

## **Scenario 73**

### **LUTTO – TAY HORE LUTTO**

#### **[CORRUPTION SCANDALS IN PAKISTAN]**

##### **PAK-LEGISLATORS PAY NO TAX:**

**On 2<sup>nd</sup> March 2010**, there was leading news in the whole print and electronic media that many Pakistani legislators had businesses and property portfolios in other parts of the world worth millions of dollars. Going through the filed statements of assets of members of the National Assembly, dozens of names appeared to have either a foreign business or owned some property abroad.

Arbab Alamgir Khan and his spouse Asma Alamgir Arbab [MNA on reserved seat] of the Pakistan People's Party [PPP] owned an apartment in Marina Dubai worth Rs: 30m; Makhdoom Amin Fahim owned a 2.2m Dirham worth apartment number 217 - Al-Dahsara-2, Greens Dubai.

The then National Assembly Speaker Dr Fehmida Mirza had mentioned in her assets declaration that she had paid an advance amount of Rs: 7.3m against an overseas apartment. Sherry Rehman's spouse also owned a residential apartment in London worth Rs: 59m and Farahnaz Ispahani, wife of Hussain Haqqani and herself an MNA from PPP's gifted seats, had an apartment number 3005 at 4301 Massachusetts Avenue, Washington DC 20036 worth \$675,000 then.

Engineer Usman Tarkai had one house in Doha, Qatar valued at Rs:15m; Munir Khan Orakzai had an investment of \$225,000 in transport business in Doha.

M Jamil Malik owned a house in Rotterdam, Holland, valued at 60,249 euros [only?]. He also owned a shop worth 250,000 euro and an investment of one million euros in food business named Malik Eastern Food in Netherlands.

Khwaja Asif had an investment of \$25,000 in Zen Japanees Rest; brought \$88,243 in Pakistan as remittances also. Ch Iftikhar Nazir had an investment of Rs: 41m in Weal AG Cooperation and Welcon International of Hong Kong having branches in Lahore.

Zahid Iqbal owned a house in London worth £0.9m, a restaurant and property business in London with £2m. Ch Nazir Ahmad Jatt had an investment of \$0.5 million in Eihar Construction of Riyadh, Saudi Arabia.

Dr Talat Iqbal Mahesar owned an apartment in Houston USA worth \$55K. Sohail Mansoor Khwaja had an investment as 18, Craneborne Chase, White Church Stouffville, Canada, worth Canadian \$0.32m. He also owned Unit no: 12, worth \$0.47m in 9088 Halston Court, Burnby BC, Canada.

Farhat M Khan had house no: 21744, Marigot Dr Boca Raton Fl-33428-USA worth \$0.9m. He had an investment of \$0.55m in Petroleum Cord, 4400 Federal Hwy Ft Lauderdale, FL USA. Anousha Rehman owned a house in UK worth Rs:50m and Begum Ishrat Ashraf and her spouse had flat in the UK valued at Rs: 9.2m.

The real point of disturbance for the people of Pakistan was that none of the above mentioned [and others too] parliamentarians had disclosed that whether they had bought the respective properties from the money on which tax had been paid to the national exchequer and how much. Fact remained that majority of them had turned out to be tax dodgers; the ***GUARDIAN dated 12<sup>th</sup> December 2012*** once mentioned in detail.

A year long study report, published jointly by two civil society organizations — the Centre for Peace and Development Initiatives and the Centre for Investigative Reporting in Pakistan — did not take into account the tax paid by politicians on their parliamentary salaries, which used to be automatically deducted by the government. Instead, it focused on the lawmakers' declarations of supplemental income from property, professional practices, and other sources of revenue.

Tax evasion has been a social norm in Pakistan since sixty years; people never considered it a crime. The country has been at chronically low rate of income tax collection. Of the country's 180 million people, only 2 percent are registered to pay tax, and less than a quarter of those actually pay, according to the report. [*Only 260,000 out of 180 million citizens paid tax consecutively for the last three years, according to the Federal Board of Revenues (FBR) data*]

Income tax evasion is particularly high among the wealthiest Pakistanis, leaving the country with the lowest ratio of tax to gross domestic product in South Asia. Meanwhile, the poor bear a disproportionately high tax burden because of indirect taxes on electricity, food and other goods.

Pakistan's flawed tax system had long been an issue for Western donors, who doled out the Pakistani government billions of dollars as development loans / aid over the past decade and supported bailout programs from multinational institutions like the International Monetary Fund [IMF] and World Bank.

In a Congress session of 2010, the US Secretary Hillary Clinton had said:

*"They don't tax income. They don't tax land. And a lot of the wealth is held in these huge feudal estates. They have no public education system to speak of, and it's because the very well off, of whom there is a considerable number, do not pay their fair share."*

Pakistan's refusal to implement sweeping tax reform was instrumental in the collapse of \$11.3 billion IMF bailout programme in November 2010.

Most Pakistani feudal avoid taxation because their income is largely derived from agriculture, a sector that is exempt from federal taxation — a longstanding complaint of the country's urban middle classes. The point is not that 70% don't file their returns, it's that those who do file fictitious returns and do not declare the true extent of their income. The problem is not limited to lawmakers; it's the entire prosperous class of Pakistan. Their lifestyles are totally out of sync with their declared income.

Another difficulty remained that, even when breaches of the tax laws were discovered, the rich and politically connected were never prosecuted. Law enforcement in Pakistan is in general very weak and if you happen to be an influential and powerful person like a politician, then it goes weaker. Those who make revenue policies run the government; they have not been able to set good examples for others.

The report carried the figures that out of 446 members of the Senate and National Assembly, 300 did not file their tax returns. And those who submitted the income tax return statement had paid an insignificant amount that didn't match with their princely living standards and expenses.

Out of 126 tax return-filing lawmakers from both the Houses, the National Assembly & the Senate, only 15 paid tax above one million rupees and 68 paid below Rs:100K each. All the MNAs and senators were sent a letter asking them for tax details. Only two MNAs, Pervaiz Malik and Arbab Muhammad Zahir, responded positively. The National Tax Numbers [NTNs] and Computerised National Identity Cards [CNICs] of the lawmakers were collected from their nomination papers and used for checking their tax information through sources with access to their data.

Prime Minister Raja Pervaiz Ashraf paid an insignificant amount of tax, Rs:142,536 in 2011. Out of his 54-member jumbo size cabinet, 34 didn't file tax returns. Prominent among them were Ch Pervaiz Elahi, Ch Wajahat Hussain, Haji Ghulam Ahmed Bilour, Rehman Malik, Nazar Mohammad Gondal, Farzana Raja and Makhdoom Amin Fahim. ***This 70-page report that contained all tax-related details of the MPs could be accessed through the CIRP website.***

The number of tax-dodgers increased over the years. A study based on the 2008's nomination papers record of the lawmakers found that 61% of them had admitted in their papers having not paid a penny in taxes the year they contested elections. Of the remaining 39% taxpaying lawmakers, only 9% paid tax above one million rupees.

***Prime Minister Yusuf Raza Gilani and his 25 cabinet members had paid zero tax, including the then sitting Finance Minister Hafeez Sheikh and Foreign Minister Hina Rabbani Khar.*** Mr Gilani himself registered for NTN in July 2010.

The latest report "***An Analysis of MPs' Income Tax Returns for 2011,***" available with media told that in the Senate, Aitzaz Ahsan was the highest taxpayer who paid Rs:12.97 million; followed by Abbas Khan Afridi, Talha Mehmood, Farogh Naseem and Osman Saifullah. ***Mushahid Hussain was the lowest taxpaying senator as he paid only Rs:82 in 2011.*** Karim Ahmad Khawaja, Haji Saifullah Bangash, Naseema Ehsan, and Malik Salah-ud-Din Dogar were other four lowest taxpaying Senators. No political party had shown significant compliance with the tax laws making it mandatory to file the tax returns.

Jehangir Tareen [later joined PTI] was the highest taxpaying MNA with Rs:17.05 million in September 2011. He was followed by Hamid Yar Hiraj, Hamza Shahbaz Sharif, Attiya Inayatullah and Humayun Saifullah Khan. Sheikh Rohail Asghar of the PML(N) was the lowest taxpaying MNA among those who had then paid Rs:16,893 only. Ghulam Murtaza Jatoi, Asim Nazir, Engineer Amir Muqam, and Rana Afzaal Hussain had followed Sheikh Rohail in the bottom-five list.

There were 88 senators and MNAs who didn't have their NTNs even. Among them were included Commerce Minister Makhdoom Amin Faheem, Deputy Speaker National Assembly Faisal Karim Kundi, Senator Pervez Rashid, Aftab Sherpao, Faisal Saleh Hayat, Samina Khalid Ghurki, Zubaida Jalal and Mehboobullah Jan, who was declared the richest MNA in 2009 otherwise.

There were 35 senators and MNAs registered for NTN only after their elections of 2008. Prominent among them were Yusuf Raza Gilani, Maulana Fazlur-Rehman, Zahid Khan and two federal ministers, Sardar Bahadur Khan Sehar and Kh Sheraz Mahmood. Although, Gilani was no more in the PM House after mid 2012 but he was an MNA and PM in 2011 when the tax returns were filed and thus considered for study.

