

U4 Expert Answer



Corruption in Pakistan

Query

Please provide information about the key sectors affected by corruption in Pakistan, recent initiatives to tackle it, and local institutions and people involved in anti-corruption work. Please also provide any recent corruption diagnostic or survey material available on Pakistan.

Purpose

To prepare for a forthcoming visit to Pakistan

Content

1. Key sectors affected by corruption in Pakistan and diagnostic material
2. Reform initiatives
3. Further resources

Summary

1 Key sectors affected by corruption in Pakistan and diagnostic material

To fully respond to the question as to which sectors are most affected by corruption, both quantitative (through diagnostic material) and qualitative (through reports and direct questioning of international and national experts) sources have been consulted. Nevertheless, it is worth bearing in mind that some of the reasons that particular sectors are highlighted more often than others are due not only to objective merits but also to the facts that i) there is more research and survey work done in those areas and ii) public perception and awareness seem to be more vocal as regards those areas. Thus, the exercise of highlighting some of the sectors should be read with the knowledge that corruption in Pakistan seems pervasive across most sectors. With that in mind, it is safe to say that expert sources indicate that the following sectors are among those most affected by corruption (the particular order varies from source to source):

- Police and law enforcement
- Judiciary and legal profession

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- Power sector
- Tax and customs
- Health and education
- Land administration
- In addition, Public Procurement seems to be a major concern across most sectors

These sectors seem to be affected by chains of:

- petty corruption to access public services or to bypass the law (through the direct interaction of citizens with the respective authorities and bribe-paying)
- middle and grand corruption (through corruption in public contracting and procurement as well as direct misappropriation of public funds by senior officials).
- in addition, political patronage, conflicts of interest, influence peddling and other forms of corrupt behaviour are commonplace across the sectors.

Diagnostic and survey tools conducted in Pakistan include:

Baseline Survey/Social Audit of Governance and Service Delivery, by CIET International and NRB (National Reconstruction Bureau), conducted in 2001-2002 (published in 2003)

The social audit was commissioned by the NRB and supported financially by CIDA, UNDP and UNESCO. Set up as a means of monitoring the effects of the devolution of powers to local government levels on delivery of public services and governance, this baseline survey (piloted in ten districts in 2001 and implemented in the rest in 2002) included more than 50,000 household interviews covering all of Pakistan's districts. Respondents gave their views and experience of health, education, water, judiciary and police services, local government and others. According to CIET, the results of this baseline survey (published in October 2003) have been shared widely with policy makers, service providers and communities and are to be used as benchmarks. The social audit will be repeated annually, both monitoring the impact of devolution and allowing policies to be adapted according to evidence of what works and where.

The full report can be downloaded as a PDF file at the following address:

<http://www.balochistan.org.pk/pdf/Pak2002baseline.pdf>

Corruption in South Asia: Insights and Benchmarks from Citizen Feedback Surveys in Five Countries, 2002

A household survey released by TI in December 2002, reported high levels of corruption in public institutions in South Asia. Of the seven major public institutions, the police emerged as the most corrupt in all five countries surveyed (Bangladesh, India, Nepal, Pakistan and Sri Lanka). The judiciary was identified as the second most corrupt area in all countries except Pakistan, where land administration and the tax authorities were identified as the second and third most corrupt areas respectively. Land administration figures prominently in the list of the most corrupt sectors in four out of the five countries. The TI report identifies high levels of corruption encountered by citizens attempting to access seven basic public services.

http://www.transparency.org/pressreleases_archive/2002/2002.12.17.south_asia_survey.html

Pakistan Corruption Report, 2002 (this report was the basis for the regional one listed above)

The survey was conducted by Marketing and Research consultants under the auspices of TI Pakistan. The general objective of the survey was to measure the nature and extent of corruption being faced by consumers of seven public sector departments (Education, Health, Power, Land Administration, Taxation, Police, Judiciary). Another objective of the survey was to gather information about the particular stages where obstacles are usually being faced, locate the responsible element for creating the obstacles and the means for overcoming the bottlenecks in the seven sectors under study.

