

Table of Contents

1	EXPRESSION OF POLITICAL WILL	2
2.	FORWARD	6
3.	ABBREVIATIONS	7
4.	INTRODUCTION	8
5.	BACKGROUND	12
6.	POLICY STATEMENT.....	13
7.	DEFINITION OF CORRUPTION.....	15
8.	FORMS OF CORRUPTION AND ITS CAUSES	15
9.	IMPACT OF CORRUPTION	23
	9.1 Sustainable economic development	23
	9.2 Social and Cultural Development	24
	9.3 Good Governance	24
	9.4 Conservation of Environment	24
10.	STRATEGIES	25
	10.1 Promote quality leadership.....	25
	10.2 Ensure sustained political will	25
	10.3 Review legal framework	25
	10.4 Review and strengthen institutional capacity.....	26
	10.5 Review and refine systems.....	27
	10.6 Develop long-term educational strategy in building an awakened citizenry	30
	10.7 Promote partnership	31
	i. Media.....	31
	ii. Private Sector.....	31
	iii. Civil Society & Non Profit Organizations (NGO)	32
	iv. Spiritual Institutions	32
	v. Regional and International Anti-corruption Initiatives.....	32
11.	MANAGEMENT AND IMPLEMENTATION AUTHORITY.....	33
12.	CONCLUSION	33
13.	REFERENCE	34
	Annexure-1 (Implementation plan)	37
	Annexure-2 (Corruption Preventive Tools).....	45

EXPRESSIONS OF POLITICAL WILL

*“Although Bhutan had been once effectively brought under the beneficent influence of strict law and justice, it subsequently, on account of general corruption and laxity on the part of those in authority, became slack in all branches. If this should be allowed to continue, there would be no distinction between right and wrongdoing, no justice, and without justice human beings cannot have happiness and peace.”***18th Century, Shabdrung Ngawang Namgyal.**

“If at all the occasion has to be marked, it should help enhance the ability of the government to be sensitive and responsive to the needs of the people, that initiatives are taken to raise public awareness and prevent the evil of corruption from taking root in the society and to improve the morale of civil servants.” **1999, His Majesty the 4th Druk Gyalpo’s Command following the cabinet ministers’ repeated appeals to His Majesty to commemorate 25 years of His glorious reign.**

“With the rapid pace of economic development in our country, there have been changes in the thinking of the people with the influence of self-interest leading to corrupt practices taking place in both the government and the private sector. If appropriate steps are not taken now to stop this trend, it will lead to very serious problems in the future, for both the government and the people, in our country with a very small population. In this regard, it is the responsibility of every Bhutanese to act against corruption in our country. At a time when we are establishing parliamentary democracy in the country, it is very important to curb and root out corruption from the very beginning. Therefore, it is imperative to establish the Office of the Anti-Corruption Commission before the adoption of the Constitution and build a strong foundation for the Commission to effectively carry out its functions and responsibilities” **2005, His Majesty the 4th Druk Gyalpo’s Royal Decree.**

As His Royal Highness Trongsa Penlop presided over the historical public consultations on the Draft Constitution in the Dzongkhags, he constantly shared with the people his deep concerns over growing corruption and complacency in Bhutan and his conviction in the timeless values of integrity, honesty, hard work and creativity as captured in the excerpts below.

“The rise in corruption in Bhutan is a challenge we face. How big the challenge is will depend on how soon and how strongly we decide to oppose it ... there is no room for corruption - it is as simple as that, not now and not in the future.” **2005, Tashi Yangtse.**

“It is very important to ensure that corruption does not take hold in Bhutan, especially at this important juncture in our political development. Bhutanese are spiritual people and as officials and as laymen, we easily forgive the corrupt ... but those guilty of corruption and other such acts jeopardize our nation’s very stability and progress. They must be punished according to the law, without fear or favor and unhampered by misplaced piety.” **2006, Dagana.**

“Laws and rules cannot govern every aspect of a person’s life. Therefore, the role of the individual is far more important in deciding whether Bhutan will be a country that embraces the values of integrity and honesty or one that accepts corruption and dishonesty. It is not enough to be honest – there is no substitute to living by a simple rule ‘I will not be corrupt and I will not tolerate corruption in others’.” **2006, Tsirang.**

“How do you succeed in life and serve your country? By understanding the reality of life from today – from this moment on. The reality is that all your years till now and from now on, you must prepare yourself to compete and to succeed through hard work and skills. Some of you may want to become rich. Some may want to lead spiritual lives. Some may want to be ministers. You are young, you must have dreams and you must pursue these dreams. But whatever you do, do it well and earn it through hard work and excellence. Big countries can afford to have complacent people not Bhutan. Big countries can afford corruption, not Bhutan. Merit must be the key word in our country.” **2006, to the graduates.**

*“Many Bhutanese suffer from complacency. While there are many honest and hardworking people, there are also those who feel that they should be rewarded for simply showing up to work, which to them is serving the country. You will not just say that you love your country and people; you will prove it in action and in your deeds, and above all, you will not say that Bhutan is a great country because we have the philosophy of Gross National Happiness but you will show how it is put to use. Bhutan cannot afford to have complacent people or corruption. The price we will have to pay will be much greater and that is why, merit must be the key word in our country.”***2006, to the graduates.**

“... A person guilty of corruption must be punished without fear or favor and without delay... justice must prevail always and without exception...It (corruption) will put to waste the honest labor of good citizens and set wrong example for our youth in whose hands the future of Bhutan lies ... Every citizen has the right to equal and effective protection and recourse to the due process of law. But that it is also important to ensure that this sacred right is not abused in order to delay the dispensation of justice. Such delay is detrimental not only to the judicial system and the strength of law, but also to the Royal Government and the people of Bhutan’s efforts to keep Bhutan free of the scourge of corruption. Merit must be the only path to success in our country.” **2007, His Majesty’s Command on the AWP Corruption Case.**

“Every person shall have the duty to uphold justice and to act against corruption.”
Section 9, Article 8 of the Constitution of the Kingdom of Bhutan

“When I speak of peace and security, I am not talking of the physical defense of the nation. I am speaking of the peace and security that comes from when people are united in their love for the country and united in their efforts to further secure, consolidate and hand over an even stronger nation to their children. True peace and security of Bhutan will always come from the love and hard work of our people. If every single day, every

Bhutanese respects our culture and traditions, our environment, if we uphold the law, if we safeguard everything that is important to Bhutan and to our future generations, if we do our jobs to the best of our abilities, then we will always continue to build a strong nation according to our aspirations, unique to our own way of life... We must be always one nation with one vision in our convictions and efforts.” 2007, to the youth.

“...we must remember that even more important than the wise and judicious use of the powers it (Constitution) confers, is the unconditional fulfillment of the responsibilities fruitful. If we can serve our nation with this knowledge and in this spirit, then an even brighter future awaits our country.

It is my fervent prayer that through this Constitution we will, with our body, speech and mind work with complete commitment and conviction as we strengthen the sovereignty and security of Bhutan; secure the blessings of liberty; ensure justice and peace and enhance the unity and happiness of all Bhutanese, now and always.” 2008, His Majesty’s address to the Nation, upon the adoption of the Constitution.

“As citizens of a spiritual land you treasure the qualities of a good human being: honesty, kindness, charity, integrity, unity, respect for our culture and traditions, love for our country and for Dharma. The future is neither unseen nor unknown. It is what we make of it. What work we do with our two hands today will shape the future of our nation. Our children’s tomorrow has to be created by us today.” 2008, His Majesty’s Coronation Address.

“We want to ensure that the Royal Government will be a clean government, that the promises, that the hopes & the aspirations of the people will be fulfilled in ways that are not wasteful, in ways that are timely and in ways that are not corrupt.” 2008, Prime Minister Lyonpo Jigme Y. Thinley.


“Zero Tolerance to Corruption.” Government’s anti-corruption policy

“Corruption is the bane of most developing countries and the primary reason for the underdevelopment and misery of nations. Like an incurable cancer, unless rooted out from the very beginning, it multiplies and never ceases to grow until it has wasted the very moral fiber of society. It is a social evil that impedes economic growth, induces inequality, deepens poverty, breeds injustice and finally resulting in the exploitation of the poor. While it is the collective responsibility of every Bhutanese to act against corruption, only the Royal Government has the authority and tools to punish those who engage in corrupt practices. In this regard, we believe that the prevention of corruption begins with the electoral process itself since the values and means by which a party comes to power will condition the way in which it will govern...

We will promote public education, including in schools and special advocacy programs to increase people’s awareness as a strategy for prevention of corruption. We will ensure transparency and accountability and institute check and balance instruments. Concerted

efforts will be made to expedite the process of investigation, prosecution and trial and the uniform application of the laws on all citizens alike... Systematic reviews and simplification of the rules and regulations will be undertaken as an important anti-corruption strategy. We will support the ACC and the RAA to identify the cause and forms of corruption so that a comprehensive and realistic anti corruption strategy and implementation plan can be formulated.” 2007, Ruling government’s manifesto.


FORWARD



PRIME MINISTER

དཔལ་ལྷན་འབྲུག་གཞུང་།

Royal Government of Bhutan



སློན་ཆེན།

FOREWORD

While corruption has not yet reached the endemic proportions that it has in many other developing countries, it has nevertheless become a growing concern for us in Bhutan. The scourge of corruption which results in the economic, social and political deprivation of the people is often perpetuated by undemocratic practices and bad governance. The Manifesto of the Druk Phuensum Tshogpa on the basis of which it was voted into power by an overwhelming majority of the people, appropriately refers to corruption as "the bane of society" and describes it as a "social evil that impedes economic growth, induces inequality, deepens poverty, breeds injustice and finally resulting in the exploitation of the poor". Thus, the Royal Government is fully committed to fighting corruption in all its manifestations.