There were 10 key-position holders in the Senate like the Chairman and Deputy Chairman Senate and parliamentary leaders of different parties. Among them the highest taxpayer was Abbas Khan Afridi mentioned above and Ishaq Dar [*the Federal Finance Minister in PML's government in 1997-99*] the lowest taxpayer among them with Rs:32,750. Deputy Chairman Senate Sabir Baloch didn't file the tax return.

There were 12 MNAs holding key positions in the National Assembly. Among them, Dr Fehmida Mirza, Speaker National Assembly, was the highest taxpayer who paid Rs:0.649 million and Ghulam Murtaza Jatoi, the parliamentary leader of the National Peoples' Party (NPP) was the lowest taxpayer who had paid Rs:21,993. Ch Nisar Ali Khan, the Leader of the Opposition, paid Rs:153,940 as income tax in 2011.

The Pakistani elite class has been the biggest tax evaders. Right from Gen Ziaul Haq to President Zardari, no leader filed tax returns regularly. In the case of Gen Zia, the report quoted his speech of 1986 where he had urged Islamic punishment for the tax evaders [***Gen Zia had said if Islamic law called for the amputation of the hands of thieves, tax evaders should have their entire arm cut off***] but the tax authorities revealed later that Gen Zia himself had never filed a tax return right from 1969 to 1988; his family was finally forced to do so.

Pakistan's tax to GDP ratio of 9.2% had been [still it is] significantly lower amongst other countries like India (16 percent), Sri Lanka (13 percent), Indonesia (14 percent), Malaysia (15 percent), Thailand (17 percent), Philippines (14 percent), and South Korea (16 percent). It is even lower than Ethiopia (10 percent) and Afghanistan (9.4 percent). ***The National Assembly was informed on 7<sup>th</sup> June 2011 that Pakistan was second from the bottom among 154 countries on the tax to GDP ratio ranking.***

In Pakistan, the tax malpractices on the part of elite have always discouraged the common citizens to pay taxes who already feel overburdened through indirect taxes. The low tax to GDP ratio had been a major revenue issue confronting Pakistan; as a result, its economy has long been dependent on foreign aid and loans, even more these days.

***On 22<sup>nd</sup> April 2011***, an FBR report for 2008-09 presented before the Public Accounts Committee (PAC) made a startling disclosure that banks withheld an amount of Rs:13.696 billion collected as tax but did not deposit the same in government treasury. 24 banks collected from the public a sum of Rs:22 billion in 2007-08 in taxes; they deposited only Rs:8 billion in government treasury and retained the rest of more than Rs:13 billion.

As per details; 232 companies in the public sector distributed profit of Rs:145 billion on which Rs:14.55 billion was realized as tax. However only Rs:5.42 billion were deposited in govt account and Rs:9.12 billion were not. Only four of 38 sections under the head of withholding tax for 2008-09 were subjected to scrutiny which revealed that Rs:45 billion of withholding tax were not deposited in govt account.

On the whole PAC termed the performance of FBR disappointing; its orders and directions had not been implemented seriously. It was noted that out of a population of 180 million, only 3.136 million people paid taxes. Out of those there were 47,412 companies, 1,716,375 traders, 1,230,165 salaried people and 141,672 associations of persons (small businessmen).

Pakistan Revenue Auto Machine Ltd (PRAL), functioning under FBR's administrative control was declared involved in embezzlement of Rs:18 m but the Accounts Officer culprit was restricted only to removal from service and FBR officials could not unearth the assets of the accused even in ten years. PRAL was functioning as a private company but public revenue was used to run that private company; salaries were being paid by FBR. The said concern was working as an e-filing unit and that 200,000 people benefited from it through electronic refunds and receipts.

During the fiscal year 2008-09, cases of recovery of Rs:120 billion on behalf of FBR were pending in the courts and the government had to promulgate three ordinances to recover Rs:51 billion. It was on record that for under trial cases, the counsels were paid from Rs:10K to Rs:1m as fee.

### **LIQUID NATURAL GAS [LNG] SCAM:**

**On 5<sup>th</sup> April 2010**, the Supreme Court [SC] of Pakistan directed the Ministry of petroleum to file complete record by 14<sup>th</sup> April regarding a 25 billion dollar Liquid Natural Gas (LNG) scam. A 3-member bench of the apex court comprising CJP Iftikhar M Chaudhry, Justice Ch Ijaz Ahmed, and Justice Ghulam Rabbani Rabbani gave the directives while hearing a *suo moto* case.

Reportedly, the government of Pakistan had suffered a loss of \$1.33 billion in 3.5 million LNG deal worth \$25 billion. The Federal Minister for Petroleum maintained that the government had not sustained loss; rather the country would get profit of the same amount after finalising this project. The Petroleum Ministry had clarified their position before the National Assembly Standing Committee on Petroleum and Natural Resources and according to the Committee's report submitted in the house on 9<sup>th</sup> April 2010, the alleged scam was termed baseless.

Media investigative reports had revealed that the PPP's top guns awarded a multibillion dollars contract for 3.5 million tons LNG import to a French firm after ignoring the lowest bid jointly offered by the Fauji Foundation and the Vitol. Former Finance Minister Shaukat Tareen had filed a reply before the apex court saying that there was a clear lapse when the Fauji - VITOL proposal was not shared with the Economic Coordination Committee (ECC).

Managing Director Fauji Foundation Lt Gen (retd) Hamid Rab Nawaz alleged that they were intentionally dropped from the bidding as contract was awarded to a French firm on the pressure of Qatari high ups. Secretary Finance informed the court that the Petroleum Ministry had not placed complete details of the bidding before the ECC; a little more details below.

A secret letter No: Met/354/40, dated 4<sup>th</sup> February 2010 written by Qatar's Energy Minister Abdullah Bin Hamad to Petroleum Minister Naveed Qamar, pleading for the contract to be awarded to Shell, only five days before the ECC meeting on 9<sup>th</sup> February, was confident to getting this multi-billion dollar contract as the Qatari minister had invited Mr Qamar to visit Doha to witness the signing of the agreement to import the LNG.

Shaukat Tarin, the then Finance Minister sitting in the ECC meeting, rejected the recommendations of the Petroleum Ministry to award the contract to Shell and, instead, recommended to award it to the GDF Suez. ***This became the main reason behind the annoyance of the President Zardari and Mr Tarin was sent home next day.***

The two official letters of the global head of the LNG Shell, De Ia Rey Ventor, and Qatar's Deputy Minister for Energy and Industry Abdullah Bin Hamad Al Attiyah, were placed before the Supreme Court to prove how massive irregularities were committed in the award of this contract and how political clout was used to make last minute changes in the official summary.

Letters dated 10<sup>th</sup> & 18<sup>th</sup> February 2010, written by Petroleum Ministry's Special Secretary G A Sabri, to Shaukat Tarin [*informing him that the petroleum minister had stopped him from giving any reason for ignoring the lowest bidder, FF / Vitol, and that the minister would personally handle the matter*] were also made part of the court file. Fauji Foundation / Vitol's bid, claiming that it was the lowest by about \$400 million from the GDF-Suez, was also presented before the SC. Replies of Mr Tarin, Finance Ministry, Petroleum Ministry and MD FF Gen Rab Nawaz to the notices issued on 2<sup>nd</sup> April 2010 were also duly submitted to the SC's bench.

Meanwhile, investigations revealed that the evaluation committee, headed by G A Sabri, was in favour of the FF / Vitol because their bid was cheaper for a five-year term, while the GDF-Suez was cheaper for a 20-year import contract. So, both were recommended for the con-

tract. When Shell came to know that its bid was being ignored, its chairman met one of the top guns of Pakistan to seek his help. Consequently, Minister for Petroleum Naveed Qamar received a letter, dated 4<sup>th</sup> February, from De La Rey Venter, saying that:

*".....Having considered what you shared with us and in view of our understanding of your requirements, we wish by this letter to provide you with an amended proposal. We believe this accommodates what you require without forgetting the long-term supply security for Pakistan."*

In this letter, Shell offered to supply 2.5 million tons of LNG [from Qatar] against the tender of 3.5 million tons for six years; also enclosed a new bid in the light of long discussions at the Presidency.

On the same day, Naveed Qamar received another letter from Qatari Minister Abdullah Bin Hamad saying that *'a decision on the LNG receiving terminal from Shell / Qatar has been taken in principle by you in the cabinet. I would like to congratulate you on achieving such a significant milestone on the route to LNG. .... Thereafter would be pleased to invite you to Doha to witness signing of the relevant documents in due course.'*

When these two letters arrived at the ministry, the evaluation team was asked to "accommodate" Shell at all costs. The official summary was sent to the ECC replacing the name of FF / Vitol with Shell. The report of the consultant opposing the award of contract to Shell was thrown in the dustbin. But, finally it was decided to allow GDF-Suez to supply LNG for 20 years and Shell was recommended for five years. However, when the summary was presented before the ECC, Shaukat Tarin straightaway rejected the recommendation of the petroleum ministry to award the contract to Shell and instead awarded it to GDF-Suez.

