

When Will We Say No to Corruption

“Corruption is not inevitable
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Tweeted Transparency International in a recent tweet. They asked the readers to repeat this message. A very optimistic stance by them but far from the ground reality in Pakistan.

Pakistan’s position has dropped to 140th position, (with 28 points out of 100), in 180 in Corruption Perception Index (CPI) of Transparency International in 2021. Transparency International annual report mentions “In 2021 alone, our chapter in Pakistan sent over 60 complaints to public authorities for not following procurement regulations. As a result of their advocacy, several major contracting processes were reviewed, saving the public purse billions of rupees (millions of US dollars)”.

Corruption is bad for the economy of any country. Third world countries with weak economies are suffering with high amount of corruption. High corruption impact on the growth of economy and businesses, effects inequality in distribution of wealth and effects the overall governance of the economy and business environment.

In a nutshell, Corruption can affect income inequality and poverty through various channels, including overall growth, biased tax systems, and poor targeting of social programs as well as through its impact on asset ownership, human capital formation, education

inequalities, and uncertainty in factor accumulation. It discourages investment, limits economic growth, and alters the composition of government spending, often to the detriment of future.

In addition, corruption generates enormous profits to be laundered. It is a key factor in both predicate criminal activities and money laundering. Systemic corruption undermines regulatory and legislative Anti money laundering and counter financing for terrorism AML/CFT regimes. Systemic corruption undermines institutional development.

FATF in its first recommendation mentions:

“Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. **This approach should be an essential foundation to efficient allocation of resources across the anti-money laundering and countering the financing of terrorism (AML/CFT) regime and the implementation of risk-based measures throughout the FATF Recommendations.** Where countries identify higher risks, they should ensure that their AML/CFT regime adequately addresses such risks.”

In Pakistan, the National Accountability Bureau, Federal Investigation Agency, Anti-Narcotics Force, Directorate General (Intelligence and Investigation – Customs) Federal Board of Revenue, Directorate General (Intelligence and Investigation Inland Revenue) Federal Board of Revenue, Provincial Counter Terrorism Departments and any other law enforcement agency as may be notified by the Federal Government for such investigation or prosecution are the prosecuting agencies responsible for investigating or prosecuting crimes under this act.

Allocation of efficient resources is the key to solving white collar crime. Efficient resources including competent and sufficient human resources, technical resources, sufficient funding, and authority to achieve the investigative goals.

Fighting corruption and white collar crimes is a difficult task. Often investigators find themselves against the elites of the society, who are connected and powerful, ready to destroy whoever challenges them. In such situations, investigators rely on the authority and protection granted to them by the law of the country. It is popular belief that the recent amendment in NAB Act will affect the process of combating corruption, anti-money laundering and combating the financing of terrorism in the country.

Some of these amendments are clearly against the recommendations of FATF. For example:

- The amendments will be applicable from 1.1.1985.

- The assets of the family members will not be deemed assets of the accused.
- The obligations to prove the assets of the accused on NAB.
- NAB act will not be applicable on the procedural mistakes of the bureaucrats like issuance of funds to projects without proper approval of ENEC etc.
- The price of the property will be calculated at DC rate which is much lower than the market value.
- Granting permission to the accused to dispose of the controversial property.
- If the case is not proved against the accused, then granting punishment to the NAB officer for five years.

Pakistan is going through a critical phase. It is still in gray list. We have a low position in CPI.

We are in dire need to strengthen our law enforcement agencies with competent personnel, appropriate laws and allocated resources.

We must come out of gray list to invite foreign investment and decrease the ever weakening economy due to corruption in the various sectors. We must improve our position in CPI and come out as a clean economy.

Perhaps this is the time to say no to corruption.