Over the years, many systems, rules and regulations, have been established with the aim of preventing corruption and promoting good governance. However, there has been a general weakness in the implementation of such measures often leaving loopholes for corrupt practices resulting in the waste of precious resources. The weakness in implementation is mostly attributable to coordination problems, territorial mind sets and lack of monitoring mechanisms. The National Anti-corruption Strategy (NACS) will enhance the application of such measures and improve the quality of governance.

It is against this background that the Royal Government was pleased to endorse and support the NACS formulated by the Anti-Corruption Commission (ACC). The Royal Government's efforts at systemic review and simplification of rules and regulations aimed at preventing corruption will be convergent with this strategy and the Committee of Secretaries has been given the mandate for its implementation.

The NACS aims to promote public education, ensure transparency and accountability and the uniform application of laws. It is a comprehensive strategy which dwells on the forms, causes, levels and its impacts on the four pillars of GNH. The strategy then outlines several strategic considerations that are important to combat corruption. These considerations include promoting quality leadership, ensuring sustained political will, reviewing the legal framework to make corruption a high risk crime, strengthening the capacity of institutions, reviewing and refining systems, creating awareness and promoting partnership with stakeholders. The strategy looks at fighting corruption from a holistic point of view with an emphasis on mainstreaming anti-corruption measures in all agencies.

I would like to urge every citizen to give their unconditional support to the cause of anti-corruption and help in the implementation of the NACS. Sustainable development and our cherished goal of Gross National Happiness will only be possible if we manage to eradicate corruption.

Tashi Delek !



(Jigmi Y. Thinley)

ABBREVIATIONS

AB	Administrative Burden
ACA	Anti-corruption Act
ACC	Anti-corruption Commission
BCCI	Bhutan Chamber of Commerce and Industry
BCSR	Bhutan Civil Service Rules
CCPC	Civil and Criminal Procedure Code of Bhutan
COS	Committee of Secretaries
CRM	Corruption Risk Management
DPT	Druk Phuensum Tshogpa
GNH	Gross National Happiness
IP	Integrity Pact
IPSDS	Improving Public Service Delivery System
NACSF	National Anti-corruption Strategy Framework
NGO	Non-governmental organizations
NSB	National Statistical Bureau
PCB	Penal Code of Bhutan
RAA	Royal Audit Authority
RCSC	Royal Civil Service Commission
SCM	Standard Cost Model
TI	Transparency International
UNCAC	United Nations Convention Against Corruption

INTRODUCTION

Bhutan has emerged as a peaceful, harmonious and a happy nation with Gross National Happiness (GNH) as her conscience, beacon for her overall development that places people's voice and their well being at the core. With wise and compassionate leadership of our Monarchs, Bhutan prospered through the ages by responding to the changing needs of changing times. Today as we are on the threshold of a new era of history, we are called upon to respond to new trends to ensure that the nation will continue to survive and strengthen into the future. His Majesty the 4th Druk Gyalpo, in His profound wisdom has placed His trust in the Bhutanese people by introducing democratic governance.

With the establishment of parliamentary democracy in the country, His Majesty the 4th Druk Gyalpo decreed that institutions and systems be put in place to ensure that Bhutanese people always enjoyed peace, prosperity, justice and fundamental rights enshrined in the Bhutanese system. These include the important institutions that uphold democratic governance, among them the Anti-Corruption Commission which was established in 2006.

Corruption is integral to governance. An effective and a caring system of governance, personified by our wise Monarchs, has been the cornerstone of the government's development policies and strategies as testified by its persuasive drive towards fostering active public engagement in the development process, greater transparency, accountability, efficiency and professionalism in governance.

In the past, anti-corruption measures were generally addressed through the good governance policies and the important responsibility of taking anti-corruption initiatives resided in all agencies. However, in the late 1970s till early 1980s, there was an independent body called the Royal Court of Vigilance, which operated as a special audit body with investigative powers and the Royal Audit Authority, which was established in 1977. Corruption as an issue, however, was highlighted in 1999, when His Majesty the 4th Druk Gyalpo graciously acceded to the repeated appeals of the ministers to commemorate 25 years of His glorious reign only on condition that the occasion helps enhance the ability of the government to be sensitive and responsive to the needs of the people, that initiatives are taken to raise public awareness and prevent the evil of corruption from taking root in the society and to improve the morale of civil servants. The establishment of internal audit units in the agencies is an outcome of the 1999 commemorative activity, the good governance initiative entitled, "Enhancing Good Governance: Promoting Efficiency, Transparency & Accountability for GNH." Fighting corruption as a national agenda featured in 2005 following the review of the 1999 good governance initiative.

Corruption is a worldwide phenomenon and it can be traced as far back in the mists of time as we can trace the history of mankind (Hamilton, 2008). It is defined as '*the misuse of entrusted power for private gain.*' (Transparency International, 2008). Corruption has

challenged every country's ability to effectively and efficiently combat it. While levels of corruption in Bhutan is relatively low and manageable, with the onset of rapid economic development and ever changing values due to changing lifestyle, corruption poses serious threat to the very foundation of GNH. Further, if we fail to manage the political change well the threat will be aggravated with the imminence of political corruption, a major source of all other forms of corruption.

The Prime Minister in his inaugural address to the National Consultative Workshop on the draft National Anti-Corruption Strategy Framework (March 26-27, 2009), highlighted occurrence of corruption in eight domains: political leadership, public administration, judiciary, legislature, business, media, religion and society.

“Political leadership: Corruption in this domain must surely be the worst and the most cancerous, for it not only has a pervading effect throughout our society but it can compromise national sovereignty and interests, cause despair, breed hatred and fracture the unity of our people. When politicians and leaders are corrupt, they spawn corruption at all levels and sections of society. They undermine the power of the judiciary. Likewise, they deliberately emasculate the institutions such as the Anti-Corruption Commission and mute the media. In the process, they betray the people who trusted them and the entire nation suffers.

Public Administration or the civil service: When government servants are corrupt, the system is corrupt and little else will remain pure and honest. Politicians and public servants feed on each other at the cost of the people they are meant to serve. When that happens, democracy no longer functions, governance fails and anarchy begins. Good governance will come only when the public administration is clean, just and equitable.

The legislature: A true democracy is where the rule of law prevails and where laws are made by honest and loyal representatives of the people for the good of all citizens. When good laws are made by the legislature, where politicians abide by them, where the public servants adhere to and implement them faithfully and where the people are honest and enlightened, the role of the judiciary need not be demanding. But when this highest of bodies in the land becomes corrupt, it makes laws that favor the rich, deprive the poor and the honest. It ultimately becomes impotent and fails not only to make good laws but is least able to serve as the most powerful of the three branches of government to check and balance the other two.

The judiciary: Where justice prevails, democracy will live. The role of the judiciary must not only be to interpret the laws made by parliament without fear or favour but to inspire and check the legitimacy with which the parliament and the executive conduct their business. But if the judiciary, as the last recourse and refuge against corrupt leadership and public administration, is corrupt, then the rule of law no longer prevails and all hope is lost and democracy must itself crumble.

Business: Trade, industry and commerce are the engine of growth, the main basis of a country's economy and thus its well being. Corruption within it and collusion by leaders, law makers and public servants, with it causes rust and corrodes the very mettle of the engine. There is no profit for business if, in turning its wheels, the oil must come from officials it has corrupted. The wheels of trade and industry must be greased by the oil of innovation, hard work, and fair competition. Business nourished by corruption, will ultimately decay and come to a grinding halt. And both business man and the nation shall become poorer.

The media: The absence of a free and responsible media marks the absence of true democracy. The more vibrant the media so will democracy be. Without the media, how else would we enjoy the freedom of thought, expression and information that are the very essence of democracy? But as the fourth estate, the media is often seen and envied by those who are accountable to the people as the most powerful branch without accountability. When the media is owned by a few with vested interests and profit becomes its sole motive, corrupt practice is inevitable. And when it becomes the instrument of corrupt politics, the essence of democracy is fully compromised.

Religion: Religion is the source of spiritual nourishment. Our moral and ethical values spring from religion. But when religious institutions and personalities become corrupt and engage in unethical practices both for material gain as well as to spread their own faith, they threaten the very core of society.

Society: When all those I have mentioned are corrupt, will not society itself be corrupt? How can society and any citizen for that matter, speak, report or act against corruption, if they condone it as silent spectators or are involved in corruption themselves? A society that tolerates corruption is devoid of moral strength, and if it does not understand that it will destroy it, it is not wise and will not make progress, much less find happiness. Ultimately, the kind of leaders and government that a society has is a reflection of the society itself and its values.”

Some common forms of corruption prevalent in Bhutan are abuse of authority, nepotism and favoritism, bribery, misuse of public fund, fraud, collusion and fronting. Corruption breeds because of a tolerant culture and weak leadership which manifests in systemic flaws, weak administration and hence lack of transparency and accountability; high discretionary powers; lengthy procedures; unclear and weak rules and regulations and weaker enforcement; weak accountability institutions that include media and citizenry.

Fighting corruption is a big challenge as it is a crime perpetrated between willing partners. Therefore, in a move towards engendering sustained concerted and result driven effort, a national anti-corruption strategy framework (NACSF) has been formulated in close consultation with stakeholders and experts. The Framework is a broad structural guideline and allows greater flexibility to agencies to put in place measures of their suitability within the seven broad strategic considerations, viz.:

- Promote Quality Leadership;
- Ensure Sustained Political Will;
- Review Legislative Framework to Make Corruption a High Risk Offence;
- Review and Strengthen Institutional Capacity;
- Review and Refine Systems:
 - *Review & reform procurement system;*
 - *Strengthen public financial management system;*
 - *Review administrative systems;*
 - *Simplify procedures and regulations;*
 - *Minimize discretionary powers of decision-makers;*
 - *Establish clear & transparent protocols on policy and rule making;*
 - *Enforce code of conduct and ethics; &*
 - *Enforce declaration of conflicts of interest*
 - Develop Long-term Educational Strategy for an Awakened Citizenry;
 - Promote Partnership with Stakeholders
- *Media;*
- *Private sector;*
- *Civil Society and NGOs;*
- *Spiritual Institutions; &*
- *Regional and international anti-corruption initiatives.*

The Framework also presents corruption scenario and provides insights into how corruption may impact the four pillars of Gross National Happiness and ultimately the national mission of Gross National Happiness itself.