In the ECC meeting, the name of FF / Vitol was not mentioned even being lowest. When Shaukat Tarin wrote to the Petroleum Ministry asking why it had never mentioned the bid of FF / Vitol in the official summary to the ECC. After eight days Sabri sent in a brief reply saying: *"Minister Naveed Qamar says he would handle the matter personally"*.

Shaukat Tarin was sent home **on 28<sup>th</sup> February 2010** thus the whole issue was buried. Gen Rab Nawaz of the Fauji Foundation wrote to PM Secretariat and even complained to ISI to investigate the matter; but there was no one to ask Naveed Qamar or G A Sbari and others – it was democratic Pakistan.

**On 29<sup>th</sup> April 2010**, the reporter who broke the story of LNG scam was misbehaved by the Chief Executive Officer [CEO] Stephen Hamilton of GDF Suez London, in the lobby of the apex court. GDF official Stephen gripped him from his arm and said *'Hello Mr, you defamed our company by filing a news story and we would precede a case against you in the London court.'*

The reporter replied that he had no concern with GDF but he only highlighted the irregularities in the Ministry of Petroleum; adding that *'you have no right to deal me in such a rude manner while showing your old colonial mentality, we are not your slaves.'*

The matter was brought in the notice of the apex court during that day's hearing and Abdul Hafeez Pirzada, the counsel for DGF Suez, and S M Zafar, the counsel for Petroleum Ministry had to apologise for that misconduct of top GDF official.

Full details are available in former petroleum secretary G A Sabri's book [***The Proclaimed LNG Scam – a Treatise in Perspective***] on this scam, released **on 18<sup>th</sup> June 2013** which narrated how the LNG project went dead due to controversies during the PPP government.

The book disclosed big names who were allegedly involved in failing that LNG import project; Pakistan could have been in a position to import LNG at \$11 per mmbtu against the price of over \$17 per mmbtu quoted by different suppliers.

**THE FACTS** remained that the import of 500 Million Cubic Feet per Day (MMCFD) of LNG project was scraped because of vested interest, intensifying the energy crisis in Pakistan. The government negotiated a price of \$13.819 per MMBTU with potential suppliers, the ECC of the Cabinet gave the project go-ahead but because of certain reasons, the import of LNG went impossible till mid 2013 at least.

In 2013, the LNG price in the international market went up to \$18 per MMBTU because of a higher demand in Japan, UK and India. In 2010, countries like Iran and Turkmenistan had quoted \$15 per MMBTU but due to over enthusiasm of the Supreme Court, exhibited through the *suo-moto*, the project could not be finalized.

The nominated Price Negotiating Committee comprising of G A Sabri [Chairman] with Pervaiz Butt of the Planning Commission, Iqbal Awan of the Ministry of Finance, and Naeem Sharafat of the Sui Southern Gas Company had achieved a reduction of almost 46% resulting in a saving of over \$1 billion per annum. The terminal tariff was also brought down by the PNC from \$1.5 per MMBTU to \$0.5 per MMBTU. Even the 2013's lowest tender price, not yet finalized, was higher by 28%.

Had Pakistan gone ahead seriously with the Vitol / Fauji or with GDF Suez, that saving could increase to almost \$721 million per annum. *"In addition, the indirect cost of industrial sector's losses because of the energy crisis and its impact on the country's economy is yet to be quantified,"* the media reports held. The said quoted book loudly told that:

*"Thus with irregularities of the people concerned and the omissions and prejudices of the judiciary, this wonderful deal, possibly the only transparent mega project in Pakistan at least in the last decade, died its poison injected death, ruining the energy sector and ultimately Pakistan's economy at large."*

The ECC had considered the summary on 26<sup>th</sup> January 2010 and directed the Ministry of PNR to resubmit it with additional reports from Asif Bajwa, Special Secretary Finance and Masroor Qureshi, DG Debt Management (DGDM) of the MoF. The revised summary was submitted on 8<sup>th</sup> February 2010; on 9<sup>th</sup> February 2010 the ECC approved the project with GDF Suez.

No sooner did the ECC decision become public, various mafias jumped in. A news report captioned **'\$1 billion LNG scam lands in federal Cabinet'** by **Rauf Klasra** was published in two installments in the daily **'the News'** of **29<sup>th</sup> & 31<sup>st</sup> March 2010**. It was evident that both articles were sponsored to malign the Award.

### **BISP's FAKE RECRUITMENTS:**

The BISP was established through an Ordinance in 2009 to provide financial support, assistance and other opportunities, such as education, vocational training, skills development, welfare programme, livelihood programme, health insurance, accident insurance and access to micro-finance. As per provisions, BISP was aimed to strive to achieve the three objectives like enhance financial capacity of the poor and their dependant family members, formulate and implement comprehensive policies and targeted programme and reduce poverty and promote equitable distribution of wealth, especially for the low-income groups.

**On 4<sup>th</sup> April 2011;** President Zardari was briefed on Benazir Income Support Programme [BISP]'s appointments by Farzana Raja at Naudero. Farzana Raja had recruited an exact number of 100 officers & staff for its Sindh chapter all with a concocted and fake table exercise. When the news was leaked to the media, Farzana Raja had defended these appoint-

ments but the programme's Media Director in BISP Shoaib Khan stood in the way; thus the appointments had to be cancelled as they were not approved by the BISP management.

The cancellation was announced as the officers at management level had refused to become part of those appointments and had approached the Chief Justice of Pakistan with the request to inquire into the matter to get these appointments cancelled and protect them from being targeted. The officer, Shoaib Khan was then surrendered to the Establishment Division making him a target for refusing to own up what he called the forged call letters issued under his fake signatures.

The said appointments caused a considerable embarrassment for Mr Zardari who did not know that those appointment letters, already issued to the candidates concerned, had become controversial as the officer concerned had refused to own them.

*[Here the story of **A KETCHUP GIRL**: Asif Ali Zardari, when used to appear in NAB Courts of Rawalpindi, was always surrounded by his usual courtiers who competed with each other to please the boss. The crony-in-chief, later in-charge of President's golden brief case, jail doctor Qayyum Soomro once brought biscuits and patties and were being served. An overly made-up woman suddenly dashed to Asif Zardari to pour ketchup in his plate and then turned around to inform others, "**Asif Sahib likes his patty with ketchup.**"*

*As Zardari gave her an approving smile she suddenly broke up in water melon sized tears. A little taken aback, Zardari was explained that her husband Pir Muqaram Ali Shah was also in jail for a printing case fraud. Everybody was moved—Asif Zardari the most. Asif told the nearby party workers that she would miss her husband's hearing but never his own. No surprises there. When Zardari affectionately said, '**come on girlie, give me a little more ketchup**'. Instantly, she cheered up like a doll.*

*After 14 years, Farzana Raja was the biggest star and PPP's poster girl. She made great speeches and was seen shouldering Asif Zardari in every second picture; she had outsmarted the other two competing party Effs—Fehmida and Farahnaz—by miles. She was later the most powerful person in the PPP being in-charge minister of the Benazir Income Support Programme (BISP).*

*Every PPP member had to approach her for funds. The media could not dare to touch her as she had cleverly allocated a large amount of money for TV advertisements. One word against her and the ads involving tens of millions of rupees could be retracted. On Benazir Bhutto's death anniversaries, she used to be portrayed as the god mother of Benazir's children.*

*In her life, Benazir Bhutto disliked her because she once pulled a smart trick on her. Benazir had Jahangir Badr seated with her in a party meeting. He got up for a minute for some task and Farzana sat there pretending as if she had something to say to her. And then she got her photographed sitting next to her and got it flashed all around. Benazir was furious and asked Naheed not to let her come close to her again. Benazir was angry when Asif got her a Sindh Assembly seat in 2002.*

*Hats off to Zafar Bakhtawari of D Watson Islamabad in whose pharmacy Farzana used to work in her youth. Only once Bakhtawari sent her for collection of a pending bill from Printing Press of Pakistan's Chairman, Pir Mukarram and he never got her back because she got managed to marry Pir Sahib. Since those days on, she never looked back even when the poor Pir got jailed in corruption cum political victimization cases.]*

**On 9<sup>th</sup> April 2011**; when the media broke the story and disclosed that the BISP's Sindh Chief had alleged that 100 "forged" appointment letters of assistant directors, complaint as-



sistants and others had been issued to favourite candidates, the BISP Chairperson started blaming the officer of having been involved in a case of sexual harassment. Interestingly, former DG Sindh Akbar Aleem Shamim, on 6<sup>th</sup> April 2011 had written to the Secretary of the BISP Islamabad and other concerned and insisted that he had not signed what he called the "bogus offer letters".

