

## CASE STUDY

### GHAZI BROTHA HYDEL POWER PROJECT – A NATIONAL DEVELOPMENT PROJECT – FALLS PREY TO ORGANIZED FINANCIAL CRIME WROUGHT BY GOVT OFFICIALS IN COLLUSION WITH LAND MAFIA CAUSING A LOSS OF RS. 4 BILLION TO NATIONAL EXCHEQUER

1. This story concerns a tragic part of an organized financial crime wrought during execution of a national development scheme of Ghazi Brotha Hydel Power Project (GBHPP) located in the provinces of NWFP & Punjab. The size of the project to the extent of GOP funding for land acquisition in project area originally worked out in 1994 was Rs.1.8 billion, which finally shot up to Rs.7.5 billion through a series of corrupt practices put in place by a gang of unscrupulous govt officials from WAPDA, Revenue & Agriculture Departments in connivance with local land owners and local political leaders.

2. According to investigation details GBHPP was conceived by WAPDA in late 80s. Its pre-feasibility survey was carried out in 1987 and the project was finally approved in 1994. It was designed to utilize the head available in the Indus river between Tarbela Dam and its confluence with the Haro River, involving construction of 52 km long channel and generation of 1450 MW electricity through an other ancillary power project. The project was funded by a consortium of six financial agencies and represented by World Bank at an estimated cost of US \$ 2.25 billion. The cost of acquisition of 89000 Kanals of land estimated at Rs 1.8 billion was to be borne by GOP. The land required for the barrage, canal and power complex was mostly river bed, non-productive and cheapest of the kind ensuring to minimize displacement of persons and loss to their production.

3. Unscrupulous politicians from NWFP and Punjab supported compensation to landowners at very high rates. The process escalated the estimated cost of land from Rs 1.8 billion to Rs.7.5 billion, which was severely criticized by public & media alike. Resultantly, interest groups maneuvered to suggest containment of cost of land under acquisition by the project at a figure of Rs.4.57 billion, which also eventually shot up to Rs 5.00 billion. Moreover, payment of compensation at highly inflated rates for low category of land, non-existing facilities, infrastructure, built-up-properties and orchards was attributed to gross violation of legal formalities and serious negligence on the part of land acquisition officials/authorities. Finally, Chairman WAPDA requested Chairman NAB in September 1999 to investigate into the gross corruption in the land acquisition for GBHPP by the Land Acquisition Collectors, their staff, certain bankers, officers from Agriculture Department and WAPDA.

4. The payment of compensation to the affectees was not transparent and resettlement of the affectees fell short of planning and expectation. It led to another "Feasibility Study" on the directive of World Bank, whereby WAPDA formulated Resettlement Action Plan (RAP) which recommended associating project affectees in matters relating to land compensation, re-settlement & environmental friendly

country development programme. Provincial Governments of Punjab & NWFP accepted it. The RAP envisaged constitution of Land Valuation Committees (LVCs) to determine fair and equitable compensation for land to be acquired in the project area. The provisions of RAP were completely disregarded in dishing out exorbitant prices to landowners and naturally the members of the LVCs and the Acquisition Authorities were a party to it. The land Acquisition Collectors also failed to comply with LAA, 1894, the provisions of RAP and operational directive 4.30 of World Bank, causing huge loss to exchequer. Exorbitantly high and unethical rates of compensation were paid for non-existing orchards, built up areas and other infrastructures. Statistically put, the land mafia in connivance with Agriculture Department officials obtained financial gains to the tune of about Rs.170 million as compensation for non-existing orchards against a total cost of Rs.9 millions estimated in RAP. They vertically escalated estimated cost from Rs.1.8 billion to Rs.7.5 billion which was brought down to Rs.5.00 billion. This process was attained through associating the management & team of Ghazi Brotha Taraqiati Idara (GBTI).

5. The scope of NAB investigation spread over two provinces, covered 52 villages comprising 89,000 kanals of area. Up till now 20 persons have been arrested which includes 7 government officials and 13 landowners / beneficiaries. Investigation into the land scam is still in progress and the trial into four references has started in the Accountability Courts. The investigation of entire scam will take some more months. It is heartening to note that quite good number of land owners and other beneficiaries after realizing that they have received much higher compensation have voluntarily started approaching NAB for return of excess payment received by them.

\*\*\*\*