Implementation aspects of the Framework will be overseen by the Committee of Secretaries (COS) and the Anti-Corruption Commission will support it wherever necessary.

BACKGROUND

Globally, World Bank estimates that more than USD 1 trillion is paid in bribes each year (World Bank, 2004). The research also reveals that ‘the countries that tackle corruption and improve their rule of law can increase their national incomes by as much as four times in the long run and child mortality can fall by as much as 75 percent.’ Another research by IMF establishes decreased investment patterns by almost 5 percent in countries infested by corruption. The Asian Development Bank found that corruption adds ‘20-100 percent’ to the cost of procuring government goods and services in several Asian countries.

Bhutan being predominantly a Buddhist country, Bhutanese have, since the arrival of Buddhism in the seventh century, adopted Buddhist values of “*PHAKPAI LAM YENLAG GAED*”¹ “*LHA CHOE GEWA CHU*”², “*ME CHOE TSANGMA CHUDRU*.”³ These values have indiscriminately played an important role in keeping corruption low in Bhutan.

Corruption as a critical governance issue was noted by our leaders as early as the first theocratic ruler, Zhabdrung Ngawang Namgyal, as evident in His statement, “*Although Bhutan had been once effectively brought under the beneficent influence of strict law and justice, it subsequently, on account of general corruption and laxity on the part of those in authority, became slack in all branches. If this should be allowed to continue, there would be no distinction between right and wrongdoing, no justice and without justice human beings cannot have happiness and peace.*” Today, as elicited by the ‘Corruption Perception Survey 2007,’ corruption prevails at all levels of the society and it is growing.

With the establishment of the Anti-Corruption Commission, the time also called for a national level strategy to collectively combat corruption in the country. It is in this light

¹ *PHAKPAI LAM YENLAG GAED* refers to: 1) Right View; 2) Right Intention;3) Right Speech;4) Right Action; 5) Right Livelihood; 6) Right Effort; 7) Right mindfulness; and 8) Right Concentration.

² *LHA CHOE GEWA CHU* refer to: 1) Saving Lives; 2) Not taking what is not given; 3) Avoiding Sexual Misconduct; 4) Not lying; 5) Not sowing Discord; 6) Avoiding harsh words; 7)Avoiding worthless chatter; 8) Avoiding covetousness; 9) Wishing good for others and 10) Avoiding wrong views.

³ *ME CHOE TSANGMA CHUDRU* refers to: 1) Have respectful confidence & faith in the Triple Gem. 2) Practice self development through body, speech & mind. 3) Show honor & reverence to kind parents. 4) Show respect to the learned & the wise. 5) Honor & respect the elderly & people of nobility. 6) Be honest and kind to all relatives & friends. 7) Be helpful to people in the locality/ neighborhood. 8) Be honest & incorruptible.9) Be always gentle & decent. 10) Live a moderate life free from extreme livelihood. 11) Repay the kindness of the generous. 12) Avoid deceptive conduct & fraud in weights & measures. 13) Avoid jealousy and cultivate friendship with all. 14) Avoid the company of evil & deceptive friends. 15) Avoid the words of bad (wo)men. 16) Be patient, far-sighted & capable of enduring hardships in fulfilling one’s duties.

that the National Anti-Corruption Strategy Framework is formulated. The Framework provides all-inclusive aspects of corruption; its forms and causes⁴, as prevalent in the country and recommends appropriate measures to effectively and efficiently tackle corruption from taking deep roots in the country.

The formulation of National Anti-Corruption Strategy Framework by the Anti-Corruption Commission is in keeping with the duty bestowed upon it by Article 54(b) of the Anti-Corruption Act 2006 and it is in conjunction with the government's policy of "Zero Tolerance to Corruption".

POLICY STATEMENT

The main driving force behind the fight against corruption came from the Golden Throne. Recognizing the immediate threat corruption posed to the happiness of His people, His Majesty the 4th Druk Gyalpo decreed the establishment of the Anti-Corruption Commission to spear-head the fight against corruption in December 2005. Our Monarchs' profound public addresses underpin their deep concern over corruption and the urgent need to fight it.

"It is the responsibility of every Bhutanese to act against corruption in our country."

-Fourth Druk Gyalpo

⁴ Forms and causes of corruption in the country are based on the Corruption Perception Survey 2007 and the complaints received by ACC till date.

“The rise of corruption in Bhutan is a challenge we face. How big the challenge is, will depend on how soon and how strongly we decide to oppose it...there is no room for corruption - it is as simple as that, not now and not in the future...It is not enough to be honest - there is no substitute to living by a simple rule ‘I will not be corrupt and I will not tolerate corruption in others.’”

-Druk Gyalpo.

In keeping with the deep concern of our Monarchs, the ruling government embraced the policy of “Zero Tolerance to corruption”. The seriousness to fight corruption is evident from the abstract of the government’s manifesto.

“We will promote public education, including in schools and special advocacy programmes to increase people’s awareness as a strategy for prevention of corruption. We will ensure transparency and accountability and institute check and balance instruments. Concerted efforts will be made to expedite the process of investigation, prosecution and trial and the uniform application of the laws on all citizens alike... Systematic reviews and simplification of the rules and regulations will be undertaken as an important anti-corruption strategy. We will support the ACC and the RAA to identify the cause and forms of corruption so that a comprehensive and realistic anti corruption strategy and implementation plan can be formulated.”

----Manifesto----Druk Phuensum Tshogpa

DEFINITION OF CORRUPTION

Definition of Corruption

An act done with an intent to give advantage inconsistent with official duty and the rights of others.
The act of official or fiduciary person who unlawfully and wrongfully uses his status or character to procure some benefit for himself or for another person contrary to duty and the right of others.

Black's Law Dictionary Sixth Edition Definition
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Corruption involves the dishonest or preferential use of power or position which has the result of one person or organisation being advantaged over another.

There is no universal definition of corruption. According to Transparency International⁵ (TI), “*Corruption is operationally defined as the misuse of entrusted power for private gain.*” (Transparency International, 2008).

The ruling government’s manifesto refers to corruption as ‘*the bane of society,...an incurable cancer...a social evil that impedes economic growth, induces inequality, deepens poverty...and results in the exploitation of the poor.*’ (Druk Phuensum Tshogpa, 2008).

The Anti-Corruption Act, 2006, defines the corrupt as “*Any person with a corrupt intention accepts or obtains or agrees to accept or attempt to obtain; gives or agrees to give or offers any gratification to any person*

or entity as an inducement or reward for doing or forbearing to do an act relating to the exercise or non-exercise of power in office or in the course of official duty, rendering the gratification an undue gratification.” (Anti-Corruption Act, 2006).

In essence, corruption is an act by an individual⁶ who unlawfully⁷ and wrongly⁸ uses his/her official position of trust to benefit himself/herself or someone related or close to him/her at the cost of others.

FORMS OF CORRUPTION AND ITS CAUSES

Corruption exists in various manifestations and its causes are diverse, socially, culturally, economically and politically. Forms of corruption and their causes as established from

⁵ Transparency International is a global civil society organization that leads the fight against corruption in the world.

⁶ Individuals means- a person or a group of persons

⁷ Unlawfully means- anything that is illegal such as abuse or misuse of public resources and abuse of authority.

⁸ Wrongfully means- anything that is wrong from the perspective of common sense like unethical and dishonest act, theft and so on.

the findings of the “Corruption Perception Survey 2007” are presented below. Enquiry/survey conducted by Centre for Bhutan Studies (Rabten, 2009) and the complaints received by the Anti-Corruption Commission corroborate the information from the Survey. The forms and causes of corruption illustrated below are by no means exhaustive or exclusive.

Abuse of Power

Abuse of power is a common threat that runs through all forms of corruption. When public servants in positions of authority are corrupt, organizations and systems are rendered weak and ineffective, which potentially stakes public trust in the government besides other consequences of corruption.

Corruption in positions of authority can occur in policy formulation, legislation of laws, formulating development plans, award of works, project management, personnel administration, enforcement of laws and policies and misuse of resources including human resource.

The main causes for abuse of power are weak recruitment system for leadership positions (wrong people being appointed), discretionary power, poor accountability, weak mechanism for detection and punishments, weak oversight, general failure in the implementation of Code of Conduct and Ethics, weak media for exposure, tolerant culture and social obligations.

Nepotism and Favoritism

Nepotism and favoritism by nature involve abuse of power. Such abuses generally occur when someone closely linked to a public official through family, friends, marriage, party⁹ or communal association is given undue preferential treatment. It normally prevails in personnel matters such as recruitment, promotion, training, transfer and administrative sanctions, services delivery and award of contracts.

Major causes of this form of corruption are absence of a system of declaring perceived and potential conflict of interest, which is emanating from the general failure in the implementation of Code of Conduct and Ethics including training of employees for conscious compliance of the same, lack of proper check and balance mechanisms, absence of a transparent and institutionalized system of grievance re-dressal avenue without fear for reprisals.

⁹ Party refers to political parties

Misuse of Public Funds

Misuse of public funds is embezzlement. Embezzlement or illegal money use or siphoning takes place through deception, breach of trust, forgery, fraud and falsification or tampering of documents and information.

Embezzlement commonly occurs in accounts, procurement and revenue sections, project payments and in human resources divisions. The common modus operandi adopted is false muster roll payments through double bookings, false DSA/TA/DA/porter/pony claims, manipulation in stock and cash balance adjustments and excess payments to contractors and suppliers.

Major causes of embezzlement are non-compliance with financial norms, general failure in the implementation of Code of Conduct & Ethics, poor moral values, lack of proper check and balance mechanisms, poor accountability and general weakness in administration, weak leadership without supervisory accountability.