Referring to ***the 'Nation' dated 15<sup>th</sup> July 2013***; the Auditor General of Pakistan [AGP] detected irregularities and non-compliances of about Rs:147 billion in the accounts of the BISP in the audit year of 2013. The short comings were:

- *BISP management paid Rs:12.22 million to one Anjum Asim Shahid Rehman, a chartered accountant, vide cheque No.865129 on account of Nationwide Rollout of Poverty Scoreboard during 2011-12 ignoring the selection criteria of the firm.*
- *BISP management paid Rs:3.734 million to the nine deputationists under the head of house rent allowances despite the fact that they were allotted government accommodations; they were not entitled to monthly house rent.*
- *Rs:21.583 million were spent in adoption of special pay scale by BISP board without the concurrence and approval of Finance Division; thus the payments were irregular and unauthorised.*
- *Rs:2.746 million were paid in violation of the government's instruction; the officers appointed on contract basis were not entitled to benefit from arrears.*
- *Rs:1647.486 million were spent under the head of selection of four advertising firms without due evaluation, the entire process of short-listing and final selection was done without the involvement of Press Information Department; thus the whole process was termed as irregular.*
- *Rs: 2747.256 million were spent on irregular appointment of State Life Insurance Corporation [SLIC] without open competition while the invitations for 'Health Insurance' were advertised in leading newspapers. Appointment of SLIC without open competition and ignoring the eight competitors without observing the laid down rules was irregular.*
- *Rs:74412.364 million were spent in making payments during 2010-12 under Poverty Scorecard System, Parliamentary System, Waseela-e-Haq, Waseela-e-Rozgar, Waseela-e-Sehat, Emergency Relief Packages and IDPs, the spending outlets not included in the BISP Act 2010.*
- *Rs:7.665 million were spent in the head of provision of vehicles to unauthorised officers and Rs:1.930 million was paid in irregular and unauthorised payment to cash reward to World Bank consultants.*
- *Rs:2648.747 million were spent in undue favour to SLIC as the BISP Board decided to provide life Insurance worth Rs:100,000 to the primary bread-earners of the families which was not authorised by the BISP Act.*
- *Rs:73.752 million were given to NADRA without open competition for printing and distribution of 184,379 Benazir Smart Cards at the rate of Rs:400 per card thus termed as irregular and unauthorized.*
- *Rs:65098 million were spent on agreements with Pakistan Post and commercial banks, which contained provision of reconciliation of funds disbursed before next payment. The amounts disbursed to Pakistan Post and commercial banks were not reconciled as required by the accounting procedure.*
- *Rs:48.049 million were spent for the printing work which was awarded to Pakistan Post Foundation Press without observing the prescribed rules and procedures.*
- *Rs:66.968 million were over-paid to Pakistan Post and no efforts were made to recover it back.*
- *Rs:305.577 million were **paid to ineligible beneficiaries**; there was no application control and responsibility was not fixed for those [bogus] payments.*

[The President of Pakistan is chief patron and prime minister is executive patron of BISP while a federal minister manages its operations as chairpersons with the help of board constituted by the President on the advice of the PM.]

### **ANJUM AQEEL OF PML(N) CASE:**

**On 31<sup>st</sup> March 2011;** PML(N)'s MNA Anjum Aqeel agreed to hand over land and cash worth Rs:7b to the treasury under a deal struck with federal investigators to resolve the National Police Foundation (NPF) scandal. The recovery was made by the joint inquiry committee, comprising members of the Federal Investigation Agency (FIA) and the NPF. The committee, headed by Zafar Ahmad Qureshi, the Managing Director of NPF and Additional DG of FIA, conducted the inquiry on the orders of the Supreme Court and the interior secretary.

According to the deal struck between FIA officials, NPF authorities and Anjum Aqeel, the MNA had undertaken to hand over the possession of a 2.75 acre commercial plot worth Rs:2.2b located in Crystal Court Centre in Islamabad, besides taking on the liability of a 3.25 acre plot valued at Rs:2.6b. Aqeel had fraudulently obtained allotment letters of six acres of land from NPF. However, he was still the legal owner of all six acres and had Aqeel sold off the additional land, the NPF was responsible to give the land to the buyers. After the deal, the NPF's liability was apparently waived off.

Anjum Aqeel had also pledged to give possession of another 6,655 sq yard plot valued at Rs:240m; he was made bound by the agreement to deposit about Rs:2b in NPF account against the price of a 25-acre plot within one year. The price of the said land was to be assessed by the committee headed by the Secretary Interior.

MD NPF Zafar Qureshi told the media that the inquiry was almost finalised and its recommendations were ready to be placed before the apex court. Also that, on papers, as many as 59 persons were allotted lands, who did not actually exist, adding that if other people were also allotted 3.25 acres of land, they would also be included in the victims' list.

**On 21<sup>st</sup> June 2011;** the Supreme Court, on *a suo moto* notice, directed the MD NPF to initiate criminal action against MNA Anjum Aqeel involved in Rs:6b land scam case. The 3-member bench comprising Chief Justice Iftikhar M Chaudhry, Justice Tariq Parvez and Justice Amir Hani Muslim in its order observed that the NPF Committee had established irregularities and corruption in purchase of land and directed that all responsible should be dealt strictly as no one was above the law.

The NPF MD was also directed to proceed against those officials who arbitrarily and illegally got more than ten and 15 plots and caused huge loss. "*Prima facie, from land agreements it appears that those were not transparent. Go by the law, let the law prevail,*" the bench held.

The CJP expressed his displeasure that why a case was not registered against an MNA who had deprived the police employees of their lands; FIR should have been registered against the man who had embezzled Rs:6b. MD NPF informed the bench that NPF had taken back 25 kanals of land worth Rs:2b out of total 126 kanals from the MNA. The MD NPF confirmed that one director housing had grabbed 15 plots while one widow PSP officer was deprived of her plot.

**On 15<sup>th</sup> July 2011,** a mob comprising of local members of PML(N) raided the Shalimar Police Station Islamabad where MNA Anjum Aqeel was going to be kept in police custody for involvement in the above mentioned NPF land grabbing case [***termed as old tested modus-operandi of the PML(N) by the media – recall the stinking episode of November 1997 while attacking the SC premises***]. It was also noticed by the media and the

high ups of police that the said fleeing away occurred with the connivance or at least with the consent of DSP In-charge and the concerned SHO. Thus a case was registered against both police officers on charges of rendering negligence in the line of duty; both officers were arrested too.

According to details, while MNA Anjum Aqeel was being brought to Shalimar Police Station, the police mobile van came under attack by PML(N)'s activists who shifted Anjum Aqeel in their car and fled away. On media pressure, Anjum Aqeel surrendered before the police next day and he along with those who kidnapped him from the police mobile were taken into custody and later an ATC court sent them to jail. A day after, however, the Rawalpindi ATC court approved bails of 31 persons including the MNA.

Meanwhile, one college lecturer named Shabhahat Ali, got registered a case against Anjum Aqeel alleging that the MNA had sold a plot for Rs:0.95m to him in the National Police Foundation housing scheme but the plot never materialised and neither was the huge sum returned by the accused. The matter went to court where the MNA's lawyer told the court that his client had made a compromise with the complainant and had returned the money.

**On 12<sup>th</sup> August 2011**, Special Judge Central, S Akhlaq Ahmed, granted a post-arrest bail to MNA Anjum Aqeel. The court also extended interim bail granted to him and to Director Housing Maj Laeeq Khan till 7<sup>th</sup> September in another case of alleged corruption in purchases of land for NPF.

Ironically, when MD Zafar Qureshi left the NPF in November 2011, the FIA declared the said MNA 'innocent'; **Dawn dated 15<sup>th</sup> Nov 2011** is referred, though Babar Sayeed Butt, counsel for the NPF had raised the dissenting voice.

As per interim report released by the FIA, Anjum Aqeel's Estate Company Land Linkers had received a payment of Rs:441,178,375 for 608 kanals. However, the Capital Development Authority [CDA] transferred only 563 kanals to the NPF. Of the remaining 45 kanals that were not transferred, 22 kanals were short because of duplication / triplication in transfers; 21 kanals were short due to change of ownership made on the directive of the Supreme Court; and two kanals were short due to sale of excess share. The fact sheet also absolved Anjum Aqeel of embezzlement of land in two other agreements as well.

Regarding another accused of the land scam – Maj (Rtd) Laeeq Ahmed Khan, ex-Director Housing – the FIA interim fact sheet said that he was not posted at that post in 1997 when the first agreement for purchase of land was signed between NPF and Land Linkers. However, he was allotted two plots in his own name and three plots were allotted to his son and daughter but no illegality came on record in this allotment.

Likewise, the Golra police also decided to withdraw a case registered against Anjum Aqeel and others on charges of breach of trust and trespass. The case was registered on 26<sup>th</sup> October in response to a complaint lodged by one retired SP of Sindh named Raja Ayub. Anjum Aqeel was declared innocent during investigation saying it was a civil matter not criminal.

The FIR contained that on 27<sup>th</sup> September, MNA Anjum Aqeel, Tahir Mehmood and Mansoor Khan, from whom SP Raja Ayub had purchased the land and paid the amount, re-occupied the land forcefully. Later the NPF converted its status from residential to commercial and transferred it to the accused MNA.

**On 3<sup>rd</sup> December 2011**, MNA Anjum Aqeel was arrested from courtroom after the Special Court rejected his bail plea in the Rs:6b NPF land scam case. The MNA appeared to the jury where the judge refused to extend his interim bail, rejecting his plea, after which FIA officials arrested him from the court premises. Another point surfaced that Aqeel was not the only owner of the land but there was another share holder with him who had got stay order of the court. MNA Aqeel had taken oath in the court to withdraw from 23-kanal land but as he had been given 14 extensions in the case, the Court ultimately handed him over to the FIA.

