



People's Majlis

Committee Minutes

1st Meeting of Public Accounts Committee

18 February 2019

Mr. Chairperson:

Good morning. Today we have gathered here on your request. We got a request from Ministry of foreign affairs, Mr. Pedro and his delegation would like to meet with joint Committee of Public Accounts Committee and Economic Affairs Committee. So we have gathered here and I would say that Majlis is not yet on the sessions and we, most of the members are on different locations. Campaign season. So our attendance is not very healthy. But however some members attended, on your side also I think quit little bit late. Today with me my next left is Economic Affairs Committee Chair and other members here from jointly from Public Accounts Committee and Economic Affairs Committee. I think from my to the left each member can introduce themselves and then we will go ahead with the meeting. Thank you very much for taking initiative of meeting us.

Mr. Ibrahim Shareef, MP of *Maradhoo* Constituency:

Thank you very much Mr. Nashid. It's my great pleasure to welcome the delegation from the European Union. We would like to thanks transparency Maldives to Initiating anti-corruption rules and procedure. I believe; I assure the mission of the members of the European Commission that we in the Majlis every assistance recurred of us. My name is Ibrahim Shareef. I am the Chair of the Economic Affairs Committee of the parliament as well as some other commities. Thank you very much.

Mr. Muaaz Mohamed Rasheed, MP of *Madaveli* Constituency:

Good morning and thank you all for initiating to meet us and my name is Muaaz Mohamed Rasheed and I am wise Chair of Economic Committee. Thank you.

Mr. Chairperson:

Honorable member Amir.

Mr. Ahmed Amir, MP of *Kudahuvadhoo* Constituency:

My name is Ahmed Amir. I am representing *Kudahuvadhoo* constituency. I am a Public Finance Committee member.

Mr. Ibrahim Didi, MP of *Feydhoo* Constituency:

Good morning all of you. My name is Ibrahim Didi and I am a member of Public Accounts Committee.

Mr. Jameel Usman, MP of *Gemanafushi* Constituency:

My name is Jameel and I am a Member of this committee.

Mr. Mohamed Musthafa, MP of *Thimarafushi* Constituency:

Thank you. I am from *Thimarafushi* constituency. My name is Mohamed Musthafa.

Mr. Abdul Ghafoor Moosa, MP of *Kulhudhuffushi* North Constituency:

I am Ghafoor from Kulhudhuffushi MP. And I have been in this committee almost for ten years now. For we will give our full support and assistance whatever we needed to overcome this. Thank you.

Mr. Chairperson:

Thank you very much for Honorable members for been with us today even though Majlis is not on full session. Now I would like to invite MR. Pedro Gomes to give his opening remarks. Thank you very much.

Mr. Pedro Gomes Pereira, Consultant of European Union:

Hello, Good morning to everyone. Thank you for been present. I understand that this is campaign season and we were very great full for any time that you have meet for us available to speak today. My name is Pedro. I am working for the EU and a project the function is to support transparency Maldives and its projects here in the Maldives on the prevention committee of corruption. My function is to back stop that project and also to interview and discuss with relevant Maldivian authorities including the parliament on the effort to preventing the corruption.

Mr. Frank Hass, Mission Head of Corporation:

Good morning. My name is Frank Hass. I have two colleges here and we are from the delegation of the EU to Sri Lanka and the Maldives. So we have based on Colombo and we are here basically to support Mr. Pedro and other Consultants who are looking here this week on prevention of corruption and also looking in to what we can do for reduce and certainly also we are looking into strengthening the judiciary of this country. So today we are going to talk about corruption and let me also thank you very much for meeting with us. And also for here, I am with who a member of transparency Maldives

Mr. Chairperson:

Yeah, I think you can go ahead how could be we help you and you can suggest us what you like to from us. And how could be us to help transparencies effort in eliminating the corruption here. I think all the members here had already assured you their fuller support.

Please also welcome the three new members who join to this committee just now. And I think you can introduce them self those who have newly joined here just now. Thank you very much. Hussain Mohamed honorable MP. Mr. Pedro you can go ahead.

Mr. Pedro Gomes Pereira, Consultant of European Union:

Thank you very much sir. My question is would be both, Public Accounts Committee and the Economic Committee. So, the first question would be, has there been any issues in forming the budget for relevant anti-corruption organization. So here meaning the Attorney General's office, the Auditor General's office, the Anti-Corruption Authority to the extant this question is applicable to the Presidential Committee on Corruption, the Maldives Police Service. I think I have covered all the major institutions here. That is the first question. The second question is what are the challenges these committees see for the foreseeable future in preventing and committing corruption in the Maldives?

