partners. The government has also been observed to continue the appointment of inefficient, ineligible corrupt persons in leadership positions of major public institutions and government ministries.

One of the factors that have enabled TI Pakistan to play an instrumental role in unearthing scams of millions of dollars in a number of sectors of the country, has been the initiation oriented approach of the Supreme Court of Pakistan. Any instance of violation of rules and regulations in the areas of corruption and bribery specifically, TI Pakistan sends an official letter to the organization in question, the regulatory bodies and the Supreme Court, stating the violation and asking for its immediate correction.

In matters of utmost national importance, the Supreme Court is approached directly by TI Pakistan to take formal notice of the unethical/illega illegal act. The role of the judiciary in terms of influencing government decisions has changed dramatically. The judiciary, spearheaded by Chief Justice Iftikhar Chaudhry, has come out of the shadow of the Executive Branch, and issued a number of strict verdicts
and notices against the illegal activities highlighted by TI Pakistan. Thus, the change in the legal environment has been of significant importance, in terms of supplementing the anti-corruption efforts of TI Pakistan.

TI Pakistan has also established important collaborative partnerships with key civil society stakeholders in order to implement important advocacy plans to curb the incidence of corruption in the country.

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The social environment of the country has deteriorated severely in the last few years. Unprecedented increase in street crimes, frequent target killings, and the increasing terrorist threats and attacks have led to severe worsening of the law and order situation. The real issue is not that there is a dearth of required legislation to punish corruption related activities; rather there is a lack of transparent implementation of the constitution and deficiencies in the corporate governance framework.

This prevalence of corrupt practices in the very fabric of the country’s political, social, economic, and legal institutions constitutes the most complicated challenge for TI Pakistan. The battle to create awareness and change the corrupt and fraudulent practices that have become the norm in Pakistan is the sternest goal for TI Pakistan.

2. Progress Review

2.1 Systemic Reforms and Deployment of Anti – Bribery Practices in the Private Sector

TI Pakistan’s role of monitoring operational activities to ensure transparency is not limited to the public sector organizations only. TI Pakistan collaborated with the private sector to enhance their capacity to adopt anti-bribery principles in their practices. Meetings were held with the Punjab Business Forum in this regard.
2.2 Implementing Good Governance

TI Pakistan monitored procurement activities taking place in the public sector, from monitoring of tender documents to verifying the validity of complaints regarding the violation of procurement rules and regulations. Procurement Activities were monitored to ensure compliance with manuals of PPRA, SPPRA, and Punjab PRA.

Developing awareness among the public sector organizations to ensure compliance with Procurement Rules is an important goal for TI Pakistan. To this end, a session was organized at PSO with reference to the Public Procurement Rules 2004 chaired by PSO Chairperson, Mr. Sohail Wajahat.

In cases where tender scanning revealed violations of any of the above mentioned rules and regulations, TI Pakistan notified the concerned organization/institution about the violation, and asked for immediate corrective action to remove the irregularity/violation with immediate effect.

TI Pakistan’s role in Procurement Watch has not remained limited to tender scanning. Whenever TI Pakistan received complaints of violations of procurement regulations by any public sector organization, complaint verification procedure was carried out to determine the authenticity of the complaint. Valid complaints were dealt with by issuing a notification to the relevant organization with copies sent to the Regulatory Authorities.

Due to action taken by the regulatory authorities on these cases, procurement agencies have become aware that if the rules of procurement are flouted, complaints will be lodged and explanations will be demanded for non-compliance. In line with this objective of building awareness against corruption and fraudulent activities, TI Pakistan organized a number of capacity building programs throughout the year, creating a forum where experts shared their knowledge and experience with the masses.

- **Anti – Corruption Week**: ALAC celebrated anti-corruption week from December 1, 2012 to December 9, 2012 to mark the 2012 International Anti-Corruption Day by fostering a sense of transparency, integrity and accountability amongst the masses through seminars, communal gatherings and a walk.
  
  A one-day event took place at Vehari district in collaboration with the all-women NGO group called Sudhar Development to instill the right amongst women to question a corrupt authority. The audience was then explained the different types of corruption.