**On 24<sup>th</sup> December 2011;** Senior Civil Judge Mahmood Haroon referred NPF land scam case to Rawalpindi Special Court due to non-appearance of three accused including MNA Anjum Aqeel. NPF Secretary Abdul Hannan and former Director Iftikhar Ahmed had not appeared before the court on medical grounds. Ironically, all the three medical examinations were compiled by one Dr Akhtar Ali Badshah, Assistant Professor of Cardiology PIMS Islamabad.

FIA's AD Legal informed the court that the case was registered against above mentioned persons on orders of the Supreme Court [SC] during a *suo motu* notice case on 21<sup>st</sup> June. The MNA's company, Land Linkers, was chosen to procure land for the housing scheme in Sector E-11 for police personnel. The civil court was told that the value of just one piece of land of Crystal Courts, measuring 48 kanal was Rs:4b and the remaining land was residential, of over Rs:2b. Thus a heavy loss was caused to NPF in this allotment in connivance with some dishonest officers of NPF.

The ratio of affiliation of land of private owners as decided by CDA Board on 9<sup>th</sup> October 2002 could be 54% share of private owners. By this way 162 kanals developed land was allotted to the MNA.

On that very pretext of land scam, Anjum Aqeel lost his bright political career. He had previously been the elected MNA of Islamabad on PML(N) ticket. For general elections of May 2011, PML(N) did not consider his candidature thus Makhdoom Javed Hashmi of PTI won that seat.

Three months later, Anjum Aqeel's name was again considered by PML(N) high ups alongwith Hanif Abbasi and Advocate Ashraf Gujjar to contest supplementary elections on the same constituency of Islamabad as Javed Hashmi had vacated the seat. Hot discussions were held in PM House for all the three but Ashraf Gujjar succeeded in getting more favours. That was another hard luck that PML(N) lost that seat against the PTI's candidate again.

Referring to Rauf Klasra's essay in ***daily 'Dunya' of 28<sup>th</sup> April 2013:***

*'Anjum Aqeel was the luckiest person of the lot. His principals, Sharif family people, were being dragged in courts since the last 15 years but could not get relief. Anjum started his career as a school teacher and sailed in the billionaire's boat just within years.*

*He once escaped the police lock up through attack on police station by his companions; he paid bucks to the whole PS and judicial crew and got acquitted.*

*In another lower court for a similar land-fraud case, the judge asked him that the court could summon the newspaper reporter for publishing news against him because the complaint is being thrown out.*

*In the last the FIA had withdrawn that Rs:6 billion case from the court because everyone including DG FIA, IGP Islamabad Binyamin, Secretary Interior, Principal Secretary Kh Siddique Akbar, retiring MD NPF Zahid Mahmood and the whole PML(N) were all on his side.'*

Never mind, everything is fair in love, war and Pakistan.

## **REKO DIQ GOLD MINES:**

**On 7<sup>th</sup> April 2011;** Chief Justice Iftikhar M Chaudhry observed that when there were already rules for exploration and mining then why new rules were made; specially designed to facilitate companies involved in Reko Diq site in Balochistan.

*[Reko Diq is a small town in Chagai District of Balochistan in a desert area, 70 kilometres northwest of Naukundi, close to Pakistan's border with Iran and Afghanistan. The area is located in Tethyan belt that stretches all the way from Turkey and Iran into Pakistan.]*

*According to Dr Samar Mubarakmand, former Chairman Pak Atomic Energy Commission (PAEC), Geological Survey of Pakistan had discovered the Reko Diq reserves as far as in 1978. Its vast Gold and Copper reserves are known to all; believed to be the world 5th largest gold mine.]*

A 3-member bench of the apex court, comprising CJP Iftikhar M Chaudhry, Justice M Sair Ali and Justice Ghulam Rabbani, was hearing a case against leasing of Reko Diq gold and copper mines in Balochistan worth over \$260b [*to Tethyan Copper Company (TCC), a Canadian and Chilean consortium of Barrick Gold and Antofagasta Minerals*] by the federal and provincial governments in violation of then prevailing laws. The TCC had got the exploration licence for just \$100 with a condition to find out something in six months and then come into an alliance and be a partner with Balochistan government in investment and profit.

The court observed that the original license holder company [BHP] had been investing millions of dollars in the project since ten years then could they sell the licence only for 100 dollars? TCC's lawyer told the court that the new company was to invest \$3 million within six months and \$100 was just a token consideration in the agreement. BHP was exhausted investing in this project so they invited the new company [TCC] and gave them full rights of exploration for the next six months; the companies were to be turned into a joint venture later.

Balochistan's Advocate General Ammanullah Kanrani objected the TCC counsel on the grounds that relaxation was against the rules and had never been approved by the chief minister; the TCC held that the summery of the joint venture was duly approved by the CM, the Balochistan government issued a notification and the then governor had issued the agreement. First notification for relaxation of rules was issued on 20<sup>th</sup> January 1994 and then under new rules it was re-written on 3<sup>rd</sup> April 2002.

The Balochistan's AG told the apex court that the BHP had made an agreement with a man namely Atta Muhammad who had since been sacked on corruption charges. TCC was ready to settle the matter with mutual cooperation but the AG told the apex court that the Balochistan government wanted a court decision on the project on merit instead of settling it through consultations.

Meanwhile, the federal government [of the PPP] distanced itself from that multi-billion dollar Reko Diq saga by refusing to pay Balochistan the Rs:450m it needed to pay legal experts to fight the international arbitration case filed by the TCC. TCC had opened litigation with Pakistan at the International Centre for Settlement of Disputes in Washington and was hoping for an out-of-court settlement. The panel of legal experts representing Pakistan included Cherie Blair, wife of former British PM Tony Blair, Barrister Mehnaz Malik, AG Amanullah Kanrani and Ahmer Bilal Soofi.

TCC had filed its case for international arbitration in November 2011 after Balochistan government blocked the company from mining copper and gold by rejecting its application. TCC had submitted the feasibility report to the provincial government in August 2010 and applied for a mining licence in February 2011.

Tethyan Copper Company had hired SNC-Lavalin, one of the top three feasibility study companies in the world, to prepare a feasibility study which cost them around \$220m and took around three to four years to be completed.

Islamabad had also refused to pay damages had the TCC won the case in the international court. Several foreign companies refused to make investment in Pakistan after TCC went to international court. TCC, represented by Antofagasta of Chile and Barrick Gold of Canada, held 75% share in the project while Balochistan had 25% stake.

TCC claimed it had invested over \$500 million in exploration, scoping and feasibility studies on the project; while total investment was projected to be \$5 billion over a period of five years. Earlier, Balochistan government had once refused TCC's proposal to become a partner by financing 25% of the project. Basically, the TCC was concerned about purported involvement of a Chinese company in the same project.

In a letter written to the then Federal Petroleum Minister Naveed Qamar in September 2009, Pakistan's Ambassador to Chile Burhanul Islam wrote that it was not a good idea to entertain Chinese company MCC in the same mining site, which had been offered to TCC with all commitment, responsibility, investment and legal claims. He suggested that the Chinese, if aspiring for a project, could be offered a separate mining site.

Quoting '***the Express Tribune' dated 3<sup>rd</sup> August 2012*** on the subject:

*'In a feasibility report submitted to the Balochistan government, TCC projected a turnover of over \$60 billion for the gold and copper project over a span of 56 years. This projection was based on the price of \$2.2 per pound of copper and \$925 per ounce of gold in 2009. **The mine has estimated reserves of 11.65 million tons of copper and 21.18 million ounces of gold.**'*

The mineral resource at Reko Diq is estimated at 5.9 billion tonnes with an average copper grade of 0.41% and an average gold grade of 0.22 g / tonne; with an annual production estimated at 200,000 tons of copper and 250,000 ounces of gold contained in 600,000 tons of concentrate. The \$3.3 billion Reko Diq project was the largest foreign direct investment mining project in Pakistan.

Tethyan completed the feasibility study of Reko Diq project and placed their findings before the Government of Balochistan in August 2010. The company estimated that it had spent more than \$345 million on project acquisition, exploration and feasibility studies. **On 15<sup>th</sup> February 2011**, Tethyan preferred an application to the Balochistan government for a mining lease. **On 15<sup>th</sup> November 2011**, TCC was notified by the government that its application for a mining lease had been turned down.