Bribery

Bribery is an act of giving, taking or soliciting bribes. The act involves offering, taking or soliciting a benefit or a gratification that directly or indirectly affects the action of a public servant. The act is very often disguised and camouflaged in the form of gifts, which are considered customary and other gratification such as employment and scholarship for the public official's relatives, holiday and hospitality.

Bribery takes place due to lengthy procedures, unclear and multiplicity of rules with loopholes for manipulation, lack of information and transparency of rules & procedures, discriminatory application of laws and rules, general failure in the implementation of Code of Conduct and inefficient service delivery.

Fraud

Fraud is deceiving somebody to get a benefit. Fraud is mostly prevalent in the area of claiming and disbursing payments like travel, medical, daily subsistence allowance and contract bills and labor payments. It is also common in bank guarantee facilities.

Major causes of fraud are the absence of a proper check and balance mechanism and general weakness in the administration.

Collusion

Collusion is a secret deal between parties to deceive a person through a dishonest act for their benefit. Collusion generally happens in government procurement through bid rigging, leakage of privileged information and unprofessional bid assessment.

The main causes of collusion are lengthy procedures, unclear and multiplicity of rules with loopholes for manipulation, discretionary powers, weak oversight and monitoring, lack of transparency and accountability, non-enforcement of rules and regulations, general failure in the implementation of Code of Conduct & Ethics and inefficient service delivery. Collusion may also be attributed to social ties.

Kickbacks

Kickbacks refer to payments made by suppliers to representatives of the procuring agencies in exchange for contracts secured through unfair means.

The main causes of kickbacks are systemic flaws, lengthy and vague rules, lack of check and balance mechanisms, poor supervision, lack of transparency and accountability, absence of service standards and general failure in the implementation of Code of Conduct & Ethics.

Fronting

Fronting is an agreement executed between a legitimate licensed company/business enterprise and unlicensed individuals/groups for running the business for a certain consideration¹⁰. Fronting in Bhutan is generally associated with retail businesses, mining operations, “software” and manufacturing industries and procurement.

The main causes of fronting are absence of an effective monitoring system, weak laws and weaker enforcement and absence of Business Code of Conduct and Ethics.

Money Laundering

Money laundering is the “practice of disguising illegally obtained funds so that they seem legal” (Wikipedia., 2001). In actual sense, criminals disguise the origin of money that they obtained through illegal means. On socio-cultural front, money laundering can promote criminal activity and encourage drugs, commercial sex and disrupt other social norms. And, on the economic front, it can distort market.

One of the main causes of money laundering is lack of adequate legislation and law enforcement. In the absence of aggressive anti-money laundering programme, regulations and growing financial market, Bhutan is vulnerable to money laundering.

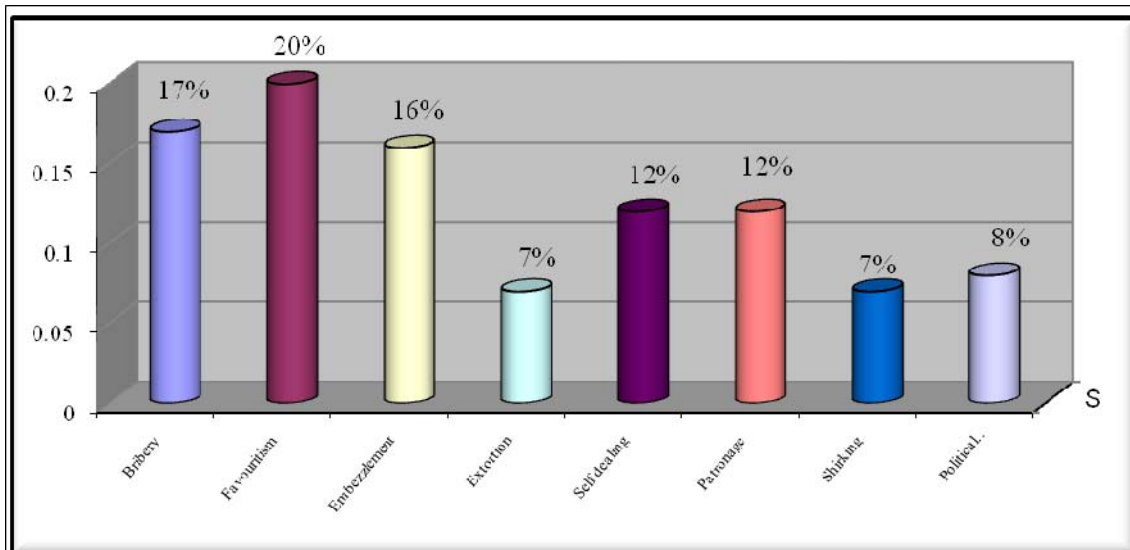
Besides the structural and cultural deficiencies attributing to various forms of corruption, degeneration of ethical and moral values is also an important attributing factor.

The table below presents people’s perception of causes of corruption (Corruption Perception Survey 2007).

¹⁰ Consideration would include payments/commissions/profit sharing for rentals of licenses.

Causes of corruption	Degree of acceptance					Total
	Strongly agree	Partly agree	Disagree	Do not know	Not stated	
Wants (greedy, never enough)	55.9	28.8	6.2	7.9	1.2	100.0
Needs (sheer necessity, basic minimum not met)	42.8	36.3	9.5	10.1	1.3	100.0
Discriminatory & non-uniform application of laws and rules	40.9	33.4	9.9	14.4	1.4	100.0
Lack of information and transparency on rules & procedures	36.4	36.4	12.4	13.8	1.0	100.0
Inaction of cases reported	36.3	35.5	9.7	16.3	2.2	100.0
Strong protective social net of the accused	35.9	34.6	9.0	18.2	2.3	100.0
Unfair business competition and practices	34.0	35.9	9.4	19.4	1.2	100.0
Unclear rules with loopholes for manipulation	33.6	36.4	11.3	17.3	1.5	100.0
Weak leaderships at all levels	33.1	36.3	14.3	15.0	1.4	100.0
Lack of incentives/security	32.5	36.4	10.9	18.5	1.7	100.0
Non-enforcement of rules and procedures	31.7	39.2	12.1	15.7	1.4	100.0
Poor or no proper accountability mechanism	31.4	38.8	10.2	18.4	1.2	100.0
Social demands and obligations	30.1	41.4	11.0	14.3	3.3	100.0
Lengthy procedures	29.3	37.6	14.3	16.8	2.0	100.0
Too many rules to follow	28.9	37.7	19.5	12.8	1.1	100.0
Weak and ineffective media	27.8	38.0	13.4	19.0	1.8	100.0
Inefficient service delivery	27.8	38.4	10.0	19.8	4.1	100.0

The following figure is people's perception of forms of corruption from "People's Attitude towards Corruption and ACC Survey 2008."



The following matrix outlines types and causes of corruption along with possible risks:

Type of Corruption	Cause	Risk Area	Risk Organization
Abuse of power	Weak recruitment system for leaders, discretionary powers, poor accountability, weak mechanism for detection and punishments, weak oversight, general failure in the implementation of the Code of Conduct and Ethics, weak media and tolerant culture.	It runs through all forms of corruption.	In all institutions.
Nepotism and Favoritism	Uncontrolled discretionary power. Absence of a system of declaring conflict of interest. Failure to comply with the Code of Conduct and Ethics. Absence of proper check and balance mechanisms in the system and lack of grievance re-dressal avenues.	Planned development activities. Project implementation Recruitment, transfer, promotion and training.	Central agencies. Autonomous agencies. Projects. Local governments.
Misuse of public funds	Lack of proper check and balance mechanisms. weak leadership, high discretionary power. non-compliance with the	Financial approval and disbursement.	Government, corporation, Dzongkhags and Geogs.

	financial laws. poor supervision and poor moral values.	Revenue collection both at central and local level.	
Bribery/Kickback	<p>Uncontrolled discriminatory power</p> <p>Non-uniform application of laws, rules and norms.</p> <p>Unclear and lengthy procedures, lack of information and transparency. Failure to implement Code of Conduct and Ethics.</p> <p>Inefficient service delivery.</p> <p>Social demands and obligations.</p> <p>Systemic flaws.</p> <p>Poor moral values.</p>	<p>Contract administration</p> <p>Service organizations</p> <p>Recruitment, promotions, transfer and trainings.</p> <p>Adjudication of cases</p> <p>Elections</p>	<p>Central agencies.</p> <p>Autonomous agencies.</p> <p>Projects, Judiciary and Legislative.</p>
	Lengthy procedures, unclear rules, weak	Academic transcripts, bank guarantees, TA/DA	Government employment,

<p>Fraud</p>	<p>supervision and lack of check and balance.</p> <p>General administration weakness and poor moral values.</p>	<p>bills and other government clearances.</p>	<p>Banks, school admission. construction and mining industries.</p>
<p>Collusion between public & private in procurement</p>	<p>Non-application of rules, lack of transparency and accountability, discretionary powers, weak oversight body, failure in the implementation of Code of Conduct and Ethics. Inefficient service delivery.</p> <p>Poor moral values and social ties.</p>	<p>Government procurement system.</p> <p>Foreign investments.</p> <p>Processing of mining leases and rights.</p> <p>Hiring of machineries and vehicles.</p>	<p>Procurement section.</p> <p>Licensing divisions.</p> <p>Trade division.</p> <p>Natural resources regulatory agencies.</p>
<p>Fronting</p>	<p>Weak entrepreneurial capacity.</p> <p>Lack of resources.</p> <p>Lack of monitoring system.</p> <p>Absence of Business</p>	<p>Retail and whole sale business in border towns.</p> <p>Manufacturing and construction industries.</p> <p>Deployment of equipment and machinery.</p>	<p>Whole sale and retail businesses</p> <p>Manufacturing and construction industry.</p> <p>Natural resources</p>

	Code of Ethics. Social network. Lack of integrity. Weak regulatory systems.		sector.
Money laundering	Lack of adequate legislation and law enforcement. Globalization of financial markets	Banking and other financial transactions.	Banks and financial institutions

IMPACT OF CORRUPTION

Corruption retards sustainable economic development; it degrades the environment and its resources; it disrupts social harmony and obstructs good governance initiatives and the rule of law. It undermines public trust, security and political stability. For Bhutan, corruption can be the greatest impediment to achieving the national goal of Gross National Happiness. Corruption betrays public trust and confidence in the government and public officials. Corruption is anti-GNH, as elicited below:

9.1 Sustainable economic development

Corruption has negative impact on economic growth, investment, international trade and price stability (Herzfeld, 2005). Empirical studies by institutions like World Bank, IMF and ABD reveal that corruption on an average reduces economic growth in a country by 0.5-1% a year (Shepotylo, 2009).