Through our partner the Al-Falah Society in Punjab, TI Pakistan carried out a communal gathering against corruption in the district of Jauharabad. This one-day event was held on 29th November, 2012. The participants were told about the benefits of reporting corruption as it is a
menace that affects us all. They were also told about corruption in the education sector and to report any semblance of a ghost school to the ALAC hotline.

Another event was carried out by Al-Falah Society in Bola union council in Punjab. The need for better liaison with government authorities was also stressed in this event. A lawyer was also present to endorse anti-corruption methods. The participants were given leaflets containing vital information about how to lodge an FIR, ghost school awareness and general TI Pakistan and ALAC leaflets.

- **FIR Awareness Programme**: The objective of this was to curb corruption in police departments by establishing a link of trust between the police and the citizen. This was done because according to most of the National Corruption Perception Surveys held in the last few years, the Police always ranked first or in the first three institutions that were perceived to be the most corrupt by the citizens of the country. This programme was first introduced in the province of Punjab in Toba Tek Singh with the help of our TNN Punjab Coordinator and in collaboration with the police department of the district. Over the course of the next few quarters, TI Pakistan implemented this message in the province of Balochistan and contacted several NGOs and finalized plans to extend it to the provinces of Sindh and Khyber Pakhtunkhwa.

- **Mobile ALAC**: The aim of this project is to provide a service that will be so unique to the citizen that it cannot do anything but yield favourable results for the aggrieved. Thus, at the outset, this activity will intend to disseminate information and/or legal advice to different groups of people in different localities. In the future TI Pakistan plans to extend them to other provinces with the help of partnerships with other civil society organizations and/or the TNN.

To reiterate, the objectives of the mobile ALAC are: to provide legal advice to the people in their comfort zones (e.g. cafes, outdoor places, their homes), to gather new
and more clients/cases, and to spread the vision of TI Pakistan.

This project was carried out by an Assistant Project Coordinator and a male lawyer; both were well-versed in how to handle prospective clients and the limits that the ALAC works within. Five activities were carried out in 2012, in which different parts of Karachi were covered. The Mobile ALAC duo spoke to and interacted with more than 150 people during these sessions.

- **Property Law awareness**: This advocacy project was given life after TI Pakistan analysed a vast number of complaints from different citizens all over the country. These complaints mostly came from urban cities and complained of being duped by property agents or being unfairly treated by them. To counter these issues, ALAC researched the necessary property laws of the country and put down the most valid ones on paper in the form of a leaflet. With this leaflet, the ALAC aims to provide enough knowledge to the citizen to be able to make better decisions when it comes to buying or renting property.

- **How to Write a Complaint Training Sessions**: This training programme was envisioned after TI Pakistan realised that the citizens of this country are not aware of the basic norms of writing complaints and more importantly, who to address them to. With this programme, TI Pakistan aimed to enlighten the citizen of their rights and enable them enough to write to the requisite body in question. So far five training sessions have taken place, out of which four were carried out in Sindh (Badin, Shahdadpur, Karachi) and one was carried out in Khyber Pakhtunkhwa in Peshawar University.

  A total of 200 people – social workers, students and activists – have been trained in these sessions.

- **Ghost School Awareness**: To carry out this awareness programme, TI Pakistan first researched the ghost school phenomenon that is plaguing the country. Our main concern was to raise awareness about this issue, and to try to do it all over Pakistan, as opposed to just one province at a time. To meet this end, TI Pakistan researched trusted grass-root organizations all over the country, interviewed them via the telephone and shortlisted 43 enthusiastic organizations. After doing that, the ALAC team
created an informative leaflet in Urdu to be sent to all these organizations for distribution. Since then, several seminars and awareness activities have been carried out. The ALAC has received many complaints from citizens in these areas regarding ghost schools. Those complaints have been processed, worked on, and letters have been sent to the requisite authorities.