Mr. Ibrahim Shareef, MP of Maradhoo constituency:

Actually Maldives is a developing country. And our resources and budget also are very limited. Resource are tight and trained people are lacking. This is not only the financial resources that is hinders to anti-corruption efforts here in the Maldives. It is also the lack of trained person in various organizations, including Attorney General office, the Police Service and other organizations related to anti-corruption issues. As for the judiciary we need trained judges. Specially, in finance and commercial matters. Because financial crimes and the rights, however we do not the necessary resources either the Police Services to investigate properly or the judicial administration and the judiciary as a hope. We do not have a proper legal library in the Maldives which the judges can draw various information. Therefore, if the European Union would like to help in developing our judiciary. The first thing is to have a proper system where judges can be trained. And even the judiciary is under resourced and the Police Service do not have the proper investigative modern

facilities. They need training, they need other forensic facilities to do a proper job. So, that is one problem. We can talk and gone talking about what is lacking. What needs to be done everybody knows. But what is lacking is the resources and the trained person to carry out the job properly. Every year our budget is presented to Maldives. We are the people who go through and revise the budget. The Finance Committee, I mean the Economic Committee and the Public Accounts Committee which I had been a member in both the committees for the last five years. We never reduced the budget of the judiciary or the Police Service or the Anti-Corruption Commission. As whole accept, off cause some capital expenditure from which they have the fancy building request, you know. Because that is not the buildings asper say which is hinders to carrying out the job of these various institutions. Thank you. I think I have explained to you. If any further clarification, I am here to explained to you.

Mr. Chairperson:

To express regarding Pedro's questions. Actually I would say, that I really appreciate the Iman's work on eliminating corruption. I would like to ask Pedro, in European union, do you have corruption. Do you have corruptions, and why corruption is there? Leave it the questions. And the regarding this institutions, enforcing institutions like Police, A.C.C, Judiciary and I don't think this is happening due to any lack of budget for them. So, we are very careful, specially the committee level to give the appropriate budget which they request within our resources. Then it's not a budget issue. It is an integrity issue. This is my personal opinion regarding this. It's an integrity issue. And also job security or many other things. I think Iman knows about this. So I don't believe it is because of the budget this is happening. But corruption it is everywhere, and for instance, I think you have come into very right time. I mean, few days back in an investigation was done by A.C.C regarding the one of the worst corruption case here M.M.P.R.C was being released, and public was being shocked. And it is being investigated and the A.C.C was having that for last more than two years. But it was being not released. Question is why? What was their fear? Why

they didn't release it? And other institutions were also there. But they did not send anyone for investigation. And prior to release this, there was a huge accusation that member of parliament is been bribed and they have been getting the money. Bribed money. But with the report getting, after publishing that report, we do not see much of the members of the parliament is receiving the money. Only four are been there, that is also they said it is for exchange of dollars for this and that. But then, is that mean the member of parliament is not receive the money? the question is. Ok the report it says, there is no money been given to them. But the question is, that means are they clear of these accusation, or they have not touch it, their clean people. I don't think so. So, how to attend this problem. And many on the public, social media, they say members' financial statements should be published. And I think the new parliament which is coming, they have published. I would say that by issuing or publishing the financial statement, do we achieve these objectives? No. very clearly, no. So, there is a way which you should help us to tackle this problem. Because if I issue or publish my financial statement, it's my financial statement. But the corruption money will never come in to my account. It will go to my relatives account or somebody accounts or another one by cash. So, you cannot identify by issue. So, the issue which you were trying to address will be not tackle. In the M.M.P.R.C Report, we can see that some of the members, we can assume or further investigation neither, some members changed the party and for some bakery also owned money. The bakery's been run by the father-in-law. So, is that for buying bread? Or is it for, I mean millions of dollars of bread or for something else? So there are many things. So, I would say that if you in with the Iman's effort of publishing the financial statement of a member alone is not enough. We can bring that changes to the parliamentarian's integrity bill or something like that. But how to tackle this issue. You can suggest us. Thank you for listening. I think MP Abdul Ghafoor also would like to add, honorable MP something to this. Thank you very much.