<http://www.transparency.org.pk/documents/csr.pdf>

2 Reform initiatives

At the heart of Pakistan's recent anti-corruption drive are country's National Anti-Corruption Strategy (NACS) launched in 2002, the National Accountability Ordinance of 1999 (amended 2002) and the National Accountability Bureau - the agency charged with the implementation and overall coordination of the NACS and the Ordinance. A general discussion on these is out of the scope of this U4 answer (there is a bulk of information on these general reform efforts widely available and some good resources are listed in Part III of this answer).

In this section, reform initiatives in some of the specific sectors (perceived to be most affected by corruption) are listed. Namely, efforts in areas of police and law enforcement, judiciary and legal profession and public procurement are discussed. The second section of Part II lists some reform initiatives in other areas

Reforms in sectors rated to be amongst those most affected by corruption

Police and law enforcement

Corruption in the police and law enforcement is perceived to be pervasive - creating a culture of lawlessness and lack of credibility and trust in authorities. The police and law enforcement appointments are often politicised and full of conflict of interest. Criminals and rent-seeking and extortionist authorities are often the sole beneficiaries of the game.

Police reforms were instituted about two and a half years ago by President Musharraf but, according to certain expert voices, have been significantly watered down by the elected government, which still sees political patronage of police officers as important. However, a system of recruitment of better quality and standards is being implemented with improvements in areas of professional training, competence development and remuneration. A great deal remains to be done to implement full police reforms including the establishment of public safety commissions and an effective independent police complaints authority.

It is hoped that the reorganisation outlined by the new Police Order of 2002 and the Police Complaints department will improve the functions of the police and provide relief to the citizens. Reportedly, one of the first steps taken in the reorganization has been the separation of the police force into various branches, divisions, bureaus and sections. It is intended to help improve the efficiency but in fact may lead to more corruption and less efficiency due to non-cooperation or lack of coordination. The Police Order of 2002 has also outlined a format for setting up district Public Safety Commissions (PSC). The functions of such commissions will inter alia include investigations of complaints on excesses and neglect against police officers and encourage greater police-public participation. The PSCs are to be set up within the Federal and Provincial Government and the District and Town Local Governments. There shall also be a National Public Safety Commission. Further, the Order makes provisions for setting up of federal and provincial police complaints authorities for enquiring into serious complaints against the members of Federal Law Enforcement Agencies. Other measures provided for by the Order include the establishment of the Criminal Justice Coordination committee, to work on the improvement of the system as a whole and promote good practices, and of the National Police Management

Board, to work on overall technical and human resource capacity building within the Police.

Judiciary and legal profession

There is widespread lack of public confidence in the institutional legitimacy of the justice system. Access to justice and the rule of law are undermined by corruption and are under a threat. Alongside the corrupt judiciary is the legal profession with low ethics of lawyers and poor controls of the bodies (such as the Pakistan Bar Council) responsible for maintaining the high standards that should be required of it.

Reform efforts have included:

a) Access to Justice Programme

The Asian Development Bank (ADB) has in 2001 approved Access to Justice Programme loans totalling US\$ 350 million due for completion towards the end of 2004 with Pakistan's Ministry of Law, Justice, Human Rights and Parliamentary Affairs (MOL) as the Executing Agency hosting the programme management unit (PMU). The Programme is built around five inter-related governance objectives: (i) providing a legal basis for judicial, policy, and administrative reforms; (ii) improving the efficiency, timeliness, and effectiveness in judicial and police services; (iii) supporting greater equity and accessibility in justice services for the vulnerable poor; (iv) improving predictability and consistency between fiscal and human resource allocation and the mandates of reformed judicial and police institutions at the federal, provincial and local government levels; and (v) ensuring greater transparency and accountability in the performance of the judiciary, the police and administrative justice institutions.