For Bhutan, corruption can reduce government revenue through leakages and tax evasions. It can discourage foreign direct investments and international aid to the country. Corruption can discourage level playing fields in private sector and distort the market

conditions. Corruption can increase cost of doing business due to pay-offs, bribes, kickbacks, which in turn can negatively impact employment and inflation.

Social and Cultural Development

Corruption can disrupt equity and harmony in a society by widening gap between the rich and the poor. This gap can create social tension. Corruption can also be a threat to the national identity as it erodes social, cultural and moral fabric of the society.

Good Governance

Drawing on the international experiences, corruption undermines state legitimacy and the rule of law. In a country like Bhutan, where parliamentary democracy has been just introduced, political corruption can threaten the nascent democracy. Electing incompetent candidates of political parties through exchange of votes for concessions is one such example. Similarly, political masters can also bring incompetent and corrupt officials into public service through nepotism and favoritism and also legalize corruption through policies and laws.

The nexus between ruling party and big businesses, which provide support to the party can manipulate policies, laws, development programs and national budget allocation, manifestation of state capture, which will result in instability. Such business houses become shadow policy makers and legislators.

Corruption in judiciary will undermine the very conscience of the institution, justice and security. Judiciary is an important institution in the governance system. Therefore, judicial corruption is the worst form of corruption since there is no corrective mechanism. Such a situation can disrupt the fundamentals of justice and liberty in a country, the very foundation of democracy and ultimately GNH.

Conservation of Environment

Pristine environment and natural resources is a national asset. Environmental degradation risks the very essence of life. Therefore, it is important that sustainability of the environment is ensured for future generations.

Corruption allows indiscriminate exploitation of environment and natural resources, distorting ecological balance, causing disasters and poor health conditions of people and entrenches poverty.

STRATEGIES

In order to fight corruption effectively and aggressively, the following strategic considerations have been emphasized. These strategic considerations are broad, inter-related and provide a platform for entry points for programs and activities by ministries, autonomous agencies and other stakeholders. The strategies are in no way exhaustive.

Promote quality leadership

As presented in the survey findings, a common cause for corruption is weak leadership and hence weak administration. Good leadership is vital in fighting corruption. It is required not only to demonstrate and epitomize ethical conduct but also to bring changes in organizational culture that supports good values, promotes integrity and professionalism. Systems are as strong or as weak as the leaders. Leaders should lead the way.

Good leadership must be promoted as a good governance measure. Therefore, emphasis shall be placed on appointment of right people at the right place on the principle of meritocracy through appropriate and robust recruitment and institutionalization of effective performance accountability systems.

Ensure sustained political will

Political will is a critical precondition in fighting corruption. Political will is not only of the government and the leadership alone but of the people, oversight institutions such as the media and civil society. However, government has to lead the way and create conducive environment for fighting corruption. Political will must manifest itself in mainstreaming anti-corruption strategies and programs into the overall plans of the government.

The support from the government is crucial because without actual political will and support, any anti-corruption agency will be ineffective. Political will must be nurtured and sustained by successive governments in future. Political will of the people and oversight institutions should forge alliances to foster a culture of absolute intolerance for corruption.

Review legal framework

Laws form the first and last line of defense against corruption. The policy of “Zero Tolerance to corruption” should legislate stringent and clear laws to make the offence of corruption highly risky and costly without any benefit. This is the first step in deterring

corruption. The Anti-Corruption Act 2006 (ACA 2006) was the first act on corruption. The ACA 2006 is useful in terms of providing definitions of corruption and conferring power to the Anti-Corruption Commission. However, for penalty provisions for corrupt acts, the Act refers to the Penal Code of Bhutan 2004 (PCB 2004). There are mismatches between both the definition and the penalty provisions in ACA 2006 and PCB 2004.

As corruption needs stringent penalties, PCB 2004 is mild on penalty clauses for corrupt acts, which often have to be inferred. For some of the corrupt acts defined in ACA 2006, there are no corresponding penalty clauses in PCB 2004.

Comparing the penalty provisions in PCB 2004 and other laws, most of the offences described by ACA 2006 fall within or below misdemeanor. Corrupt officials sentenced for offences of misdemeanor or below can pay in lieu of imprisonment. This system of sentencing based on the penalty clauses of laws sends a message that one can be corrupt and if one has money one can pay and be free. Hence, the laws are not strong enough to bring effective deterrence on corruption.

Favoritism and nepotism, by nature, committed with conflict of interest result in serious corrupt acts, and is rampant, but PCB 2004 has no penalty clauses for them. It causes huge loss, tangible and intangible, to the people and the country. Besides strong laws on such issues, there also has to be a cultural shift to recognize these as serious problems.

Apart from the PCB 2004 and ACA 2006, there are other complementary legislations (e.g. civil service, environment, forestry, tax & customs, procurement, banking, etc.) to curb corruption. These legislations must be examined and amended, if necessary, to make them at par with the main anti-corruption acts. In addition, new acts must be formulated, particularly those vital to curbing corruption such as Contract Act, Access to Information Act and Anti-Money Laundering Act.

In the strategic and collective fight against corruption, the importance of clear and stringent laws cannot be over-emphasized. These laws must make corruption a high risk, high cost and low benefit offence. The review of laws must be done on a regular basis to update them with the need of changing times. The review of PCB, the Civil and Criminal Procedure Code of Bhutan (CCPC) and ACA has already been initiated by the National Council and ACC.

Review and strengthen institutional capacity

Institutional capacity plays a key role in promoting efficiency in both public and private sector. Lack of institutional capacity breeds corruption.

Without undermining importance of other institutions, institutional capacity of the Judiciary, Anti-Corruption Commission, the Office of the Attorney General, Royal Audit Authority, internal audit units, media and civil societies must be reviewed and strengthened.

Judiciary is a premier institution in the fight against corruption. For the courts to adjudicate corruption cases effectively, efficiently and firmly, its institutional capacity must be strengthened wherever required.

Similarly, the capacity of the Office of the Attorney General as the prosecuting agency and the Royal Audit Authority in sensing and detecting corruption during regular auditing has to be developed.

The Anti-Corruption Commission as the lead agency in fighting corruption needs institutional capacity development in investigation, prevention and public education. ACC's capacity development in intelligence and networking for detection of corruption, research and analysis and coalition building is paramount.

In ministries, departments, autonomous bodies, corporations and educational institutions capacity must be developed to undertake corruption risk assessment, to plug systemic loopholes, to implement anti-corruption policies and strategies and to promote professional ethics in employees.

Review and refine systems

Government has the important responsibility to create systems to achieve its political, social and economic goals. A dynamic process of systems review vis-à-vis their objectives, costs and benefits are equally important. Plethora of policies, laws, rules and procedures and which at times is unclear and conflicting not only place huge financial and administrative burden on the government, economic agents and people but also become a breeding ground for corruption. Transparent and clear protocol on formulating policies, laws, rules and procedures has to be in place and these instruments have to be simplified, harmonized and consolidated and disseminated for greater transparency, compliance and accountability.

At the moment, however, there is no standard timeframe for review of systems. As a result, systems sometimes become obsolete and inadequate, providing opportunities for corrupt practices to thrive among other consequences. At the same time, enforcement regime also has to be strengthened.

Opportunity for corruption grows with systemic flaws. Therefore, reviewing and refining systems is an important preventive measure for curbing corruption. The government, through the internal audit units, shall initiate a mechanism to review systems prevailing in all agencies at appropriate regular intervals. Systems review must examine flaws or inadequacies in the system and devise measures to plug them. Through a system-wide review, the following broad programs will be reviewed:

Review and reform public procurement system

Public procurement for works, goods and services has a huge budget outlay. Any lack of trained professionals, weak regulation and weaker enforcement would result into huge loss to the public exchequer. Hence, it will be a major proactive anti-corruption strategy to further review and refine the public procurement system as a whole.

The system review must provide a public procurement system which is easy to implement, with mechanisms in ensuring transparency and accountability in decision making process including an avenue for redressing contractors'/suppliers' grievances. The review must bring in efficiency in terms of resources spent and the quality of the products procured.

As recommended by the Pay Commission, (Pay Commission, 2008) procurement division has been created in the Ministry of Finance to professionalize procurement. The revised Procurement Manual and the Standard Bidding Document for works are in force. However, with the urgent need for public advocacy, capacity development and bid protest regulation, there is also a need to look into the system of public procurement comprehensively, especially in removing ambiguities and conditions that create inherent opportunities for corrupt behavior or compel people to resort to corrupt behavior. As also recommended by the Pay Commission, as one of cost cutting measures, centralized procurement system needs to be studied.

Strengthen public financial management system

Financial rules have served their purpose in the past. With the changing times, financial rules have to be reviewed and updated. In consultation with the Royal Monetary Authority and the Ministry of Finance, financial institutions must review and explore ways to strengthen the public financial management system. There is an immediate need to reduce direct cash dealings in financial transactions. The human interaction in financial transactions must be reduced to the lowest level to curb bribery and other malpractices and to detect the money path when such acts are committed. Information Communication Technology (ICT) needs to be used wherever necessary to reduce the human factor in financial transactions.