**On 7<sup>th</sup> January 2013**; the Supreme Court declared the Reko Diq agreement void. In its 16-page judgment, a 3-judge bench of the apex court, headed by Chief Justice Iftikhar M Chaudhry, stated that the agreement reached on 23<sup>rd</sup> July 1993 was in conflict with the laws of the country. The bench added that all amendments made to the agreement after its signing were unlawful and in contradiction with the agreement. Cases pertaining to Reko Diq mining lease dispute were being heard in courts for the past five years. The SC held:

*"The CHEJVA dated 23.07.1993 is held to have been executed contrary to the provisions of the Mineral Development Act, 1948, the Mining Concession Rules of 1970 framed there under, the Contract Act 1872, the Transfer of Property Act 1882, etc., and is even otherwise not valid, therefore, the same is declared to be illegal, void and non est.*

*The agreement was not permissible under the Balochistan Mining Rules (BMR) 2002 as well as the Rules of Business of the Government of Balochistan (GOB), particularly Rule 7."*

Earlier, **on 15<sup>th</sup> December 2012**, the International Centre for Settlement of Investment Disputes (ICSID) had given a go-ahead to the Balochistan government and prominent nuclear scientist Dr Samar Mubarakmand to carry out the mining and smelting project in Reko Diq area. The ICSID had rejected the TCC's demand for **'provisional measures'** for **'protecting'** two of its deposit areas.

The ICSID was seized with a dispute between Pakistan and TCC after the latter's application was rejected by the mining authority of Balochistan on the grounds that the company had submitted feasibility reports of only six kilometres area comprising two deposits, whereas it wanted to acquire 99 kilometres which contained 14 deposits. The ICSID tribunal, which had reserved its ruling on 6<sup>th</sup> November 2012, released a 45-page unanimous decision allowing the Balochistan government to carry out the mining activity.

Established under the auspices of the World Bank, the ICSID comprising Dr Klaus Sachs, Dr Stanimir Alexandrov and Lord Hoffman had, however, asked the provincial government to keep it abreast of all activities on a regular basis to be carried out in Reko Diq by Dr Samar and his team. Dr Samar Mubarak had also appeared before the tribunal in London to explain technical details about his project.

Barrick and Antofagasta Minerals took a \$345 million gamble to develop Reko Diq, the first world-class mining project in Pakistan, only to lose the battle in Pakistan's Supreme Court.

The consortium had tried to force the Balochistan government to stop work in an area spread over 99 square kilometers including the area where Mubarakmand was working. Local authorities in Balochistan had refused to meet with TCC before rejecting the consortium's bid for Reko Diq.

**On 31<sup>st</sup> January 2013**; Governor Balochistan Nawab Zulfiqar Magsi chaired a high-level meeting during which Dr Samar Mubarak Mund gave briefing about the excavation work on the Reko Diq Copper Project. Provincial government aimed to execute the copper project on its own as it got clean chit from the Supreme Court. It was resolved that in its first phase, excavation work would be carried out on first-line reserves that contain 2.2 billion of tons of copper and gold worth 104 billion dollar.

Under the project, 15,000 of copper and gold reserves in raw form would be extracted annually enabling provincial government to get \$321 million per annum. In the provincial PSDP for 2012-13, Rs:1400m had already been allocated for the project while Rs:1980m were earmarked for the provision of water in the Reko Diq area. The Governor Magsi also issued directives for making appointments of local people in the project and to ensure foolproof security measures in place besides establishing office at Quetta and Reko Diq instead of making the same at Islamabad.

PPP's government was over on 16<sup>th</sup> March 2013. In a mysterious development, the TCC consortium, which was thrown out from Pakistan by the SC, landed in Islamabad again in 2<sup>nd</sup> week of April 2013, to start top-level negotiations with the caretaker government to get back the Reko Diq project.

TCC's delegation was there in Islamabad because a delegation headed by Minister of Petroleum and Natural Resources Naveed Qamar, Finance Minister and Chairman BOI Saleem Mandviwalla and Sharmila Farooqi, a lady adviser of the Sindh government had visited Canada to invite Barrick Gold Co to Pakistan again. There were some lower level officials from other provinces as well for routine discussions.

What these three high-level officials discussed with Barrick executives in Canada was not known exactly but the media got air of those secret negotiations; thus the matter was in lime light once more. The basis of those fresh negotiations were that during hearing in ICSID Tribunal **"Pakistan, through the Baluchistan government, had proposed to restrict any**

***activity to just the H4 deposit at Reko Diq and not touch the massive H14 and H15 copper-gold deposits."***

Pakistan had also promised not to contract with third parties for that work nor expand its activities beyond H4. It also said mining rights wouldn't be granted to any third parties. The TCC held that:

*"The said decision helps preserve the possibility of the company ultimately receiving a mining lease for the Reko Diq area by significantly limiting the steps Pakistan and the Province of Balochistan may take regarding Reko Diq.*

*We will carefully monitor the information Pakistan provides pursuant to the Tribunal's order, and we remain prepared to seek further relief from the Tribunal if Pakistan breaks any of the assurances it gave to the Tribunal during the upcoming merits phase of the hearings throughout 2013.*

*[But] the company still prefers a negotiated solution to the current impasse and is open to holding talks with the Pakistan and Balochistan governments to reach a beneficial outcome for both the company and the people of Balochistan and Pakistan."*

However, the TCC could not get through the secret deal then [*or the asking price of negotiators was high*]. That was why **on 8<sup>th</sup> May 2013**, TCC announced that it had withdrawn its request for 'specific performance / mining license' in both international arbitrations [i.e, ICC & ICSID] and went for seeking claims for monetary damages only including lost profits for the mining operations; TCC had in fact given up hope of eventually mining Reko Diq. Instead, they opted to seek monetary damages as compensation for Pakistan's breaches of contract and treaty rights, and those of the region, Balochistan.

The TCC's statement, however, made no mention of the amount to be claimed as compensation.

**On 4<sup>th</sup> July 2013**; the Senate Standing Committee on Petroleum and Natural Resources was informed by Dr Imran Ahmed Khan, DG Geological Survey of Pakistan [GSP] that in Reko Diq area of Balochistan total gold and copper reservoirs, besides precious stones, are over five billion tons, worth over dollar one trillion.

Referring to **'the News' dated 21<sup>st</sup> September 2013**, the said Canadian company which carried out the controversial feasibility study into the Reko Diq gold and copper mines had been declared by the World Bank as the **world's most corrupt corporation** and blacklisted in dozens of countries.

According to the blacklist of the World Bank released on 19<sup>th</sup> September 2013, out of the 250 companies, 119 belong to this one Canadian giant, LNC-Lavalin, which had the highest number of corrupt and fraudulent companies. After the 119 Canadian companies, 46 US firms, 43 Indonesian, over 20 Chinese and even one Pakistani company have also been blacklisted.

The Montreal-based SNC-Lavalin Group Inc appeared on the list 58 times as a Canadian subsidiary and 14 times as an American company, with many more SNC subsidiaries named all over the world. It had been banned in Malaysia, Malta, Saudi Arabia, US, Canada, Algeria, Angola, Austria, Chile, Columbia, Costa Rica, Mexico, Egypt, India, Dominican Republic, Russia, Nigeria, Tunisia, Korea, Barbados, Mongolia, Panama, Peru, Brazil, Puerto Rico, South Africa and Uruguay.

Lavalin officials were accused of bribing officials in many countries and at least \$56 million were doled out to the corrupt officials for various favours and illegal things that the company was involved in.



Lavalin carried out the feasibility report on the Reko Diq mines on behalf of Barrick Gold at a cost of US\$70 million only but was demanding \$400 million through the world tribunals preferring an out of court settlement. The company had quoted in every document that it had spent \$345 m on the project whereas it was \$70m only.

### **FLOOD SURCHARGE ON POOR ONLY:**

In late July 2010, floods resulting from heavy monsoon rains attacked all the four provinces simultaneously in Pakistan; also affected the Indus River basin. About one-fifth of Pakistan's total land area was underwater; approximately 796,095 square kilometres and about 20 million people suffered, mostly by destruction of property, livelihood and infrastructure; around 2,000 were reportedly dead.

An aid of US\$460 million was initially asked by the UN Secretary-General for emergency relief, noting that the flood was the worst disaster he had ever seen. Only 20% of the relief funds requested were received till ending August 2010. The UN bodies were concerned because [as per WHO reports] ten million people were forced to drink unsafe water; extensive damage to infrastructure and crops were lost in addition - estimated to exceed US\$4.5 billion both. Total economic impact was initially worked out to be of US\$43 billion.

*[In response to Indus River floods in 1973 and 1976, Pakistan had created the Federal Flood Commission (FFC) in 1977 to operate under Ministry of Water and Power. It was made responsible for executing flood control projects and protecting lives and property of Pakistanis. The fact remains that since its inception, the FFC received Rs:87.8 billion (till 2010); certain projects were initiated and funded but all were mostly completed on papers only – hats off to the corruption made by successive leaderships.]*

During the floods of 2010, the power infrastructure of Pakistan also took a severe blow damaging about 10,000 transmission lines and transformers, feeders and power houses in different flood-hit areas; a power shortfall of 3.5 giga-watts was calculated when the water level went down. Lack of clean drinking water and sanitation posed a serious new risk of health of flood victims. In mid August, the first documented case of cholera emerged in Mingora town threatening millions of stranded flood victims, who were already suffering from gastroenteritis and diarrhoea.

As per UN documents, some 800,000 people were cut off by 2010's floods in Pakistan and at least 40 more helicopters were needed to ferry lifesaving aid to them. Many of those cut off were in the mountainous northwest, where roads and bridges were swept away. There were no official celebrations of Pakistan's 63rd Independence Day on 14<sup>th</sup> August, due to the calamity but the people were seen disappointed because President of the country, Mr Zardari, had left for France on holidays staying there for weeks whatsoever.