Further links can be found at:

<http://www.pakistan.gov.pk/law-division/policies/ajp.htm> and

http://www.adb.org/Documents/Others/PRM_Supplement/ADB_PAK_Governance_Reforms.asp?p=prmnews

There are mixed signals about the success of the reforms. It has been voiced that the efforts are perceived to be lacking tangible outcomes and that there have been some challenges in terms of the project implementation itself (sources: NIS country study and an independent expert).

b) Supreme Judicial Council

Efforts are underway to activate the Supreme Judicial Council through international experts working with the

Attorney General, the Chief Justice and the President's office.

c) Accountability Courts

In 1999, following the coup, Accountability Courts (lapsed as of 1994) have been once again set up throughout the country to decide cases under the amended National Accountability Bureau Ordinance. These Accountability Courts were established for speedy disposal of cases involving corruption and corrupt practices, misuse, abuse of power, misappropriation of property, kickbacks, commissions and the matters connected and ancillary or incidental thereto. The Accountability Courts have so far announced judgments in several high profile corruption cases. Criticism with regards to selective accountability and political motives has been voiced in terms of the courts on a number of occasions, while the NAB and some others have been counter-arguing in defence of the integrity of the practices.

Public sector procurement and contracting

There have been major concerns in this area. There is large-scale corruption in procurement and contracting affecting government and development aid funded programmes, public works, etc. Some of the systemic weaknesses have included the lack of a standardised procurement regime (sets of clear, transparent rules and legislation) along with absence of repository of procurement expertise in the government. Grounds and opportunities for corruption are provided at every stage of the procurement process (from preparation to tender, bid evaluation, negotiations, and contracting).

Some of the reform efforts include:

a) Establishment of a public procurement regulatory authority

For years, several agencies and groups have been recommending the establishment of a single regulatory authority for public procurement, such as the WB in its Country Procurement Assessment report of 1997, as well as TI during its country mission in 2002. In June 2002, the PPRA was promulgated by the President for regulating procurement of goods, services and works in the public sector and for matters connected therewith or ancillary thereto; and extended to the whole of Pakistan. The PPRA, which comprises the Secretary, Finance Division (chair), and the Secretaries of Ministry of Industries and Production, Defence Production Division, Ministry of Water and Power, Ministry of Housing and Works, Ministry of Communications and three members from private sector nominated by the

Federal Government, can take such measures and exercise such powers as may be necessary for improving governance, management, transparency, accountability and quality of public procurement of goods, services and works in the public sector. It may monitor application of the laws and procedures; recommend revisions in or formulation of new laws, rules and policies in respect of or related to public procurement; make regulations and lay down codes of ethics and procedures for public procurement, inspection or quality of goods, services and works; monitor public procurement practices and make recommendations to improve governance, transparency, accountability and quality of public procurement; monitor overall performance of procuring agencies and make recommendations for improvements in their institutional set up and other.

Some reports (such as NACS related sources) suggest that the agency, however, has not been properly staffed and needs capacity building if it is to perform the intended functions.

b) Resolution related to procurement standards

In 2002, the National Accountability Bureau as a part of its study in preparing the NACS organised an international workshop, resulting in the stakeholders adopting a resolution related to ensuring transparency in Public Procurement in Pakistan. This resolution was incorporated in the NACS report and was approved by the Ministerial Cabinet and the President of Pakistan in October 2002. Amongst others, the recommendations provide that:

- 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 by-laws should be uniformly implemented in all government and semi government departments till such time the PPRA prepares its own Guidelines;
- to ensure transparency and public participation, the Transparency International-Pakistan tool 'Integrity Pact' should be made an integral part of all tenders;
- for every new project, public hearings should be made mandatory for scrutiny of necessity of the project and for the environmental assessment, prior to concept clearance approval;
- 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), and others.