Simplify procedures and regulations

Administrative procedures and regulations should be customer friendly and cost effective. Lengthy procedures and hard-to-follow regulations encourage people to take shortcuts through graft and bribes. Vague regulations and lengthy procedures are some of the main causes of corruption. Therefore, effort has to be made to simplify regulations and procedures in all agencies. This can be done through the Standard Cost Model (SCM), which is a tool to assess administrative burden and help simplify procedures in public service delivery. One-stop-shop (OSS) and service standards are also some tools that are being implemented to make procedures clear, simple and transparent. The process for

institutionalization of the above tools has begun through a multi-sectoral task force based in the RCSC.

Minimize discretionary powers in decision-making

Monopoly and discretionary power accompanied by lack of accountability and transparency, is another potential cause of corruption. Therefore, the government in partnership with the concerned agency will study the discretionary powers enjoyed by public officials and focus on minimizing it and enhancing transparency and accountability while exercising such powers. This can be done by putting in place a clear legal frame work to guide institutional conduct. The system of declaring conflict of interest will be made mandatory in all decision making processes.

Establish clear & transparent protocol on policy and rule making

Clear and transparent protocol for formulating policies and rules has to be established. Clear processes with responsible actors will be spelt out for initiating any policy or rule, consultation including public engagement as policies and rules impact on their lives, approval, enforcement and review for relevance, efficiency and transparency.

Enforce code of conduct and ethics

The Code of Conduct and Ethics is the ultimate terms of reference for all public servants. It is a useful written guide for ethical behavior in organizations. Although civil servants are governed by BCSR 2006 Code of Conduct and Ethics¹¹, it is vital that every institution has its own code of conduct and ethics incorporating its own values. No two institutions are alike in their functions and mandates. Further, as codes are not self-implementable, emphasis will be made on developing compliance program with clear redressal and accountability measures. It is also important to align provisions of the Code of Conduct and Ethics to the functions and mandate of the respective organizations.

Enforce Declaration of Conflict of Interest

Conflicts of interest, positive and negative, occur in public officials' work and identifying and disclosing such conflicts is an integral part of public officials' duties. Public officials are expected to perform their duties in a fair and unbiased way; decisions that they make are not affected by self-interest, private affiliations, or the likelihood of personal gain or loss, which is an important basis for public confidence and trust. Public interest has to be placed before private interests, whether actual or perceived, and protected by ensuring that private interests that conflict with it are identified and managed effectively. A workplace culture that encourages and supports the identification and disclosure of conflicts of interest has to be promoted. Sound policies and procedures to manage

¹¹ Chapter 2 (page 2) of BCSR-2006 spells out the generic code of conduct and ethics of all civil servants bestowed with the privilege of honour to serve the Tsawa Sum.

conflicts of interest are vital to fighting corruption and have to be in place. Corruption and misconduct will pervade if conflicts of interest are not identified and managed openly and effectively.

Although there is a need to declare conflict of interest according to section 8 of Chapter 2 of the BCSR-2006 and also in other code of conduct, only few ministries and agencies are complying with it. Therefore, all agencies will have a system of declaring conflict of interest while discharging official duties, especially during important decision making processes like policy formulation, contract evaluation and award thereof, promotion meetings and employment.

The purpose of conflict of interest laws is to prohibit public employees from personally benefiting or favoring/punishing someone at the expense of the public interest. Where a conflict of interest exists, the employee must publicly announce the interest creating the conflict, and must also refrain himself/herself from the decision making process. There will also be a system within the code of ethics to appropriately penalize non-declaration of conflict of interest.

Develop long-term educational strategy in building an awakened citizenry

Corruption needs long-term solutions. Corruption cannot be controlled unless there is a change in public attitude and behavior towards corruption from ‘taking it for granted’ to ‘total intolerance’. Changing people’s attitude to embracing clean culture is very critical to fight the social menace. A strong, awakened citizenry that upholds honesty, justice and rule of law over any other interests is necessary to combat corruption through long term education and learning processes.

Public advocacy and awareness program development and dissemination is important but to build a society based on integrity and values needs a different approach. Hence, there is a need to develop comprehensive long-term educational programs and learning materials for students, civil servants and the general public. Programs on integrity and ethics for youth are critically essential to build future citizens with high integrity and professionalism. The Education Ministry, Royal University of Bhutan and Ministry of Labour & Human Resources, in collaboration with other stakeholders, need to review/introduce and strengthen curricular content on value education and professional code of conduct and ethics in the schools, training institutes and colleges, among others.

Programs on integrity and values are necessary for public officials to orient them on the costs and risks of unethical and corrupt conduct. Such programs may be imparted at both pre-service and in-service levels. Organizations like the Royal Civil Service Commission (RCSC) and Royal Institute of Management (RIM), in collaboration with other relevant stakeholders, need to review and develop relevant courses on integrity and professionalism for public officials and make it a mandatory part of human resource development and career advancement.

Since there cannot be a clean government with a corrupt private sector or vice-versa, integrity program is equally important for private businesses. The Ministry of Economic Affairs and Bhutan Chamber of Commerce and Industries (BCCI), in collaboration with other stakeholders, need to promote integrity and ethical conduct of businesses. Mandatory courses on code of ethics, integrity pacts, risks and costs of unethical conduct need to be developed in the private sector training program.

Integrity and value education program through joint and collaborative efforts is absolutely necessary to build an awakened citizenry. With high integrity, moral values and professionalism, corruption will decrease taking the people closer to Gross National Happiness.

Promote partnership

Fight against corruption is a shared responsibility. Solidarity and partnership among stakeholders must be nurtured as the foundation of fighting corruption. Effort will be made to forge alliances among all stakeholders – public and private agencies, citizens, media, private sector and spiritual institutions.

Media

Media as the fourth arm of the government has an important role in building a strong democracy through sensitizing citizens on rule of law, bringing citizens' voice to the fore and holding government and public officials accountable for their action or inaction.

Incorruptible and professional media¹² is one of the most important partners in fighting corruption. Media has a great influence over people's perception and behavior; it can be a powerful change agent through not only sensitizing citizens on forms, causes and costs of corruption but also exposing corrupt individuals/groups through independent and professional investigative journalism.

Partnership with media needs to be built through establishment of an information network and support their institutional and legal roles through facilitation of access to information. Capacity building, especially in the field of investigative journalism, needs to be encouraged in various media houses. It is also important for the media fraternity and the regulators to build high standards of professionalism, integrity and accountability in media organizations and professionals.

Private Sector

Private sector, as the much acclaimed engine of growth, is an important stakeholder in fighting corruption. Private sector must not only play an important role in promoting clean business ethics and practices. Government has to create the environment for healthy

¹² Media includes written papers, TV, Radio, cinemas and internet

competition in markets by encouraging level playing field. Private sector as an important development partner should not only restrain from bribery and collusion but compel the government to ensure clear and transparent policies and rules and efficient services that encourage economic growth. The concept of 'Integrity Pact' must be adopted by the private sector as a commitment to ethical conduct of business. Avenues will be created for private sector voices to be heard and for timely re-dressal.

Civil Society & Non Profit Organizations (NGO)

Constitution vests the sovereign power in the citizens and by that virtue they have to be empowered through access to information and education to exercise their power and make the government and public officials accountable. Ironically, citizens are also the victims of corruption and hence they have the biggest stake to fight corruption. Civil societies through their collective voices against corruption have a critical role to play in fighting corruption. Active partnership with civil societies and NGOs will be useful in creating awareness in the citizenry on corruption and its consequences. Even programs of common interests may be worked out and delivered with better efficiency.

The power of collective strength as demonstrated through the ballot box can be an equally effective tool against corruption. A knowledge-based civil society that is equipped with the skills to analyze issues on corruption will direct its forces against corruption.. Ultimately what will sustain an awakened citizenry, citizens' drive in building a culture of intolerance to corruption.

Spiritual Institutions

GNH is firmly founded on spiritual values such as interdependence, impermanence, compassion with wisdom and integrity. These values are intrinsic to the Bhutanese society, which may be threatened by unprecedented material progress and prosperity. Corruption is a symptom of erosion of such values and morality, which has to do with the mind that directs the body to commit corrupt acts. Spiritual teachings and techniques such as meditation that trains and enlightens the mind has great significance in fighting corruption from within and beyond. The fight against corruption has to first begin with self. Therefore, building on the spiritual programs in schools in close consultation with concerned institutions and enlightened spiritual leaders with a focus on values such right view, right action, right livelihood and right conduct will build a strong foundation not only for anti-corruption drive but also for sustaining peace, harmony and happiness in the country.

Regional and International Anti-corruption Initiatives

International and regional anti-corruption drive is a recent movement. At the national level, few countries have made commendable anti-corruption impact, which have become models for many countries particularly in the developing world. Experiences of India, S. Korea, Singapore and Hong Kong in particular have helped Bhutan in establishing a

strong anti-corruption agency and effective anti-corruption strategies. Sharing information and experiences build confidence and determination and saves resources.

Further, with globalization, corruption is increasingly becoming a sophisticated, complex and international crime that is compelling and necessitating countries to forge alliances through capacity building, networking, sharing of information and harmonizing laws to fight it. ADB-OECD Anti-Corruption Initiative for Asia and Pacific and United Nations Convention against Corruption (UNCAC) are some instruments towards forging that alliance. Bhutan is a member of the ADB-OECD Anti-Corruption Initiative and is a signatory to the UNCAC. The government will not only initiate process for ratifying UNCAC but also explore bilateral and regional cooperation for greater efficacy of its national anti-corruption drive and in building confidence through a greater sense of common regional/global agenda to fight corruption resolutely for the well being of all peoples.

MANAGEMENT AND IMPLEMENTATION AUTHORITY

The National Anti-Corruption Strategy Framework (NACSF) is broad and applies to all arms of the government and sections of society. Preparing plans under strategic considerations and their implementation shall be the responsibilities of all concerned agencies. The strategic considerations described in this document may be used as entry points for programs and activities by different partners and stakeholders. Agencies must take ownership of the Framework and they may also enrich the programs and activities for greater impact.

