

ANNUAL REPORT 2012

Nation's Conscience
If you Care, you will Dare



Anti-Corruption Commission

VISION: To strive towards building a happy, harmonious and corruption free society.

MISSION: To eliminate corruption through leading by example, achieving excellence in partnerships, and mainstreaming anti corruption strategies/measures in public/private organizations.

ACC Foundation Day (31st December)



His Majesty the Druk Gyalpo graced the first ACC foundation day celebration, 2012



A journey towards building a system of INEGRITY

Content

Introduction

Page 1 - 4

Section 1

ACC'S PERFORMANCE AT
GLANCE: TAKING STOCK

Page 5 - 13

Section 2

AT THE CORE: PEOPLE, CULTURE &
INSTITUTION

Page 16 - 29

Section 3

AT THE CORE: PEOPLE, CULTURE &
INSTITUTION

Page 32 - 95

Section 4

A CHALLENGE: CORRUPTION IN RE-
CRUITMENT AND SELECTION

Page 98 - 99

Section 5

CONCLUSION

Page 102 - 104



Let us be as free
from corruption as we
were in the sixties.
A.C.C. are doing a
wonderful job. I admire
everything you all do.

I pledge to be honest, sincere,
and live with integrity...

I pledge to
be honest and selfless
in my life. I will always
corrupt free in my work
and everyday life!

I pledge
to work
selflessly
for a corrupt
free society
I would like
to see
removal of
corruption
in our
country
I would like to see
our country
become a
corrupt free
society

I will not be corrupt, not enter
corruption & pledge to fight against
corruption in Tibetan.

MY PLEDGE

"I pledge to
be honest, sincere,
and live with integrity..."

I will be a good citizen and
I will be a good citizen and
I will be a good citizen and

I pledge to be honest, sincere,
and live with integrity...

I pledge to be honest, sincere,
and live with integrity...

My Nation be free from corruption to
peace & there apply to other Nation.

I will be a good citizen and
I will be a good citizen and
I will be a good citizen and



Nation's Conscience

If you care, you will dare
I promise to be a
honest and truthful person
throughout my life

Introduction

The Anti-Corruption Commission (ACC) operates in a period of profound political, economic and social changes in the country. People are witnessing the evolution from an agrarian society to a modernizing economy with changing demographics, advancing technology and growing international influences. The combined forces of democratization, urbanization, globalization and technological change potentially bring with them not only new opportunities but also new challenges and serious threats of corruption. The people, government, public and private sector agencies have to recognize the threats of corruption, prevailing and emerging, and have to resolutely combat them, in body, speech and mind. The ACC as a pivotal institution of good governance has to skillfully engage the stakeholders and adopt creative and tough measures in responding to the threats and challenges.

Annual Report 2012 welcomes the second Parliament and the second democratically elected Government of the country's fledgling democracy. The first elected Government set the tone by announcing "Zero Tolerance for Corruption" as its anti-corruption policy, which the Prime Minister elaborated as, *"We will not tolerate corruption in any form and there will be ways and means devised to curb and root out corruption in five years time. Every cabinet minister would have to mindfully strive towards cleaning up their ministries."* However, if statements do not translate into comprehensive, concrete and visible action plan, on their own do not bear any value.

The year 2012 not only tested the Government's political will but also the will of the institutions of democracy to uphold the rule of

law, a core value of democracy besides justice and equity, fairness, rights and security, access to service and accountability. Leaders' commitment to fight corruption should manifest in comprehensive anti-corruption and integrity promotion action plan, consciously setting the right tone that will stimulate cultural change in their agencies and behavioural change in themselves first and their employees, which in turn will engender behavioral change in the business people and ultimately the citizenry at large. Prevalence of corruption is a serious symptom of weak governance, growing materialism and degeneration of fundamental human values.

Bhutan has unequivocal, eloquent and comprehensive anti-corruption legislation, policy, and strategies. However, weakness lies in their unequivocal and eloquent implementation and enforcement. It is generally perceived that corruption in Bhutan is not a serious problem. The recent National Integrity Assessment (NIA) survey also confirms it. However, the trend of irregularities and misuse of public resources according to the audit reports and the ACC's own investigations and their causal factors, unabated stream and nature of corruption complaints received by the ACC and informal communications of experienced corruption particularly by the ordinary and business people should concern the leaders and the people alike.