- **General Awareness Campaigns:** The ALAC carries out several other ways of creating awareness with the public. Some of these are as follows:

  **Sunday Bazar kiosks:** This year TI Pakistan set up a kiosk in one of the busiest bazaars/marketplaces in Karachi. These were installed so that more complaints could be garnered from within the city. Five Sundays and 4 Fridays were spent on this activity. Approximately 1,000 to 1,100 people were approached during these and were given relevant information regarding the different services ALAC offers. A few people even came up to the stall and had queries from our representative. After every few hours, the ALAC representatives took a round of the market place and distributed leaflets and brochures to people.

  **Walks:** TI Pakistan also usually carry out walks to involve the masses in anti-corruption activities and this year ALAC organized another one to mark International Anti-Corruption day in Faisalabad. The rally consisted of over 200 participants including parliamentarians, social activists, regional anti-corruption establishment department-Faisalabad officials, upcoming election candidates, local politicians, lawyers, journalists, teachers, women activists.

  The rally started from Town Hall, Jannah Town to Press Club Faisalabad, passing through D.C.O Office, Circuit House, Session Court, Katcheries and District Council Faisalabad. Great spirit and enthusiasm was observed from the participants during the rally.
Street theatre - Theatre is a great way of communicating with and getting a message across properly to an ordinary citizen. The objective to do a series of shows highlighting corruption as an evil in society which motivates the ordinary citizen to get up and fight against them. In order to achieve this, TI Pakistan deployed TI-P’s Punjab coordinator from the Rural Development Organization (RDO) to start a series of ten interactive theatre activities in Punjab.
• **“Time to Wake Up” campaign:** The ALAC also carried out a global campaign called “Time To Wake Up” this year. This awareness campaign is being carried out in different ways over the world. Out of the 25 countries chosen to be part of this movement, Colombia, Lebanon, Hungary, Taiwan and Kenya have already launched the campaign in their respective countries.

The basic objective of this campaign is to mobilize people and give them a platform to fight against corruption. To meet this end, Transparency International Pakistan carried out youth awareness programme with the Time To Wake Up campaign. To meet that end, the Advocacy and Legal Advice Centre (ALAC) held essay and painting competitions on anti-corruption in some of the leading educational institutions of Karachi, Lahore, Islamabad, Quetta, and Peshawar in September 2012.

• **USAID Fraud Awareness and Prevention Workshop:** A fraud awareness and prevention workshop was organized under the banner of TI Pakistan’s Anti – Fraud Hotline Project, developed and operated in collaboration with the OIG. The workshop was addressed by speakers from OIG, USAID and TI Pakistan, including Michael G. Caroll, Acting Inspector General, USAID, and Daniel Altman, Special Agent In – Charge, OIG.

The workshop included presentations by the panel of experts aimed to create awareness about the activities that constitute fraud, and also reiterate the objective of the AFH Project in Pakistan.

• **Corruption Awareness Initiatives:** To continue with its agenda of mobilization of grass root resources to combat corruption, TI Pakistan’s team conducted multiple seminars, workshops, and on the road awareness campaigns on themes of “Promoting Transparency in the Education Sector”, and “Role of Culture in Promoting Transparency”, to name a few. To engage the citizens in the fight against corruption, this year also witnessed the unique initiative of TI Pakistan’s teams setting up stalls at the D.H.A Friday and Sunday markets.

• **Announcement of CPI Survey Results:** December 5th, 2012 proved to be an important landmark for TI Pakistan’s role as the only independent corruption watch dog operating in Pakistan. The results indicated that Pakistan CPI rank has fallen by 9, from 42nd most corrupt country in 2011 to 33rd most corrupt country in 2012. Members of the press, and important representatives from the civil society and public sector were also present.
• **TI Pakistan awarded Certificate of Recognition:** On December 9, 2012 at an event marking the UN Anti-Corruption day, National Accountability Bureau presented a certificate and a plaque recognizing TI Pakistan’s effort in fighting corruption in the country.

2.3 Capacity Building at TI Pakistan

To cope with the increasing involvement of TI Pakistan in the various economic and social activities in the country, additional staff was hired in various departments. Recognizing the importance of building the competencies of its employees, it has been a long standing tradition at TI Pakistan to involve its employees in various training sessions.