The government secretaries under the body of the Committee of Secretaries (COS) shall monitor the implementation of NACS. The COS will provide assistance that is necessary to achieve the objectives of NACS through the implementation of its programs and activities by the ministries and other stakeholders. The Anti-Corruption Commission will provide any support in the form of tools and expertise, if required. Some of the tools that ACC has adapted are attached at annexure-2. These tools, some of which have already been operationalized, can facilitate development and implementation of the NACSF.

CONCLUSION

Bhutan, as a small nation that aspires for eternal peace, security and happiness for her people, cannot afford to tolerate corruption and be complacent. Corruption undermines justice and equity, the very essence of democracy. It traps people in a vicious cycle of poverty, causes social, economic, environmental and political crises, which may potentially stake national security and sovereignty. “Zero Tolerance to Corruption” shall mean that corruption shall be dealt collectively, aggressively and resolutely through NACS. An effective monitoring and evaluation system shall be put in place. While every agency will have to consciously implement the anti-corruption program and activities, it is critical that citizens are empowered to fulfill their sacred and fundamental duty to fight

corruption as enshrined in the Constitution and in making governments and public officials accountable. Anti-corruption agencies including the media shall be enabled to perform effectively, without fear and favor.

Bhutan has been acclaimed internationally for her noble and profound development philosophy, the wise policies that have given better quality of life to her people. She enjoys a unique advantage when corruption is rendering governments ineffective, allowing societies to degenerate and destroying nations. The new political dispensation of parliamentary democracy offers great opportunities and challenges. Bhutan is endowed with the right conditions and the great opportunity to be the cleanest in the world and be a role model to the world.

His Majesty's Coronation address to the nation states, "As citizens of a spiritual land you treasure the qualities of a good human being: honesty, kindness, charity, integrity, unity, respect for our culture and traditions, love for our country and for Dharma. The future is neither unseen nor unknown. It is what we make of it. What work we do with our two hands today will shape the future of our nation. Our children's tomorrow has to be created by us today."

Bhutan enjoyed unprecedented peace and progress under the caring, wise and visionary leadership of her successive Monarchs and now it is the people, in whom the Constitution vests the sovereign power, who must take the country forward towards greater happiness, stability and prosperity. Indeed, as His Majesty the 4th Druk Gyalpo always said, "Destiny of the country lies in the hands of the people."

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Annexure-1 (Implementation plan)

Proposed Strategy/Activity	Objective	Out put	Proposed timeframe	Responsibility
Strategic Consideration 1. Promoting leadership				
Establish information sharing system between agency-RCSC-RAA-ACC. Include 'integrity' as an integral part of recruitment process, especially for leadership positions. Institute robust recruitment processes with appropriate tools including effective selection panels for leadership positions.	To have credible leaders in civil service organizations who can be looked up to as role models.	Right people in the right place and at the right time.	On regular basis for recruitments and promotions	Royal Civil Service Commission and user agencies.
Strategic Consideration 2. Ensure Sustained Political Will				
In accordance with His Majesty's vision of corruption free Bhutan, government to adopt and sustain a definite policy on corruption.	To mainstream anti-corruption strategies into programs and activities.	A definite policy on corruption (manifesto already contains it) Continuity of this policy.	Throughout 10 th Five Year Plan (July 2008-July 2013).	Government.
Strategic Consideration 3. Review of Legal Frameworks to make Corruption High Risk Offence.				

<p>Review Penal Code, ACC Act & CCPC for corruption offences and sanctions therein and also review other anti-corruption legislation in the Kingdom (in progress).</p> <p>Draft new laws such as Contract, Access to Information and Anti-Money Laundering Acts (1st & 2nd already initiated).</p>	<p>To make corruption high cost, high risk and low benefit offence.</p> <p>To deter people from corruption by clear and stringent laws.</p>	<p>A consolidated Act on corruption or harmonized clauses in laws on corruption.</p>	<p>To be ready for 2010. Parliament session .</p>	<p>Good Governance Committee of the National Council & Legislative Committee of the National Council in collaboration with ACC.</p>
<p>Strategic Consideration 4. Review and Strengthen Institutional Capacity</p>				
<p>Agencies should review their institutional capacity in line with their respective mandates and workloads to improve it based on the identified weaknesses and gaps (capacity to implement anti-corruption policies and strategies such as assessment of corruption risks, pro-activeness in addressing systemic loopholes, sensing and detecting corrupt conduct and ensuring compliance of professional ethics by employees).</p>	<p>To build a robust institutions with adequate manpower, skills and knowledge.</p>	<p>Clean institutions with professional capacity and credibility.</p>	<p>By July 2012.</p>	<p>By respective organizations and Government to support in terms of budgetary needs.</p>
<p>Strategic Consideration 5. Review and Refine Systems</p>				

<p><i>Procurement:</i></p> <p>Review and reform of Government Procurement System, develop training and advocacy program and institute grievance re-dressal mechanism.</p>	<p>To develop a simple and transparent procurement system for goods, works and services</p>	<p>A standard and transparent procurement rules.</p>	<p>By July 2010.</p>	<p>Ministry of Finance.</p>
<p><i>Strengthen public financial management system:</i></p> <p>Examine ICT as a viable option to reduce human interactions in financial transactions and also look at anti-money laundering measures.</p>	<p>To reduce human interactions in financial transactions to curb fraud, bribery and embezzlement.</p> <p>Reduced money laundering activity.</p>	<p>An efficient financial management system with less human interactions.</p>	<p>By Jan 2012</p>	<p>All financial institutions in collaboration with RMA and MoF.</p>

<p><i>Simplify procedures and regulations:</i></p> <p>Reduce red tape using effective tools such as SCM, RIA (regulatory impact assessment) to measure Administrative burden (AB).</p> <p>Enhance transparency & efficiency in service delivery through development of service standards and establishment of OSS.</p>	<p>To reduce cost of services delivery and incidences of bribery and graft.</p>	<p>Clear, simple and effective regulations with reduced costs.</p>	<p>Institutionalize SCM by 2009-10 and continue thereafter.</p>	<p>Royal Civil Service Commission in coordination with all concerned agencies (MSTF to facilitate).</p>
<p><i>Minimize discretionary powers of decision-makers:</i></p> <p>Review current decision making process, examine transparency and collective decision-making.</p> <p>Introduce decision making protocol.</p>	<p>To reduce misuse of power and authority.</p>	<p>Clear decision and rule making protocols.</p>	<p>By July 2010.</p>	<p>All concerned agencies.</p>

<p><i>Policy and Rule Making Protocol</i></p> <p>Establish clear & Transparent Protocol on Policy and Rule Making.</p>	<p>To improve efficiency and transparency.</p>	<p>Clear-cut protocol on policy and Rule making.</p>	<p>By July 2010.</p>	<p>Cabinet Secretariat.</p>
<p><i>Enforce code of conduct and ethics:</i></p> <p>Agencies should formulate their own code of conduct and enforce it.</p> <p>Train employees to understand the code, its enforcement process and their obligations.</p>	<p>To reduce general corrupt conduct through fixing accountability.</p>	<p>Appropriate code of conduct with sanctions .</p>	<p>By Jan 2010.</p>	<p>All concerned agencies.</p>
<p><i>Enforce declaration of conflict of interest:</i></p> <p>Implement a compulsory system of declaring conflict of interests and enforce it.</p> <p>Train employees to ensure compliance.</p>	<p>To reduce general corrupt conducts through transparency mechanism.</p>	<p>A compulsory system of declaring conflict of interests.</p>	<p>By December 2009</p>	<p>All concerned agencies.</p>

Strategic Consideration 6. Long term Educational Strategy for an Awakened Citizenry

<p>Improve schools' curricular content on value education including delivery.</p> <p>Develop curricular content on value education and professional ethics in training institutes and colleges.</p> <p>Draw and design training for in-service civil servants on integrity and professional ethics.</p> <p>Draw and design mass education program on value and integrity.</p>	<p>To inculcate moral values through education system to build an awakened citizenry.</p> <p>To build an incorruptible civil service.</p> <p>To disseminate information to general citizen about the menace of corruption.</p>	<p>An awakened citizenry that do not tolerate corruption.</p>	<p>By February 2012 for value education and professional ethics curriculum.</p> <p>On-going and to continue on regular basis.</p>	<p>Ministry of Education, Royal Education council , Royal University of Bhutan. Ministry of Labor & Human Resources, RCSC & RIM.</p> <p>ACC for corruption education program.</p>
Promoting Partnership with Stakeholders.				
<p><i>I. Media.</i></p> <p>Coordinate and collaborate with all media houses.</p>	<p>As a medium of public education, public expressions and to expose corruption.</p>	<p>Media reports on corruption</p>	<p>On regular basis.</p>	<p>ACC & Media.</p>

<p><i>ii. Private sector.</i></p> <p>Coordinate and encourage business houses to resist, refrain and report corruption.</p>	<p>To encourage clean business practices through enhanced business ethics.</p>	<p>Improved business ethics .</p>	<p>On regular basis.</p>	<p>ACC & BCCI.</p>
<p><i>iii. Civil Society and NGO.</i></p> <p>Coordinate, educate and encourage Civil Society to oppose and report corruption. (fundamental duty as enshrined in the Constitution) .</p>	<p>To exert pressure and defy corruption in the society.</p>	<p>External check and balance in the system and build on the culture of intolerance to corruption.</p>	<p>On regular Basis.</p>	<p>ACC & Civil Society Organizations.</p>
<p><i>iv. Spiritual Institutions</i></p> <p>Value education like “THA DHAM TSE & LAY JUMDRAY” in all religious discourse and discourage corruption.</p>	<p>To educate people that corruption is bad and that one should not indulge in it.</p>	<p>Better and informed citizenship.</p>	<p>On regular basis.</p>	<p>Dratshang Lhentshog and ACC.</p>

