

November 25, 2011

Two references sent to NAB against PM in 10 days

Within ten days, the National Accountability Bureau has received two corruption references against Prime Minister Yusuf Raza Gilani, both related to the power sector. After Pakistan Tehreek-e-Insaf's corruption reference against the prime minister in Rental Power Projects, the Transparency International (TI) has also sent a corruption reference to NAB regarding corruption and corrupt practices in illegal benefits and concessions of billions of rupees from the national exchequer to Karachi Electric Supply Company. The TI through its adviser Syed Adil Gilani on Thursday urged the NAB chairman to initiate proceedings against the Prime Minister, KESC MD, minister for petroleum and natural resources, minister for finance and others. The reference says that on October 14, 2011, the TI requested the prime minister to take notice of alleged illegal amendment agreement of the KESC for termination of the unconstitutional concessions granted to them. "1. Amended Agreement is illegal as it has been signed by Mr. Shahid Rafi, Secretary Water & Power on 13th April 2009. Whereas, according to the ECC decision dated 14th October 2008, the Amended Agreement was to be signed by the Privatization Commission. 2. Original Shareholders Agreement was signed by Secretary Privatization Commission on 14 Nov. 2005. 3. Extra Ordinary Financial Concessions granted to KSEC, a Private Company, which runs into Billion of Rupee per annum, are illegal as ECC or Cabinet does not have authority to dole out Government Revenue (tax payers money) to a private company M/s Abraj. 4. Page 7/, (q) marginal cost price of electrical power supplied by NTDC to KESC. Note: Disco Status to KESC which means buying WAPDA electricity at 25 to 30 per cent of the current rates. This concession was denied to all previous managements of KESC for years, not given even by General Pervez Musharraf to army generals running KESC. 5. Page 7, (r) 5 years guaranteed supply of 650 MW at marginal cost price of electrical power. Note: This has allowed Abraj not to install new Power Plant, and caused shortage of electricity in Pakistan. 6. Page 9. (b) Application to NEPRA in relation to the unbundling of generation etc. 7. Page 9. (c) Guaranteed Gas allocation for supply of Gas for new 560 MW power plant. Note: No New Power Plant erected. But KESC is being provided Gas by SSGC or Furnace Oil by PSO on Gas rates. "According to press reports, the federal government is to extend billions of rupees to the KESC as difference in furnace oil and gas prices to ensure power supply in Razaman, and that the price differential approximately Rs2.6 billion between the HSFO and gas would be directly paid by the Finance Division through Ministry of Water and Power within 30 days from the date of submission of claim, and price differential claim will be submitted by PSO duly verified by SSGC and KESC to the Ministry of Water and Power for reimbursement by Finance Division within one month. The TI has also been provided with the copies of documents of the minutes of the meeting held at the Governor House Karachi on July 29, 2011, which were sent to PSO from the president's office on October 19, 2011. Chronology of events after the TI letter was sent to the prime minister on 4 October 2011: a) On October 14 the TI requested the prime minister to take notice of the alleged illegal amendment agreement of the KESC for termination of the unconstitutional concessions granted to them. b) No action was taken by the prime minister. c) On October 18, the PSO GM (Consumer Business) conveyed (along with minutes of meeting of July 29) that the PSO has received no written directives on the issue of supply of fuel in Ramazan to the KESC. d) On October 19, the president office faxed the PSO GM letter and the minutes of meeting to the PSO office in Islamabad for illegal granting of the Rs2.6 billion concession to KESC. e) On November 1 the Ministry of Petroleum and Natural Resources submitted a summary for ECC vide Case No ECC-144/15/2011. f) On

November 11, the ECC approved the summary of the Ministry of Petroleum and Natural Resources submitted a summary, that the modalities for the reimbursement of price differential claim would be decided by the Ministry of Petroleum and Natural Resources in consultation with the Finance Division and Ministry of Water & Power. Based on the above facts and grounds, the TI says, respondents have shown wilful indulgence in corrupt practices under Section 9 of the NAB Ordinance. Such persons are subject to punishment under Section 10 of the NAB Ordinance