It is still available on record that 2010's floods had submerged 69,000 km<sup>2</sup> of Pakistan's most fertile crop land, killed about 200,000 livestock and washed away massive amounts of grain. A major concern was that farmers were unable to plant new seeds in 2010 implying a loss of food production in 2011, too. The agricultural damage reached more than \$2.9 billion, had eaten up over 2,800 km<sup>2</sup> of cotton crops, 810 km<sup>2</sup> of sugar cane and 800 km<sup>2</sup> of rice, in addition to the loss of over 500,000 tonnes of stocked wheat, 1,200 km<sup>2</sup> of animal fodder and other stored grains.

As per International Labour Organization [ILO]'s report dated **7<sup>th</sup> September 2010**, the floods had cost more than 5.3 million jobs in Pakistan. Other quarters told that the GDP growth rate of 4% prior to the floods was lost in vacuum; thus Pakistan was unable to meet the IMF's target budget deficit cap of 5.1% of GDP, and the then existing \$55 billion of exter-

nal debt caused alarms. Agricultural production dropped by more than 15%; nationwide car sales fell by 25% and milk supplies fell by 15%.

World Food Programme's report dated **24<sup>th</sup> September 2010** declared that about 70% of Pakistan's population, mostly in rural areas, did not have adequate access to proper nutrition. Already resurgent in the Federally Administered Tribal Areas [FATA] and Khyber PK province, agricultural devastation by floods left Pakistan in utter misery and loss. An estimated 3,916 km of highway and 5,646 km of railway tracks were affected and their repairs expenditure was expected at \$158 million \$131 million respectively. Public building damage was estimated at \$1 billion while about 5,000 schools were either washed away or went in total deplorable conditions.

**On 2<sup>nd</sup> April 2011;** the PPP's government was caught red-handed protecting the rich and punishing the poor through an under the table deal, as the 15 percent flood tax, imposed through a presidential ordinance, was imposed on common taxpayers while the big businesses were exempted, costing a hefty Rs:10b loss to the exchequer.

Pakistan's Federal Board of Revenue [FBR] acknowledged that corporate entities were exempted through the language of the Flood Tax Ordinance. **"Yes, at this point, it [ordinance] is not applicable on corporate tax payers; however, an amendment in the ordinance will be made to include the corporate tax-payers."**

The fact that the rich companies including multinationals, banks and oil companies were not covered by the Flood Tax and some tax experts in Karachi opted to challenge it in the court as it was a discriminatory piece of legislation. The issue went unnoticed when President Zardari imposed this tax without consulting the parliament and on the same very night Pakistanis were mourning the release of American killer, Raymond Davis.

Few could notice this midnight robbery, unique by all means, as it was entirely discriminatory in the core with one section of the society, already crushed by poverty, taxed in contrast with the privileged elite running big businesses like multi-national companies, banks, insurance firms as well as oil and gas companies. The ordinance read as:

*"4A Surcharge:-(1) Subject to this ordinance, a surcharge shall be payable by every taxpayer at the rate of fifteen percent of the income tax payable under this ordinance including the tax payable under Part V of Chapter X or Chapter XII, as the case may be, for the period commencing from the promulgation of this ordinance, till the 30th June, 2011.*

*(2) Surcharge shall be paid, collected, deducted and deposited at the same time and in the same manner as the tax is paid, collected deducted and deposited under this Ordinance including Chapter X or XII as the case may be: Provided that this surcharge shall not be payable for the tax year 2010 and prior tax years and shall be applicable, subject to the provisions of sub-section (1), for the tax year 2011 only."*

As for as corporate tax is concerned, the amount under this head for 2011 was to be deposited by 31<sup>st</sup> December 2010, as all tax years are defined one year in advance. The presidential ordinance that was promulgated on 15<sup>th</sup> March, had to expire on 30<sup>th</sup> June 2011, hence covering only the individual tax payers, not the corporate giants whose tax year 2011 had already been closed on 31<sup>st</sup> December 2010.

Going into details: the fourth line of section 4A was worded as follows: *"under Part V of Chapter X or Chapter XII"*. Ironically there was no Part V of Chapter X or Chapter XII in the Income Tax Ordinance, 2001.

Also the word 'surcharge' had not been defined in the ordinance nor did it stand defined in Pakistan's Income tax Ordinance 2001. It should have been defined in section 2 (63) of Income Tax Ordinance. Also, the surcharge had not been included in sections 168 & 169 of Income Tax Ordinance 2001 which was a section dealing with "credit of tax collected or deposited" so even credit of the same could not be legally claimed.

These mistakes were considered deliberate and the officers of the Law Ministry and the FBR were in collusion with big businesses in exempting them from the Flood Tax thus saving them a cool Rs:10b; thus the said changes in ordinance were immediately challenged by one Shahid Orakzai in the Supreme Court of Pakistan terming it illegal and unjustified.

The petition stated that parliament was the sole authority to impose such taxes AND that the president had no power with regard to a money bill under Article 75 of the Constitution; he cannot return such a bill to parliament for reconsideration.

The SC issued several notices to the respondents but no one turned up to defend that ordinance. Ultimately, **on 8<sup>th</sup> November 2011**, that the life of an ordinance was 120 days, thus it died its own death.

### **FLOOD DONATIONS SAGA:**

*[As per **Fact-sheet published by Humanitarian Global Assistance on 17<sup>th</sup> August 2010**; Pakistan's statistics were: Population – 173 million; GDP per capita in 2007 – US\$2496 with Global Ranking of 132/184; UNDP's Human Development Index (HDI) – 0.572 with Global Ranking at 141/182; BUT with 60.3% of the population living on less than US\$2 a day. The country was a major aid beneficiary receiving US\$1.5 billion in Official Development Assistance (ODA) and ranking as the 14<sup>th</sup> largest global recipient of aid in 2008.*

*In 2005 severe flooding affected seven million people in Pakistan's mainland and an additional five million were affected by an earthquake in Kashmir. For the **Global Peace Index** [regional and domestic instability] Pakistan ranked at 145 out of 149 in 2010. During War on Terror [WOT] activities in north-west Pakistan, more than two million people were displaced in year 2009 only. Pakistan also hosted one of the world's largest refugee populations, 1.7 million people from Afghanistan.]*

Pakistan received US\$576 million under flooding and Kashmir earthquake heads in 2005, and a further US\$465 million in 2006 as humanitarian needs in Kashmir continued. In 2008 Pakistan was the 16<sup>th</sup> largest global recipient of humanitarian aid it received US\$1.5 billion in ODA but was at its lowest level since 2003 and a 34% drop from the year 2007's US\$2.3 billion.

Humanitarian aid contributions to Pakistan respond to natural disaster events. In 2005 Pakistan received substantial humanitarian aid, US\$576 million (which made up 31% of ODA) in response to the earthquake and floods which affected 12 million people. Humanitarian aid to Pakistan declined between 2006 and 2008 but remained significantly higher than in any year preceding the 2005 peak.

In 2005 Turkey was the most charitable donor, reporting US\$66 million to Pakistan, of which US\$25 million was channelled bilaterally to the Pakistan government.

Between 2007 and 2008, Central Emergency Response Fund [CERF] contributions to Pakistan increased by 222% from US\$5.8 million in 2007 to US\$18.7 million in 2008. In 2008 Pakistan was the 5<sup>th</sup> largest recipient of CERF funds. In 2009 CERF contributions to Pakistan dropped to US\$8.9 million ranking Pakistan 12<sup>th</sup>. In 2009 the UAE was the most generous donor donating US\$30 million to Pakistan, the majority of which went through UN agencies.