<p><i>v. Regional & international anti-corruption initiatives.</i></p> <p>Collaborate and associate with counterpart agencies, regional international initiatives.</p> <p>Ratify UNCAC.</p>	<p>To inculcate good international practices and fight transnational corruption.</p>	<p>Better tool and effective measures.</p> <p>UNCAC ratified.</p>	<p>On all time basis.</p> <p>2011</p>	<p>ACC and Ministry of Foreign Affairs.</p>
<p>Implementation</p>				
<p>Monitor and evaluate the implementation of the proposed strategic considerations.</p>	<p>to ensure proper implementation of this strategy.</p>	<p>Corruption free society.</p>	<p>Monitoring on all time basis and evaluation in 2012.</p>	<p>Committee of secretaries.</p>

Annexure-2 (Corruption Preventive Tools)

In undertaking its mandate to prevent and curb corruption in the Kingdom, ACC has adapted several corruption preventive tools. The tools range from corruption risk assessment, public service improvement mechanisms through ensuring public trust and confidence in the government institutions and its officials. Diverse approaches are being adopted in collaboration with relevant agencies and willing partners to gradually make 'corruption prevention' a Bhutanese organizational culture. ACC is optimistic that with the expressed and sustained political will and support and ACC's own zeal, all these international tools can be operationalized by ministries and agencies. The following are the tools:

Integrity Pact

Integrity Pact (IP) is a tool advocated by Transparency International (TI). It is aimed at preventing corruption in public contracting by drawing agreement between a government (at national or local level) and bidders. It contains rights and obligations to the effect that neither side will: pay, offer, demand or accept bribes; collude with competitors to obtain the contract; or engage in such abuses while carrying out the contract. More importantly, it ensures level playing field that bidders know that they all are bound by the same rules including the concerned government officials. Governments and government officials also have the assurance of a clear framework that protects them from dubious offers.

Such good practice can be institutionalized and implemented only through incorporation in policy documents such as procurement rules. Following the proposal of ACC, the Ministry of Finance has incorporated IP as a key component of tender document. Unlike the tradition of monitoring the contractors of any unethical conducts, the Pact equally monitors the conduct and performance of government client officials.

Some of the hydro power projects like Chukha Hydro Power corporation and Punatsangchu have already introduced IP as a mandatory part of the tender process. Elements of IP is incorporated in the Procurement Rules and Regulation 2009 and Standard Bidding Document 2009.

Concerned agencies and ACC need to intensify and diversify public education and advocacy programs, dissemination of information and capacity building on procurement rules and IP.

Asset Declaration

Declaration of asset and liability is an important tool to enhance transparency and accountability of public employees as custodians of public resources to the general public. Besides, it also helps disclose financial interests and, therefore, helps prevent accumulation of disproportionate wealth. It is also a requirement as per BCSR 2006. ACC

in collaboration with the RCSC in 2008 has refined and finalized the rules after the RCSC decided to follow one rule on asset declaration.

In accordance with the Asset Declaration rule, the responsibility to administer and manage asset declaration system lies with the heads of respective agencies. Furthermore, the responsibility to audit and conduct investigations pertaining to AD has also been decentralized to RAA and RCSC for certain categories of public servants. The system needs to be fully operationalized and owned by respective ministries and agencies.

Standard Cost Model to reduce Administrative Burden (AB)

Any unnecessary requirement in a regulation is termed as Administrative Burden. The government is aware of the administrative burden and is making efforts to reduce it and simplify official procedures. After the two years of constant vigor and collaboration to promote the concept of AB, ACC has managed to gain the Government's confidence through the Task Force of Standard Cost Model (SCM). SCM is a method for determining administrative burden for businesses imposed by regulation. It is a quantitative methodology that can be applied at different levels in any country. When contradictory, unclear and excessive rules and procedures exist in the system, they negate service delivery and burden the public, breeds corruption thus hindering the economic growth. The tool is, now going to be applied in all Ministries and agencies through the Improvement of Public Service Delivery System (IPSDS) unit, which ACC is a part of. Led by IPSDS Project, all ministries and agencies have reviewed their respective services and are developing service delivery standards as part of service delivery improvement measures.

Service Standards

Efficiency of services cannot be gauged without a service standard. It also ensures transparency and accountability of service providers. It is important for all clients to understand and fulfill their obligations. Not many organizations have initiated the development of service standards though ACC had floated the idea since 2007. The service standards developed by few organizations in collaboration with ACC, needs to be strengthened. Being a baseline for gauging service efficiency, this tool is inevitable irrespective of its slow progress. Lately, all ministries and agencies are developing service (delivery) standards under the support and guidance of IPSDS unit, RCSC. Gasa Dzongkhag Administration has developed its service standards. Important issues, however, are people knowing about it and all employees complying with it while performing their duties.

Conflict of Interest

The Organisation for Economic Cooperation and Development (OECD) has undertaken extensive work on conflicts of interest and has developed the following simple and practical definition:

A 'conflict of interest' involves a conflict between the public duty and private interests of a public official, in which the public official has private interests which could improperly influence the performance of their official duties and responsibilities.

A conflict of interest can arise from avoiding personal losses as well as gaining personal advantage – whether financial or otherwise.

Conflicts of interest can be actual, perceived or potential.

- An actual conflict of interest involves a direct conflict between a public official's current duties and responsibilities and existing private interests.
- A perceived or apparent conflict of interest can exist where it could be perceived, or appears, that a public official's private interests could improperly influence the performance of their duties – whether or not this is in fact the case.
- A potential conflict of interest arises where a public official has private interests that could conflict with their official duties in the future.

Understanding and defining the differences between actual, perceived or apparent and potential conflicts of interest assists in identifying when a conflict exists and determining which type of management approach may be the most appropriate.

It is important to recognize that a poorly-managed *perceived* or *apparent* conflict of interest can be just as damaging as a poorly-managed *actual* conflict of interest. The critical factor is that public officials must not only behave ethically, they must also be seen to behave ethically.

Few internal audit units, including some corporations, through the tripartite (RAA, Internal Audits and ACC) coordination meeting forum have introduced declaration of conflict of interest system.

Code of Ethics

Strong moral and ethical values are critical factors to ensure and sustain organizational credibility and efficiency and to earn higher level of public trust and confidence. While many government and public organizations have code of ethics, mechanisms for their implementation and compliance monitoring do not exist.

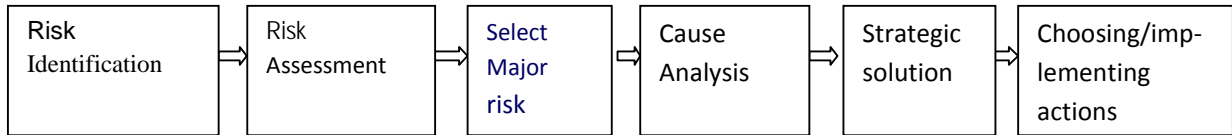
As an example, ACC had consensually developed its Ethical Code of Conduct that was launched on July 11, 2008 during which all ACC staff pledged to follow it in letter and spirit. The Ethical Code of Conduct is regarded as a fundamental step in building corruption resistance and professionalism. The ACC's Code clearly defines the responsibilities of the management and employees and most importantly an ethics committee has been established to oversee its implementation with clear process for monitoring, reporting, penalizing and appealing. Though ACC extended its support to develop and operationalize for other ministries and agencies, only few asked for additional copies of it.

Corruption Risk Management

Corruption Risk Management (CRM) is a simple in-house tool (Korean Model) to deal with corruption risk in an organization. By using this tool, organizations not only can identify and assess corruption risks and their causes, but also help bring about potential treatment strategies to prevent each corruption risk in a proactive way. This tool can also

help agencies bring about institutional improvements by identifying loop holes in the systems with respect to infrastructure, institutions, society and culture. The tool entailing six basic steps can be adapted and used by any organization.

- The following are the six basic steps to guide through a process of identifying specific corruption risks and their management process:
- Fig 1: Corruption Risk Management tool



There are also tools in the form of simple check list to assess whether or not fraud and corruption prevention system exists in the organization. Such an assessment tool also can be developed based on the vulnerabilities of the organizations. The first and the foremost thing for an organization to understand is its vulnerabilities. A sample of Risk Assessment format adapted from Crime and Misconduct Commission (CMC), Australia is as follows:

Fig-2: Risk assessment worksheet

IDENTIFICATION		ANALYSIS			EVALUATION	RISK TREATMENT
Area being assessed	Specific risks	Risk degree			Current controls or mitigating factors	Control improvements
		Likelihood	Consequence	Risk rating		

Likelihood	Consequences	Risk Exposure
A=Almost certain	I=Insignificant	VH=Very high risk-immediate action required
B=Likely	II=Minor	H=High risk-senior management attention required
C=Moderate	III=Moderate	M=Medium risk-management responsibility must
D=Unlikely	IV=Major	be specified
E=Rare	V=Extreme	L=Low risk-Manage by routine procedures

Integrity Assessment survey

Integrity means earning and sustaining the public trust by:

- Serving the public interest*
- Using powers responsibly*
- Acting with honesty and transparency*
- Preventing and addressing improper conduct*

Integrity assessment is a systematic approach of fighting corruption. This was first designed by Anti-Corruption and Civil Rights Commission (ACRC) of South Korea to encourage public organizations to make voluntary efforts against corruption by removing corruption factors from their regulations and laws. Integrity here refers to the degree in which civil/public servants of an administrative institution discharge their public duties in a fair and transparent manner as well as in compliance with the laws, rules and regulations without getting involved in misconduct and corruption.

The Anti-Corruption Commission has adopted and launched an Integrity Assessment survey as a systematic approach of preventing corruption. The study which has been outsourced to the National Statistical Bureau (NSB) includes 24 organizations and will be completed by December 2009. The study will generate national Integrity Perception Index (IPI). It can also generate sectoral integrity perception indices.

ACC is ready to work with ministries and agencies to operationalize the above corruption prevention tools, as the implementation of the NACs takes off.