c) Integrity pacts

An important part of the recommendations of the NACS is the incorporation of the TI Integrity Pacts in all contracts for goods and services where the estimated cost of the project is over Rupees 5 million for consultancy and over Rupees 50 million for Construction Contracts. This has been a major breakthrough in the efforts of TI-Pakistan whereby all major contracts will not only provide for the "Integrity Pact" but also include all other recommendations, which have been put out in the NACS Document (outlined above). An example of the Integrity Pact in use is to be found in the Greater Karachi Water Supply Scheme (KIII Project) project. An integrity pact, with a formal no-bribery commitment, was signed by KWSB, consultant bidders and TI Pakistan. It resulted in a successful bid of Rs 62 million (\$1.04m) against the reserved fees of Rs 249m (\$4.2m). The project adopted the least costly selection method. The bidding process was monitored by Transparency International- Pakistan to ensure it is clean and transparent. In the event of a breach of the Integrity Pact, sanctions come into force against the bidders and officials, including liability for damages, and blacklisting from future tenders. The procurement process is to be followed by monitoring of the contract by civil society, specifically TI Pakistan. The Karachi government had expressed plans to apply the same transparent process to other projects.

Reform initiatives in other areas

While, as mentioned above, detailing all general reform efforts in Pakistan over the last few years is out of the scope of this U4 answer, below are summaries of reform efforts in some additional sectors and areas that might be of interest for the purposes of this query. The listing is by no means exhaustive; there are other general reforms and we thus recommend to consult the further resources listed in Part III, in addition to this U4 answer.

Public Service

Efforts are under way on the part of the government to reform the Federal and Provincial Public service commissions, particularly with regards to capacity and competence building. Further, the World Bank has approved a US\$55 million IDA credit in May 2004 for Public Sector Capacity Building Projects that will fund the training and professional development of over 500

public servants, enhancing the capacity in key ministries/agencies which are in the forefront of designing, implementing and monitoring policy reform. It will also aim to strengthen some key regulatory agencies, specifically NEPRA (National Electric Power Regulatory Authority), OGRA (Oil & Gas Regulatory Authority) and PTA (Pakistan Telecommunication Authority).

Public sector financial management

It is suggested that some of the weaknesses may be addressed by the government's Project to Improve Financial Reporting and Auditing (PIFRA). The World Bank has carried out a country Financial Accountability Assessment in December 2003 (the report is available on WB Pakistan's website at www.worldbank.org.pk or can be emailed by the U4 helpdesk upon request). Further, the ADB has approved a US\$ 204 mln loan (part of a wider sequence) to support the Government of Punjab. Among other objectives, the programme aims to improve the effectiveness and accountability of financial management by bringing in transparent and user-friendly budgets and accounts, and financial and procurement systems

Financial oversight bodies

The Supreme Audit Institution of the country (the Auditor General's office) is trying to reform itself by following international best practices, such as those of the International Organisation of Supreme Audit Institutions (INTOSAI), as part of its reform agenda. It has been noted that there seems to be some progress in reorganizing the department with a view to adopting modern techniques of audit and reporting formats. It has initiated a capacity building program under the project to improve Financial Reporting and Auditing (PIFRA). Some of the other reform efforts include the design of diagnostic tools, such as a "Financial Government Rating Index (FGRI)" and an "Internal Quality Rating (IQR) for its departments, etc.

Public Accounts Committee: the PAC was for a number of years operating as an ad-hoc body in need of serious reform efforts. In December of 2003, a Standing Committee on Public Accounts was finally established comprising about 18 members including the present Minister for Finance (ex-officio).

Independent Anti-Corruption Agencies

The Government of Pakistan has undertaken a number of steps to strengthen the Anti-Corruption Agencies, and has especially concentrated on the National Accountability Bureau for its reforms. The reforms include the creation of NAB as the sole Anti Corruption Agency at the Federal level; adding the functions of

prevention through research and monitoring and public awareness and coalition building with civil society to NAB's mandate; provisions on appointments of ACAs (from the elected opposition members) and security of tenure of key office bearers of the ACA and others. Further reforms and restructuring are in the process.