Annual Members’ Meeting of TI Pakistan was held on December 8th, 2012 at Marriot Hotel. The Board of Trustees Meetings Were held regularly during the year to monitor the working of the Secretariat and set policies.

2.4 ALAC

Since its launch in 2009, ALAC Pakistan has played a dynamic and pivotal role in providing legal advocacy and assistance to the citizens of the country in resolving corruption related problems.

ALAC has carried out many innovative advocacy ideas in its fifth year that are a direct result of the diverse nature of complaints received on a daily basis. In the year 2012, the ALAC office received approximately 1,416 complaints out of which 531 have taken the shape of legislative cases.

According to the statistics, the majority of the complainants were male; out of the total complaints this quarter, they generated around 85% of the complaints while the females totaled 93 contacts, which came to a paltry 6.6%. The remaining complaints received through emails or letters failed to specify their gender and were non–responsiveness.

New partnerships were established with a number of non-profit organizations and a number of MOUs were signed with various governmental departments.

Through the seminars and outreach programmes conducted under the banner of ALAC Pakistan involving different NGOs working on grass-root levels, the message of ALAC to fight against corruption will continue to be promoted.

As part of its future work plan, ALAC also intends on collaborating with its partners from different civil society organizations. ALAC strengthens relationships with existing partners by carrying out different advocacy projects with them on a routine basis while identifying prospective civil society partner organizations.

The advocacy aspect of ALAC will involve projects focusing on women and children and empowering them to fight corruption and work towards sustainability and enhancing their legal awareness.
2.5 Anti-Fraud Hotline

Transparency International Pakistan in collaboration with USAID has been running the project “Anti-Fraud Hotline” since September 2010. USAID funds a variety of programs by providing humanitarian assistance throughout Pakistan focusing on education, health, energy, economic growth, reconstruction and rehabilitation. Anti-Fraud Hotline (AFH) is the only platform provided to citizens and civil society organizations of Pakistan where they can register complaints and report fraud, exploitation and corruption in USAID funded projects in Pakistan. All complaints are investigated by USAID Office Of Inspector General in Washington D.C. Few relevant complaints are referred to external organizations like UNWFP, UNOPS, UNICEF, UNDP, BISP, Save the Children, Mercy Corp, The World Bank, FAO to name a few.

The objective of the project is two-fold: First to propagate the Hotline effectively among the masses, then subsequently cater to the complaints received thereof. Secondly, to develop a sense of responsibility among the citizens of Pakistan so they may recognize and report various corrupt activities.

The TI-Pakistan and USAID-Anti-Fraud Hotline (AFH) has completed another year of operations and with each progressive year it is becoming bigger and better in experience. Considerable efforts have been placed in order to streamline the existing system, making the entire complaint management process not only easy but quite efficient as well.

Moreover, the reporting system forms an integral part of the Anti-Fraud Hotline Project, where the complaints are scanned to determine their accuracy. In this context, multilingual agents are engaged that confirm the veracity of the complaints before forwarding to the OIG USAID.

The continuous phase of success that AFH has observed in the past year is primarily due to a holistic marketing plan that was construed after carefully analyzing the objectives that the project was intended to achieve and the credibility of Transparency International Pakistan. AFH in this regards implemented the plan rigorously, and capitalized on the potential of marketing and harnessed its potential to its maximum.

Marketing required constant follow up on the response received from current marketing media and also a check on where projects were being implemented. Marketing strategy is reviewed on a monthly to quarterly basis by the management team and modifications or adjustments to the existing marketing strategy are made as deemed appropriate by the team.

In the year 2012 Anti-Fraud Hotline received a total of 2036 complaints from different areas of Pakistan. These complaints were a result of over 20,000 calls that were answered by Anti-Fraud hotline’s multilingual operators.