Mr. Abdul Ghafoor Moosa, MP of *Kulhudhuffushi* North Constituency;

This year budget for the Anti-Corruption Commission is over 4 Million dollars. We are talking about 300,000 peoples. So I think, the Anti-Corruption itself is miss-managing. You will know that, other small countries how much they spent for their Anti-Corruption Commission. I have been meeting with the European countries, small countries with their Anti-Corruption Commissions and other bodies. They get two to three; even Auditor General Office. They get two million, three million per annum. But still we are giving over 4 Million for Anti-Corruption Commission. If they can manage it properly I think they can do the job. They take two years to release M.M.P.R.C Report. Still so much of pages are missing on it. So Anti-Corruption Commission itself is a corrupt place. We don't have a bill to overcome this. We are fighting to bring up income tax bill. Without income tax bill we cannot do anything. Because we need proper rules and regulations. People will not take the responsibilities unless their moneys accountable. So, we have lot of issues. So, even parliament itself, you know there are people who are corrupted and there are people who are supported to them. This is the fact. So, it's like you know, everybody talks about it, even European Union and other International bodies. But we never see anything happening, even in the country itself. Corruption is growing day by day. I think this is a record for 2017. It's not 1.2 Billion. It will be over 4 Billion Rufiyaa for the M.M.P.R.C issues. Everybody know this. Even if a person buys a resort, 50% goes to the government account and another 50% goes to their pocket, over the table. This is happening, and you know in other word, like we have horizontal corruption here. Horizontal corruption. Day by day the record is going up. I mean, this is ridiculous. We cannot understand this. People doesn't have ready to do this.

Mr. Chairperson:

Any other honorable MP would like to express their insight to this issue? Yeah, Mr. Pedro.

Mr. Pedro Gomes Pereira, Consultant of European Union:

Very quickly I think, I was putting in an awkward position to explain,. I'm actually a Brazilian living in Swaziland. So, neither of the country is a part of the European Union which makes it; I'm a Portuguese as well though which is part of the European Union. But this would answer to your question, corruption existing anywhere. I mean we take even the most least corrupt countries and we see, unfortunately they have been taking by either big money laundering or corruption scandals. We don't need to discuss that this moment. I think that part of your question, transparency Maldives is trying to frame a project. So that it can pose what with the government and raise awareness with society about corruption and preventing corruption and fighting corruption. More use of element aware is what we want to perceive to be corruption. Now just give you a quick example my former president in Brazil, who is very ploughed President at in his day when he was convicted for corruption during his presidency and was remanded to prison everybody, a large percentage of the society of the Brazilians are believed that he had only received an apartment was three hundred thousand dollars. But he has done so much good for society. So, the question here then comes, is this corruption? Is this not a corruption? This is something that the society needs to discuss and thankfully we decided to say that yes that is corruption. But it is not for me to say what is you should not be done in Maldives as we have transparency Maldives as well we have Aiman here, which is much better place than I will ever be on specific issues from the Maldives. My function here is simply to support transparency Maldives to ensure to that project has an affect so that project is not only feasible. But it is also successful at the end of its term for the purposes that it is intended to do. I am very happy to hear that the parliament is allocating what believes to be an appropriate budget. I don't know what the total budget of the state is, but it's not billions of dollars. So, funding for the agencies four million is not see unreasonable. Aiman, I see you quacking to say something. So, please.

Mr. Aiman Rasheed, Advocacy Manager of Transparency Maldives:

I think I would like to comment on Nashid some comments regarding the releasing the financial statements whether they could have its intend impact. I think the way we look at corruption has to be holistic rather than one instrument providing a remedy for also to corruption. One of the activities as we have looking conducting as part of this project is to submit to the parliament and the government best practices legislation on asset declaration. So, the idea is that the asset declaration was, the public official's asset declaration to the public, competent authority, it could be the Anti-Corruption Commission, it could possibly be Auditor General's office, it could be the Maldives Inland Authority, it depending on which institution better fix it all should be able to them to confirm that the immediate family has not received, has not been illicitly under rest. And well public officials accounts need to be made public, the immediate family and also other individuals within the public service. These competent authorities would need to tell the public, confirm the public that they have not been illicit enrichment. And also I think there are number of other measures they need to be taken to make sure that there are no holes within this system, that there are no gaps within the system, including criminalization of illicit enrichment, income tax regime as well as political finance transparency, the current political finance transparency regime is very weak, and its subject to abusing as you know, as MPs I know you would know easy it is for invest black money to corrupt political systems. All of these need to be looked holistically as a first one instrument been able to address corruption risks. Thank you.