### **Coming to 2010's flood catastrophe now:**

In response to the appeal and subsequent visit of the UN Sec General, Ban Ki-Moon's personal visit to Pakistan, the following governments actually sent their donations, **mostly in cash:**

**"Afghanistan** - \$ 1 million; **Algeria** - €100,000; **Austria** - €5.6 million; **Azerbaijan** - \$2 million; **Bahrain** - \$6.9 million; **Belgium** - €150,000; **Botswana** - \$ 103,040; **People's Liberation Army of China** - 10 million yuan; **The Chinese Red Cross** - US\$50,000; **Cyprus** - €131,062; **Denmark** - 193 million DKK (33 million euro); **Estonia** - €64,000; **The European Union** - €80 million; **Finland** - €1.2 million [€600,000 channelled through the WHO & €400,000 through the UNHCR and €200,000 through Finn Church Aid]; **France** - €1.05 million and 35 tonnes of emergency supplies; **Georgia** - € 100,000; **Germany** - €25 million in direct help plus €43 million via contributions through international organisations with which it is associated. **Greece** - €100,000; **Hungary** - €50,000; **Iceland** - ISK 23 million (€190,000); **India** - \$5 million; **Ireland** - €4.5 million [Ireland proved to be the most generous European country in donating aid to disastrous Pakistan at that moment]. **Israel's** aid was not answered by Pakistan; **Italy** - € 1.33 million; **Japan** - \$ 230,000 for emergency relief goods AND an additional \$3 million for rehabilitation process; **Kosovo** - €150,000; **Kuwait** - US \$5 million; **Lithuania** - LTL 50,000; **Luxembourg** - € 2,364,621; **Malaysia** - \$1 million; **Maldives** - MVR 10 million (US \$1 million); **Malta** - €13,106; **Mauritius** - US\$ 300,000; **Monaco** - €127,065; **Nepal** - Rs:10 million; **Netherlands** - €8.6 million; **Netherlands's population** -€17 million; **New Zealand** - NZ\$4 million; **Nigeria** - US\$ 1 million; **Norway** - NOK 30 million [NOK 9 million through UN Central Emergency Response Fund, and NOK 21 million through UNICEF]; **Oman** - US\$ 500,000; **Poland** - €196,592; **Samoa** - US\$20,000; **Saudi Arabia** - US \$362 million + \$105.29 million donated by the Saudi Government, US \$14.7 million donated by the Saudi Fund for Development, and US \$242 million collected through Saudi Public Fund Relief; US\$5.3 million were handed over to National Disaster Management Authority [NDMA] in cash; **Singapore** - US\$ 50000 cash, 800 water filters and 10,000 blankets; **Slovakia** - €170,380 cash plus power generators, water pumps and tents; **Slovenia** - €13,106; **Switzerland** - CHF 3 million; **Thailand** - \$75,000; **Turkey** - \$18million + other relief [details given separately]; **UAE** - \$5million + other relief goods [details given separately]; **United Kingdom** - £134 million + £10 million for washed away bridges + £60 million from private donations + 400 metric tons of aid including tents, shelter kits, blankets, water containers and nutritional items; **Vietnam** - US\$50,000; **World Bank** - US\$ 1.3 million immediate cash + a loan of US\$900 million for long term reconstruction [**Hillary Clinton** personally donated \$10 to encourage the Americans to donate, no matter how small the amount was]; **Asian Development Bank [ADB]** offered a loan of \$2 billion AND **Islamic Development Bank** offered a loan of \$11 million US dollars for the reconstruction efforts."

**Besides the national governments, world known NGOs contributed** towards the rehabilitation of 2010's floods victims, too, with an un-precedented history of their past. **The Islamic Turkish NGO [IHH]** sent 450 tonnes of supplies on a train and another on a cargo aeroplane; plus 3000 tonnes of medications, medical materials, textile products, tents, blankets, cleaning materials and kitchenware. IHH opened 10 water purification units to supply clean drinking water. The foundation also set up two tent camps of 70 tents each Nowshera & Islamabad; the camps included tents for schooling and for medical doctors.

To mention only few for instance, the UK based **Disasters Emergency Committee** raised over £60 million; **Oxfam** provided clean water and hot meals to over 180,000 people immediately and later reached around 900,000 people with clean water, sanitation kits and hygiene supplies; **Save the Children** used helicopters, donkeys and boats to deliver doctors and medical supplies to families cut off by the water. **CARE International** provided water purification tablets, tents, family hygiene kits, kitchen sets, tarpaulins and mosquito nets to 4,500

people; **Islamic Relief** distributed 3,570 family hygiene kits in Nowshera and Mardan districts benefiting 24,990 people, also distributed 2,850 household kits (containing mattresses, mosquito nets etc.) and 2,850 kitchen sets to benefit 19,950 people. **Concern** helped 24,500 people in Charsadda district, raised more than €1 million in public donations from the Irish public.

***ERT Search and Rescue, Focus Humanitarian Assistance, Humanity First in collaboration with NCHD, Heritage Foundation (HF), MERCY Malaysia, ICNA Relief Canada, Muslim Charity, Trócaire of Ireland, Giving Children Hope, and Médecins Sans Frontières*** can be named with golden words in addition.

Response by certain individuals was more encouraging in those hours of distress and misery. To name a few that the **Saudi King Abdullah bin Abdul Aziz** donated US\$5.3 million from his private money; the **Saudi Crown Prince Sultan Abdullah bin Abdul Aziz** donated US\$ 2.7 million; the **Saudi Interior Minister Nayef bin Abdul Aziz Al Saud** donated US\$ 2 million; the **Governor of Tabuk** Province in Saudi Arabia donated US\$1 million; the Chairman of Samba Financial Group of Saudi Arabia, **Eesa bin Mohammad al Eesa** donated US\$2 million; **Her Highness Fatima bint Mubarak Al Ketbi**, the wife of the UAE's president donated AED 5 million.

The wife of Turkish PM **Emine Erdoğan** personally donated TL 100,000 and also her jewelry including a precious necklace, which was very memorable - given to her by her husband on their wedding. [*The Turkish people bought the necklace in an auction and gifted it back to her but she again donated it to the flood victims*] **Merve Tekinay**, a nine-year old Turkish girl donated her savings of \$83.72 and her only doll.

The **Kuwait Finance House** donated \$2 million; the **E-Q8 Petrochemicals of Kuwait** donated \$100,000; the **Open Society Foundation** donated \$5.5 million; the **Bill and Melinda Gates Foundation** donated \$700,000. **Angelina Julie** donated \$100,000; **Tim Beel** donated \$500,000 AND the **Queen Elizabeth II** made a personal donation of an undisclosed amount. Most of the donations in this paragraph were sent through UN agency or via the British Red Cross.

There were countries like Argentina, Australia, Azerbaijan, Brazil, Canada, China, Indonesia, Iran, Jordan, Saudi Arabia, USA, UK, Sri Lanka, Sudan, Sweden, Spain, Syria, Turkey, Turkmenistan, UAE which frequently kept on sending the emergency relief items, medicines, mobile clinics with their doctors and staff, tents, clean water equipment and filters, water bottles, food packets etc through cargo planes and via shipping & trains. The material and stuff were of worth tens of million dollars. Some countries like USA and UAE had sent their helicopters to help the Pak-Army in relief activities.

#### **WERE THE DONATIONS ACCOUNTED FOR:**

HOWEVER, the Pakistani government was blamed for sluggish and disorganised response to the floods. The perceived disorganised and insufficient response led to riots, with looting of aid convoys by hunger-stricken people. In Sindh, the ruling PPP ministers were accused of using their influence to redirect floodwaters from their crops while risking densely populated areas leading Pakistani UN ambassador Abdullah Hussain Haroon to call for an inquiry. British Prime Minister David Cameron was accused by Pakistan of hampering international aid efforts after he claimed that Pakistan was responsible for promoting terrorism. *The Guardian* had cried that:

*'There was a dire need of relief - six million [of the 14 million affected] are children and 3 million women of child-bearing age. This is a higher figure than in the 2004 Indian Ocean tsunami – but were they actually addressed.'*

From all corners of the country and from all walks of life, there were dissident voices that the funds and donations received from the world community should have been accounted for. Till today no report has been published that what was the total collections and how they were spent for the welfare of the flood victims.

Many said that the corruption stories of 2005's earthquake in Kashmir were repeated by those who were at the helm of the affairs in 2010.

**On 21<sup>st</sup> August 2011;** PM Gilani told the media that Rs:1.98 billion were collected through the Prime Minister's Flood Relief Fund till then. As per his contention, the foreign aid was pouring in from abroad standing as a testimony to the fact that the world had started trusting Pakistan government. A proposal forwarded by PML[N]'s Nawaz Sharif, to form an independent commission for the collection of funds, was straightaway rejected by the PPP's prime minister. Even CM Punjab Shahbaz Sharif's advice of setting up an aid commission was thrown out.

The media pointed out that the international community's no confidence was evident from the official statistics of foreign assistance for 2010 flood victims with Prime Minister's Relief Fund getting peanuts; only \$21m from world capitals; it was out of total \$697m assistance committed by them.

The foreign countries and donors instead preferred to depend on international agencies and non-governmental organizations [NGOs] to ensure that the money donated would be properly utilised and was not corrupted by the government, which was rated by foreign agencies as one of the most corrupt regimes in the world.

The Finance Ministry's official website told **on 8<sup>th</sup> January 2011** that a total of \$3.042b foreign assistance for the flood affectees was committed. Out of this amount \$2.34b was committed to be spent through the United Nations or other international agencies and NGOs whereas the remaining \$696m was to be spent through the Government of Pakistan. The total committed assistance included a soft loan of \$243m too.

Amongst the major donors, the US committed \$571m but opted to spend this entire amount through international agencies like USAID etc. Not even a single dollar was donated by Washington to PM's Relief Fund. Britain, which had pledged \$216m, also did the same and did not contribute even a single penny to PM Gilani's account. The Turkish government committed \$53m besides raising a total of \$142m through a fundraiser but had contributed only \$10m to PM's Relief Fund.

Japan committed a total of \$519m but did not give any amount for the PM's Relief Fund. Iran too committed \$100m but it too avoided to deposit any amount in the Prime Minister's Relief Fund. After Turkey [\$10m], the Asian Development Bank was a major contributor with \$3m amount. Afghanistan gave \$2m for the PM's Relief Fund and emerged as the third largest foreign contributor.

Let us wait for the 'Accountability Day'.