The second NIA survey conducted early this year reveals that 66% of the respondents perceived corruption to have decreased in the past five years as against 16.4% of Corruption Perception Survey 2007; 17% respondents perceived corruption to have increased over the last five years as against 43.8% in 2007. Globally, 58% respondents perceived corruption

to have increased (*Source: Global Corruption Barometer 2010/11, which interviewed 100,000 people in 100 countries*). It may not be out of place to indicate that any perception of change is largely because of fear of the ACC and growing public voice. Any change due to external stimuli is unsustainable, as it lasts only as long as the effectiveness of the stimuli.

Petty corruption in the bureaucracy and local government is pervasive. Political and electoral corruption is perceived to be fast emerging. Further, anti-corruption and integrity promotion measures are generally perceived as an additional bureaucratic imposition by the ACC requiring bureaucratic measures. Continuing reluctance of many agencies to act against corruption and corrupt people explain that fighting corruption is still considered as the primary responsibility of the ACC and not as being integral to strengthening the governance system of their own agencies. Building strong systems of integrity is not perceived as a priority by many actors.

The Government's commitment to the fight against corruption and integrity promotion can be gauged from its State of the Nation's reports to the Parliament. The Government's claim of having fully fulfilled its pledge for fostering zero tolerance for corruption as presented in the 5th State of the Nation report to the Parliament is laudable. However, eliminating corruption and promoting anti-corruption culture is not as simple and straightforward as simply providing online services. It calls for conscious, holistic, and deeper interventions that will foster behavioural change.

The ACC acknowledges that the Government, unlike in many other countries, has never in-

terfered in its operations. However, such bearing may have extended to being less responsive to anti-corruption strategies. In 2009, the Government adopted and took ownership of the National Anti-Corruption Strategy Framework (NACS), an operative of its policy of zero tolerance for corruption. NACS provided the Government a platform to initiate anti-corruption measures systemically but the agencies' response has been lukewarm. In 2010, the ACC revised the Anti-Corruption Act 2006 to develop a comprehensive standalone anti-corruption law based on the best international practices and to make corruption highly costly and risky. However, some of the penalties proposed in the revised act were reduced by the Parliament and further the integrity promotion cadre was placed under the civil service undermining the ACC's independence guaranteed by the Constitution of the Kingdom of Bhutan. In 2009, the Government generously granted 45% and 20% allowances for investigators and non-investigators. However, it was not enough to either attract or retain good professionals. 10 people left the ACC the same year, the biggest departure since inception.

Continued high level of societal, political and systems tolerance for corruption and people without integrity, inertia of inaction, weak accountability in the system of governance coupled with weak and discriminate enforcement of laws, *kidu* culture, lack of ownership of anti-corruption and integrity promotion measures, lack of political will to act against corruption and the corrupt, weak collaboration and cooperation between institutions and cohesive social networks continue to fraught the governance system. Risk of getting caught and cost of being corrupt, hence, is low. Fighting corruption continues to be challenging and lonely.

Despite the second NIA survey findings, the corruption scenario and the socio-economic and political climate spell that corruption will thrive if the country does not act now. As democracy unfolds, risks such as legitimization of corruption (legal corruption) through state capture where businesses, politicians and public servants collaborate to shape and manipulate laws, policies, regulations and administrative processes to benefit their political supporters, relatives and proxies, money politics (using money to influence or change the minds of voters to favour the giver), “lobbying” and influence will dominate the governance system. These potential risks have to be recognized by the Government and addressed proactively.

This is the ACC’s 6th Annual Report to the Parliament and the 1st to the second Parliament of Democratic Constitutional Monarchy. This is in accordance with Section 169 (1) of the Anti-Corruption Act of Bhutan 2011 (ACA), “*The Commission shall, as provided for in the Constitution, submit an annual report on its policies and performance to the Druk Gyalpo, the Prime Minister and Parliament.*” The objectives of the report are to (i) highlight the trends of corruption and its impact, challenges and opportunities, anti-corruption policies and strategies, and (ii) evaluate the performance of ACC in particular and agencies in general and fix accountability for failures or non-performance.

The period covered by the report is from April 2012 to April 2013. As in the past, the report is divided into five sections.

Section I, provides an assessment of the ACC’s general performance concerning the direction set for 2012, implementation of

the parliamentary resolutions (those directly related to ACC), and ACC’s direction for 2013. Transparency International Corruption Perception Index, people’s perception of the ACC’s effectiveness, RAA’s reports, mid-term review of the annual work plan and implementation of corruption risk management are some of the indicators of the ACC’s performance.