Mr. Pedro Gomes Pereira, Consultant of European Union:

Just to define way because Aiman had a specific point on what I was saying. Regarding the need to work with the judiciary there is also this week as last week and this week the EU is also doing to measure concerning the reform of the judiciary. Now I don't know if they will be meeting separately with this commission. I know that within the contest of the delegation of the EU that is here today they will not be together or they will not be present if such meeting occurs. So there is already to meet EU concerning working with the

judiciary and with transparency Maldives. There are initiatives, there are specific activities on the project, to work on specific elements of capacity building of investigators, prosecutors and judges to deal with corruption related offenses money laundering and so on. Last comment, last but not least is also the need to access legislation that may have certain loopholes that may create unintentionally loopholes in the system. For example, the current Anti-Corruption Commission does not appear to have the clear mandate to investigate public officials that are managing state on enterprises. So that might be a hindrance, the other one is that it is not clear whether the Anti-Corruption Commission has power also investigate money laundering also. Money laundering resulting from corruption related to offenses which may limit its ability sees what is request to the judiciary to see the confiscate and return those corruptions related assets. That is my last comment. Thankyou

Mr. Ibrahim Shareef, MP of *Maradhoo* Constituency:

Three things I would like to comment on. First is unusual enrichment or illicit enrichment. There is no law in the Maldives which is allowed, it has to be establish soon. I believe the current President government is now in the processes initiating such a law, I think within this year this law will come to parliament. As income tax is the government policy. So, this year and next year we will start hopefully taking income tax. Thirdly about the powers of the Anti-Corruption Commission. Anti-Corruption Commission does have clear mandate to investigate any individual or citizen of the country, if they suspect of corruption, whether it is public official or government enterprise, even a member of the general public. Money laundering comes under the preview of the Maldives Monetary Authority. It can refer any issue to the Maldives Police service for investigation. And if there is an element of corruption involved in the money laundering Anti-Corruption Commission also can do the investigation. So it is not lack of authority or powers. Only lack of resources. Resources means human resources, main power which is lacking. It is for the political view to recently illicit enrichment had been a quite normal thing in a Maldives for the past 50 or 100 or 700

years. People will talk about it, mostly money, until very recently; until 1986 the state budget is less than 100 million rufiyaa, and before 78 it was a something like 4 million rufiyaa only. So, the government was doing a business in the name of M.B.B.S, now call the State Trading Organization which supply the essential goods and services to the public. Mostly, people who are engaging in this business activities the government are involving corruption and they got very rich. And they are the richest people now in this country. As for income tax; the problem was there was not political will until very recently to introduce such legislation in this country. Because, the people involved or effected by such legislation are the most powerful or richest people in this country. Therefore, the political will was not existing. But now things are changing, public is demanding a lot more. And I am sure the next parliament or present parliament will pass the legislation about criminalizing the unusual rich or income funds sources unknown. I think it will go away a lot to, and income tax alone without this criminalizing legislation of unusual rich or illicit gains from various sources cannot stop. I think, will go a long way in helping this problem out or solve this problem. So I don't think there is very big problem here. Because now is the time, right time to initiate such legislation and the government of the Maldives is willing to come forward with it and Parliament is also willing to do what is necessary. Thank you.

Mr. Chairperson:

Any other would like to express; actually with regard to Aiman's that publishing of financial statements of the responsible government and the MP's, I totally support. What I am saying, we have to make sure that such a law is fulfilling the purpose, and the objectives what are we are achieving. We do have money laundering and the terrorism financing act; we do have. But it's very good time to have thought on this act. M.M.P.R.C case, all the funding, all the cheques which is supposed to go to Maldives marketing and Public Relation Corporation, went to a private company. The clearance bank is sending through M.M.A. M.M.A knew that, that money laundering and terrorism financing act is there. Financial intelligence unit had was there. He was aware of this issue. He investigated this issue, he