Local Government

The Devolution programme (forming part of the local government plan built around decentralization of administrative authority, de-concentration of management functions, diffusion of the power-authority nexus, and distribution of resources to the district level) of handing over local governance to the local levels and the people is deemed to be progressing satisfactory. The Devolution programme is coordinated by the National Reconstruction Bureau. Some survey tools (mentioned in Part I of this U4 answer) have been developed in cooperation with CIET International to measure progress and the impact of the process on public service delivery at local levels.

<http://www.nrb.gov.pk/>

Civil society and public participation: It has been noted that civil society and non-governmental organisations are being engaged in government's committees, task forces and other advisory and oversight roles. So, for example, the local government is now required to establish various bodies that are to act as "watchdogs" and contribute inter alia towards the fight against corruption. These are to be set up in each town where citizens can take part in the direct monitoring of the Police, Judiciary, the District Government and others. These include the district Public Safety Commission to prevent unlawful or motivated use of police by the District Nazim; a Police Complaints Authority which will address serious complaints against police; Citizens Community Boards (comprising of civil society representatives) for energizing the community for development and improvement in service delivery through voluntary and self help initiatives as well as for carrying out citizen monitoring of the local government; local Ombudsman schemes and other bodies.

Freedom of Information and Media: Several ordinances have been promulgated in 2002, including the Freedom of Information Ordinance, the Press Council of Pakistan Ordinance and others. While this legislation has scope for major improvements, it is a reasonable first step to build on.

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During the course of the research for this query, a number of resources have been examined at length,

including Pakistan's National Anti-corruption Strategy document, the Draft National Integrity System Country Study report, as well as resources compiled at Pakistan's government's websites and those of international multilateral agencies. In addition, the following experts have been consulted: Jeremy Carver, Jeremy Pope, Shahzadi Beg (all three are UK based experts with experience in certain areas of anti-corruption reforms in Pakistan) and Shaukat Omari (head of TI Pakistan). The answer thus combines elements endorsed from the consulted resources and experts along with research and analytical input by the Helpdesk researcher.

3 Further information and contacts of relevant institutions

Further information

The following strategic reports and country studies provide detailed and comprehensive information about corruption in Pakistan and reform efforts.

Pakistan's National Anti-corruption Strategy (NACS), 2002

This is a very comprehensive country strategy, which contains sections on the assessment of the weaknesses of relevant institutions and the system as a whole, proposes the strategic reform agenda and the implementation plan. The strategy was the product of extensive stakeholder consultations across various sectors and the public. The process was driven by Pakistan's NAB, with input from international experts (supported by the DFID, UK).

The document can be downloaded in full at <http://www.nab.gov.pk> (please see "important documents" section on the right hand side)

Pakistan: DRAFT National Integrity System Country Study report, 2003

This is another detailed report assessing the pillars of the NIS in Pakistan and providing an overview of their present state and reform efforts. Parts of the report text have been borrowed from country's National Strategy (NACS); others reflect some developments post-2002, after the strategy was drawn.

This document is in draft form and is not available for public circulation yet. The enquirer has been circulated a working copy from TI-S.

Web resources

Pakistan Anti-Corruption Resources

An OECD website with rather extensive links to Pakistan's corruption related government resources, legislation as well as links to international organisations active in anti-corruption and good governance in Pakistan.

<http://www1.oecd.org/daf/ASIAcom/countries/pakistan.htm>

Pakistan Development Forum 2004

The Development forum (hosted by the Government of Pakistan annually to provide an opportunity to the donor community to hear the Government's development priorities and to learn about Pakistan's future strategic directions) was held in May 2004. The following WB page contains all the background papers and information, including 2004 speeches and assessments of Pakistan's most sectors and the development initiatives.