AFH received a significant volume of complaints related to programs implemented by other agencies which were referred to the appropriate agency for further review and investigation. From Jan 1 to December 31, 2012 a total of 751 complaints were referred to outside entities, including UNWFP,
UNOPS, UNCEF, UNDP, BISP, Save the Children, Mercy Corp, The World Bank, Awaz Foundation, FAO and NRSP.

- **Fraud Awareness and Prevention workshop:** During the reporting period, Transparency International, Pakistan and USAID/OIG jointly held a Fraud Awareness and Prevention workshop for Implementing partners and sub grantees of USAID and UNWFP in the month of February. The event was primarily devised to impart to the participants the importance of administering measures to prevent, detect and report fraud in USAID funded projects/programs in Pakistan. A panel of 6 speakers addressed the audience which comprised of more than 40 organizations and around 80 participants.

Inspector General Mr. Michael G. Carroll was the chief guest at the event. He opined that corruption undermines the legitimacy of the government and therefore it should be prevented and curbed. He said that his job was to ensure that the funds given to Pakistan under the Kerry Lugar Bill were used in a transparent manner and the Anti-Fraud Hotline had been established as a means to achieve such a transparency. During his speech he said “OIG could not have anticipated the unprecedented results that the Anti-Fraud Hotline has yield. Mr. Carroll’s comment refers to the significant contribution that AFH has made in aiding OIG carry out its investigations. Mr. Carroll’s remark is a testimony that AFH project has exceeded expectations in terms of its result oriented performance and management.

3. **Management, Organizational Changes, and Staff Composition**

Transparency International Pakistan continued to perform its integral role as the country’s sole independent and neutral corruption watch dog. As the number of initiatives undertaken by the organization multiplied, significant changes were also witnessed in Transparency International Pakistan’s human resource.

A few employees discontinued service citing personal reasons, and Transparency International Pakistan also welcomed the influx of several talented and highly skilled employees in its various departments.

The expansion of the employee base in terms of both numbers and skill set had become inevitable as Transparency International’s involvement in the monitoring activities of various public sector organizations, complaint handling, and legal advice provision to citizens also witnessed a spiraling increase.

4. **Lessons Learnt and Good Practices**

The year 2012 bore witness to a number of significant initiatives undertaken by Transparency International Pakistan in accordance with its vision of identifying and eliminating the causes and prevalence of widespread corruption in the country.
In pursuance of this objective, Transparency International Pakistan developed a number of important partnerships and collaborations with several civil society stakeholders to increase the awareness against corruption.

4.1 Procurement Watch
The most significant monitoring activity performed by TI Pakistan is Procurement Watch. The public procurement is an area that accounts for 40% of the corruption that takes place in Pakistan as per the TI Pakistan CPI Survey 2011. TI Pakistan monitors all procurement activities taking place in the public sector, from monitoring of tender documents to verifying the validity of complaints regarding the violation of procurement rules and regulations. All Procurement Activities are monitored to ensure compliance with manuals of PPRA, SPPRA, and Punjab PRA.

Under the Procurement Watch activities carried out by TI Pakistan, the incidence of collusive practices, unethical procedures and norms in tender opening activities and awarding of contracts were reported to the regulatory authorities. Due to action taken by the regulatory authorities on these cases, procurement agencies have become aware that if the rules of procurement are flouted, someone may complain and they will be asked to explain the reasons for non-compliance of the rules.

4.2 USAID Anti-Fraud Hotline: Critical Success Factors
The launch of the USAID Anti – fraud Hotline project being spearheaded by the TI Pakistan team, has unearthed numerous incidents of institutional corruption, focusing on the rural areas where USAID is the donor agency of numerous projects of power generation and more specifically the rehabilitation of the displaced persons due to natural disasters like the victims of the floods of 2011 and the earthquake of 2005, that had caused large scale destruction. The volume of complaints received by the Anti – Fraud Hotline has registered an unprecedented increase, and AFH success stories of discovering scams of millions of rupees include the suspension of funding for the Rafi Peer Theatre and the Gomal Zam Dam Project to name a few. The success of the AFH project can be gauged from the fact that having seen the instrumental role being played by AFH Pakistan, USAID and OIG in collaboration with Transparency International Haiti chapter are in the process of setting up AFH in Haiti, replicating the project set up in Pakistan.