knows this issue kept the report, resigned and went. He resigned. New one appointed, he was being working during at the peak of the; during the peak of the election, Presidential election, he alerted. President is getting involved in money laundering, and then after few days we knew that he was been removed from his post. And until today there was no body in the finance intelligent unit. So, Governor has the authority to remove in the financial intelligence unit head, nobody there, one person who was there investigated and said there is no issue, kept the report and resigned. The other one want to investigate sacked from there. So, what's wrong with our law? That's what I am saying. This has to be attended. What is wrong. So, we have A.C.C, we have Financial intelligence unit, all appropriates laws are there, but it is not functioning. So, what is wrong with that, it is not a funding issue. With regards of income tax, I would say that, that is big institution should be cleverer. Because, then it will lead by introducing income tax, it will lead into more corruption. Because, more money from rich people; and they will try to avoid it by corrupting the weak institutions. And there will no way tax. And whether it is income tax, or whether it is something else, it is different debate. But introducing income tax is not going to solve, unless the institutions are strong. Than it will be leading into more problem.

Mr. Hussain Mohamed, MP of Mathiveri Constituency:

Can you focus on, what needs to be done, what can be done, and we are the people who sack the Auditor General who raised the issue, so can we focus and what can we done? Mr. Niyaz, Majlis fired him.

Mr. Frank Hass, Mission Head of Corporation:

If you know me since I am from the EU and also I want respond to the question on whether the corruption, we have to release, I think there is different grades of corruptions in different countries, and some are much better than others. And what are the lessons we have learned. I think, in the EU is minimum in the corruption, I think one of the element is

you have to have zero tolerance against corruption. Anti-Corruption cannot be tolerated. It has to be address for the major issues to find it, two examples, they are not from Europe. But if done this successfully, Singapore and the Hong Kong, they have basically, there is political will and there are institutions to enforce it. Singapore taught us also another lessons, we need to pay your officials well, and supervise well, if they paid relatively well and if it go to corruptive behavior, another explanative example that we have another places which have do relatively well it need to do life time check. In addition to publication financial statements. We have very rich officials, Police goes and asks and tell us, explain to us how come you have forecast, how come you have beautiful big house, can you explained to us. If people are explained it well, then of course nothing will happen to them. But if they cannot explain that, then they have to go to justice. So, I think it would be, I hope that we can work with issues on this issues also here in the Maldives, because you, members of parliament have been duty to always see what government and what institution on this country are doing. I'm very much hope, that you will work on this transparency here in this period. Thank you.

Mr. Chairperson:

Yeah, actually I agree every country, for instance like Pedro said, Brazil is one of the shocking; and your female president Dilma Rousseff removed from the post, and president Lula. So, you would have learned something. We had learnt something from our M.M.P.R.C issue. Every country is learning and trying to narrow down. So, everyone is talking, zero tolerance I think the new government, we can see that recently they are working towards that. With regard to judiciary I would like to say that their being very well paid. Specially the Supreme Court judges, and when we draft the constitution, there are some members who are here who worked. Even myself, Mr. Shareef, Mr. Ghfaoor, these people are here. and we have paid vary less. But for Supreme Court judges, we provide cars, we provide insurance, we provide for the family, we provide housing, quite a reasonable pay according to the government standard. But they kept, they are keeping some

issues. They don't know how to decide for one year, whereas MP's seat is being lost or not. They were sitting on that and worming and whole Majlis was being not functioning. They have to be responsible for that, and these judges still there which, according to my view, must be removed. And that gut and that willingness must be having. One year they don't know whether the MP has loss the seat or not. Twelve MP's from this honorable parliament. So these are the issues we have to address. We can talk a lot actually. We can talk a lot. We have lot of issues. Thank you.

Mr. Abdul Ghafoor Moosa, MP of *Kulhudhuffushi* North Constituency:

Even when a new government comes people will know what it happens. There are peoples who are sentenced for 12 years, 18 years, and 15 years, the same judges. But the following day, you know they released everyone. This how judiciary is. So we don't know where we talk about know. We are just lost.

Mr. Chairperson:

I think with that, if you would like to add anymore further remarks we would like to close the session. I think this is the very interesting discussion and I am sure that the parliament and the members, everybody will give their full support. But all what we think is there are laws, appropriate laws. But some leakage or some loopholes, they are trying to bend everywhere. So these are the things we, human beings right not perfect wherever it is. And also the technology what is being coming, this has to be; all these things has to be amended. But interesting session and all the best in the Aiman's work. Thank you very much for visiting us, and enjoy time here in the Maldives.