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/>

[SOUTHASIAEXT/PAKISTANEXTN/0,,contentMDK:20188146~pagePK:141137~piPK:217854~theSitePK:293052,00.html](http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/PAKISTANEXTN/0,,contentMDK:20188146~pagePK:141137~piPK:217854~theSitePK:293052,00.html)

Contact information of locally active international and national institutions

Pakistan authorities and government institutions:
National Anti-Corruption Bureau - Islamabad
Attaturk Avenue G-5/2, Islamabad
Tel: 051-9202182
Fax: 051-9214502-03
chairman@nab.gov.pk
<http://www.nab.gov.pk>

Offices in 5 other cities (contacts details of all offices are on the website)

Other government institutions

Web addresses of most government agencies and websites are listed in Annex 1 of the NIS draft country study (that has been circulated to the enquirer). A selection is also available at Pakistan government's central website at <http://www.infopak.gov.pk>

Main donors with active project portfolio in governance and anti-corruption fields:

Asian Development Bank - Islamabad contacts

The Bank has been active in governance and anti-corruption related projects in the country, including legal and judicial, public service, public sector management and other reforms.

Mr. Marshuk Ali Shah, Country Director
Overseas Pakistanis Foundation Building,
Sharah-e-Jamhuriyat, G-5/2, Islamabad, Pakistan
Tel: + 92 51 282 5011 to 16
Fax: + 92 51 282 3324/227 4718
E-mail: adbprm@adb.org
Web Site: <http://www.adb.org/PRM/>

United Nations Development Programme - Islamabad contacts

The UNDP has a number of programmes in the area of good governance. It has also been particularly active in local government devolution related initiatives.

Mr. Khurram Masood, External Affairs/Liasion
Office: 61-A, Jinnah Avenue,
9th, 10th & 13th Floors, Saudi Pak Tower, Islamabad
Tel: (051) 280.0133-42
Fax: (051) 280.0031,280.0034
Email: khurram.masood@undp.org
<http://www.un.org.pk/undp/>

World Bank - Islamabad contacts

The World Bank has a major portfolio in Pakistan, including areas of public sector management and governance.

Mr. Shahzad Sharjeel
20-A, Shahr-e-Jamhuriat
Ramna 5, (G-5/1)
Islamabad
Tel: (051) 279-641
Fax: (051) 279-648
Email: ssharjeel@worldbank.org
<http://www.worldbank.org.pk>

Canadian International Development Agency (CIDA) - HQ contacts

CIDA has a number of programmes. A substantial part of its governance portfolio seems to consist of local governance related and Pakistan NGO support and citizen participation aimed initiatives.

200 Promenade du Portage
Gatineau, Quebec
K1A 0G4

Tel: (819) 997-5006
Fax: (819) 953-6088
E-mail: info@acdi-cida.gc.ca

<http://www.acdi-cida.gc.ca/CIDAWEB/webcountry.nsf/VLUDocEn/Pakistan-Overview>

Tel: (92) 51-2270590
Fax: (92) 51-2275436
Email: tafpk@infolink.net.pk

International non-profits active at field level:

Transparency International Pakistan

Karachi contacts
(National Chapter in Formation)

TI has been active in a number of fields, including procurement, service delivery (report cards), diagnostic work and other fields.

Mr. Shaukat Omari
Managing Director, HI-aqua
83-Q, Khalid Bin Waleed Road,
Block-II P.E.C.H.S.
Karachi
Tel: +92-21 454 4400
Fax: +92-21 455 9152
Email: omari@transparency.org.pk
<http://www.transparency.org.pk/>

National Democratic Institute for International Affairs (NDI) –

HQ contacts

NDI has been active in a project on Government Accountability and Transparency.

NDI expects to continue to work with the Pakistani parliament on institutional responses to the problems of corruption and parliamentary instability.

Makram Ouais
Senior Program Officer
1717 Massachusetts Avenue, NW Fifth Floor
Washington, DC 20036
Phone: (1 202) 328-3136
Fax: (1 202) 939-3166
Email: makram@ndi.org

The Asia Foundation - Islamabad contacts

The Asia Foundation has been programming in Pakistan since 1954. Over the past decade, The Asia Foundation has supported good governance programs in Pakistan.

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Greg Alling, Assistant Representative
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Islamabad, Pakistan