4.3 Instrumental Role of TI Pakistan in Shaping Public Policy and Establishing Judicial Supremacy
TI Pakistan has also successfully influenced and even brought about monumental changes in critical policy decisions. A recent and very significant instance in which TI Pakistan’s role was indispensable in preventing losses in the millions of dollars to the national exchequer was that of the Turkish Rental Power Project “Karkey”. The Turkish ship had been granted permission to leave the country without making any payments, and it was TI Pakistan’s advocacy that drew the attention of the Supreme Court.
towards the issue after which the National Accountability Bureau issued an official notification to the Turkish RPP to pay the entire amount due before leaving the shores of Pakistan.

One of the factors that have enabled TI Pakistan to play an instrumental role in unearthing scams of millions of dollars in a number of sectors of the country, has been the initiation oriented approach of the Supreme Court of Pakistan. Any instance of violation of rules and regulations in the areas of corruption and bribery specifically, TI Pakistan sends an official letter to the organization in question, the regulatory bodies and the Supreme Court, stating the violation and asking for its immediate correction.

4.4 MOUs and Collaborative Partnerships with Civil Society Stakeholders

TI Pakistan signs MOUs with Government Agencies to assist them in being transparent in their processes. MOUs have been signed with Pakistan Steel, Trade Development of Pakistan, Pakistan State Oil, Pakistan State Life Insurance Company, Sindh Revenue Board, Pakistan International Airlines and Pakistan Telecommunication Agency.

TI Pakistan, under its ALAC program, provided free legal advice to victims of corruption. TI Pakistan intervenes on their behalf and has been able to get the complaints addressed for many of the victims. The goal is to see a change in the working of the departments, so that they become less corrupt.

With the help of its NGO partners, TI Pakistan brought to the limelight the complaints lodged against corruption in the education department. As a starting point, ALAC Pakistan researched the ghost school phenomenon that is plaguing the country. The main concern was to raise awareness about this issue all over Pakistan. To meet this objective, trusted grass-root organizations all over the country were vetted, interviewed via telephone and shortlisted 43 interested partner organizations. ALAC Pakistan proceeded to create an informative leaflet in Urdu to be sent to all these organizations for distribution. Seminars were also held by three partner NGOs of Transparency International Pakistan.
Part 2 – Plan of Operations, Planning the Future

1. Focus & Priorities for the year

TI Pakistan is considered as the country’s leading anti-corruption NGO in Pakistan. TI Pakistan has the required technical and legal expertise that allow it to monitor the implementation activities of major public and private sector projects of the country to ensure that corruption related incidents do not occur at any stage of the project.

TI Pakistan has established its credibility through unbiased identification and reporting of corruption related incidents in the country, in the projects funded by both local and international sponsors and donor agencies. Since the writ of judiciary has been restored in the country, TI Pakistan has frequently approached the country’s highest legal authority to take suo moto notice of high profile unethical and corrupt practices taking place in Pakistan.

1.1 Poverty Alleviation

Since the year 2012 witnessed the deterioration of Pakistan’s ranking in the Corruption Perception Index, the year also marked a significant increase in the poverty levels in the country. A research study on poverty levels carried out by The Sustainable Development Policy Institute (SDPI) 58.7 million out of a total population of 180 million subsist below the poverty line.

The alarming figures clearly indicate that two of the greatest challenges hampering economic growth in the country, corruption and poverty namely, are inherently dependent on each other. Misappropriation of public funds and pervasive corruption in the governmental departments has continued to widen the divide between the elite and low income groups.

In order to address the twin issues of corruption and poverty, TI Pakistan has devised and instituted a number of anti-corruption measures for both the public and private sectors. Through collaborative partnerships with both public and private sector organizations through the signing of MOUs, and civil society stakeholders, a standard for transparent operations has been set as a benchmark for compliance.

1.2 Promoting Gender Equality

Gender Inequality is a significant issue hampering the social and economic growth of Pakistan. The conservative patriarchal mindset of the society has prevented women from playing an effective role in the social and economic development of the country. Women, while constituting more than 50% of the population, continue to remain the impoverished and underdeveloped sector of society. Access to education and equality of rights in the workplace continue to remain an unrealized dream thus far, even for the women in the metropolitan cities of the country.
TI Pakistan has the vision of providing women with a platform enabling them to voice their concerns and views, and acquire the skills and competencies necessary to gain an equal footing with men in the male dominated Pakistani society. Women are always encouraged to become part of the outreach activities and anti-corruption workshops and seminars conducted by TI Pakistan.

Beyond this, through the platform of ALAC, TI Pakistan continues to provide legal advice and counseling to women about their rights and guides them in the process of obtaining their rights through the legal judicial system.

1.3 Good Governance
With the increasing incidence of corruption, the governmental departments are the worst affected by it. Even though the legal framework is in place to curb and punish the corrupt and fraudulent practices in Pakistan, the inadequate implementation of the laws is the core issue. Currently, there are two corruption related laws and regulations that are in force. They are the Prevention of Corruption Act which was enforced in 1947, and the more recent National Accountability Bureau Ordinance that came into effect in 2000.

This lack of adequate implementation of the constitution with regard to criminal corrupt conduct makes it tougher for corruption to be eradicated since the support of the legislature and the Executive Branch is lacking in terms of taking to task the corrupt and unethical individuals and institutions from the public sector who are involved.

The most difficult obstacle that stands in the way of TI Pakistan completely achieving the set targets and objectives is the lack of political will of the country’s Executive Branch in limiting corrupt practices from within the Government Ministries and other departments.

The main reason is that there has been a coalition government in place and due to the multiple political parties that have a role in the government’s policies, the majority party is under constant pressure to not act out against the corrupt elements, even when identified. Even the majority party’s own members have resorted to massive corruption in the award of contracts and appointment of people without merit.

Ensuring that good governance standards and practices are implemented across the board, TI Pakistan has undertaken a number of initiatives to involve both public sector individuals and civil society partners. In the past, TI-P’s Youth in Governance (YinG) project aimed to involve the young generation of the country through debates, lectures, essay writing competitions, and seminars emphasizing the strategic framework required to establish corruption free good governance practices.

1.4 Establishing of Equality of Human Rights
“Civil Liberties” emphasizes the autonomy of the entity. In many other forms of governments the importance of the individual has disappeared. TIP is really taking an incredible interest in the preservation of civil liberties. It is a deception that many of us in this country do not enjoy real liberty.
TIP takes the trouble to try to bring about the full observance for the people of their civil liberties. The only way to keep this country a law-abiding country, where law is looked upon with respect and where it is not considered necessary for anybody to take the law into his own hands. TIP with its efforts and awareness program trying to make a truly democratic Nation striving for the implementation of the Rule of Law.

1.5 Global Food Shortage and Climate Change
According to the World Health Organization, ‘Globally, the water problem is getting worse as cities and populations grow, and the needs for water increase in agriculture, industry and households.’ Global water shortage has a vast impact on economy of agriculture, a country with a lack of water cannot grow crops and hence the country will be 100% dependent on imports.

According to a report titled “Running on empty: Pakistan’s water crisis” (edited by Michael Kugelman and Robert M Hathway), anywhere from 40 to 55 million Pakistanis do not have access to safe drinking water. The water shortage in the country is mainly due to power outages leading to non-functioning of tube-wells. Therefore, in collaboration with Ministry of Irrigation & Power, GoS, and Sindh Irrigation & Drainage Authority (SIDA), TI Pakistan is an observer to ensure transparency in their processes.

2. Management

2.1 TI Pakistan
Transparency International is registered as a Trust with the Sub Registrar, Board of Revenue and Government of Sindh. The board consists of members from the judiciary (retired), legal profession, chartered accountants, business, social activists and industry. It comprises 5 males and 4 females. They are from all over the country and represent the cross section of all geographical, socio economic backgrounds of the population.

The Board of Trustees as on December 31st, 2012 comprises of the following nine members:

1. Mr. Sohail Muzzaffar  
Chairman
2. Ms. Yasmin Lari  
Trustee
3. Justice (R) Nasira Javed Iqbal  
Trustee
4. Ms. Ayesha Siddiqi  
Trustee
5. Ms. Shahana Kaukab  
Trustee
6. Mr. Khurram S Abbas  
Trustee
7. Justice (R) Dr. Ghaus Muhammad  
Trustee
8. Mr. Javed Farooq  
Trustee
9. Mr. Muhammad Hidayatullah  
Trustee
The members are encouraged to take part in the activities of the Chapter and they are invited to all events. The Board meets regularly and members are apprised of all ongoing projects and events by the TI Secretariat in Berlin.

A committee was formed from amongst the members in the last year to look into Corruption in Education, especially the Exorbitant Increase in tuition fees of private schools and ghost schools. As per policy, the Annual Meeting of the Board of Trustees was held at the TI Pakistan’s office on August 6th, 2012.

The Advisory Committee as on December 31st, 2012 consists of members with expertise in different fields. It comprises of:

1. Mr. Syed Adil Gilani Advisor
2. Mr. Syed Salim Ahmed Advisor
3. Mr. Abid Sheikh Advisor
4. Mr. Khalid Parwez Advisor

Mr. Saad Rashid is the Executive Director of TI-P. During the year 2011, he has been ably supported at the Secretariat by:

1. Saad Rashid
2. Syed Fawad Gilani
3. Javeria Zaman
4. Maryam Javaid Mughal
5. Mohammad Ali Taj
6. Syed Kamran Ahmed
7. Muhammad Ghufran
8. Ayesha Shaikh
9. Maria Shah
10. Ashfaque Ahmed
11. Twinkle Peter
12. Zubia Mubarak Ali
13. Mohammad Safdar Shaikh
14. Abdullah Tashfeen
15. Arwa Saif-ud-Din
16. Tariq Mahmood
17. Lubna Ayaz Sethi
18. Mir Hassan Katto
19. Kafil Ahmed Khan
20. Mansoor Iqbal
21. Mohammad Irfan Khan
22. Aneela Khan
23. Mohammad Imran Khan
The Anti – Corruption steering committee conducts its meetings on a regular basis to monitor, assess, and guide TI Pakistan on the progress and effectiveness of its various anti – corruption projects in operation. During these meetings, important policy decisions are finalized, progress reports presented and discussed, and the annual Operational Work Plans are finalized and approved.

3. Conclusions, Critical Assumptions, Risks, Open Issues

The support of the Executive Branch is imperative in implementing a policy framework to identify potential areas of corruption and related unethical activities and completely eliminate them from the Government Institutions and Ministries.

The general perception is that a corrupt government translates into a corrupt society and thus honest and sincere leadership is essential to ensure that corrupt and unethical practices are completely eradicated from all tiers of the government.

The actual reason that has prevented democracy and the Rule of Law from truly flourishing in Pakistan has been the rampant corruption across all vital institutions of the country, including the public and private sector organizations that also find themselves conducting business in an environment riddled with unethical and illegal actions, and where kickbacks, bribery, extortion, and preferential treatment have become established norms.

To deal with the issue of rampant corruption, a comprehensive 360 degree approach needs to be adopted. This implies that only is it necessary for a legislative framework to be in place that imposes checks and balances on the government and all its Ministries and departments, but the citizens, specifically the youth also needs to be made part of this anti – corruption drive. Grass root level mobilization will ensure that people are made aware of all actions that constitute corruption

With the upcoming elections there is a greater possibility of TI Pakistan establishing a collaborative instead of a rivalry based relationship with the new government, in order to protect the abuse of power and resources. Also, by lobbying for the judiciary to have greater control and the writ to impose stringent sentences on those found guilty of corrupt activities, the ongoing fraudulent initiatives from within influential political elements of the country, TI Pakistan would find itself in a position of having greater support from the Judicial and Executive Branches of Pakistan, instead of acting alone in an atmosphere of hostility.