Section 2, focuses on the Eleventh Five Year Plan, implementation of the Institutional Development Plan i.e. the Change Management Plan that includes organizational restructuring which is expected to generate greater synergy between the three primary functions of public education, prevention and investigation with a sectoral focus, human resource planning, media strategy and development of a tool that diagnoses the health of an agency called the Integrity Diagnostic Tool. It also includes the delinking of ACC from the civil service, human resource management and development, collaboration with national and regional stakeholders and generous assistance provided by the development partners. For the first time it also includes diagnosis of its organizational integrity.

Section 3, assesses the performance of ACC in its efforts towards building an awakened citizenry, mainstreaming anti-corruption strategies and to deter acts of corruption, namely through (i) public education and advocacy, (ii) prevention including implementation of anti-corruption measures in various agencies, (iii) strengthening legal framework and (iv) effective investigation and complaints management. It presents the fraud and corruption triangle and systems approach to the fight against corruption. It also includes the survey conducted on the impact of value education in schools and some results of the second NIA

survey. Under the investigation services, few cases on land, departmentally executed works and Constituency Development Grant have been elaborated as they involve larger issues of governance and resources. In future, the reporting will not be along functional services as presented now but will focus on performances along sectoral lines.

Section 4, highlights the challenge and risks corruption in the recruitment and selection processes, which largely manifests in the form of nepotism and favoritism.

Section 5, in conclusion reiterates the need to take stock of the Government's anti-corruption measures and integrity promotion systems and the urgent need to strengthen and en-

force the existing systems. It is paramount to develop a comprehensive and effective action plans with a clear hierarchical institutional arrangement to ensure its effective implementation and monitoring.

Section 5, in conclusion highlights the political and electoral corruption and reiterates the need to take stock of the government's anti-corruption measures and integrity promotion systems and the urgent need to strengthen and enforce the existing systems. It is paramount to develop a comprehensive and effective action plans with a clear hierarchical institutional arrangement to ensure its effective implementation and monitoring.

“The rise in corruption in Bhutan is a challenge we face. How 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.”

His Majesty the King



SECTION 1:

ACC's PERFORMANCE AT A GLANCE: TAKING STOCK

Peoples Perception	6
Standing: Transparency International's Corruption Perception Index 2012 (TI-CPI 2012).....	6
Embedding Integrity in ACC: Corruption Risk Management & Diagn- osis of Integrity	7
General Assessment of ACC's Direction for 2012.....	8
Auditing of ACC.....	9
Mid-term Review of the Annual work Plan (July 2012- January 2013).....	9
Implementation Status of Parliamentary Resolutions.....	11
9th Session of National Assembly(18/06/2012).....	11
9th Session of National Council.....	12

SECTION 1:

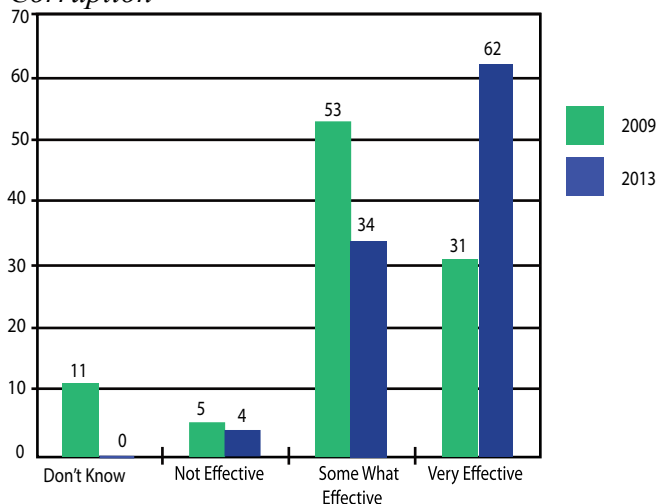
ACC'S PERFORMANCE AT A GLANCE: TAKING STOCK

People's Perception

The ACC has grown over the years and has perseveringly endeavoured to create visible impact in strengthening the system of governance. If it is of any measure of performance, the second NIAS survey conducted early this year indicated that 62% of the respondents perceive ACC to be very effective and 34% somewhat effective as against 31% and 53%, respectively, in the "People's Attitude Towards Corruption and ACC" survey, 2009 (smaller base).

Globally, 31% of the interviewees perceive governments as effective or very effective, 19% neither effective nor ineffective and 50% perceive governments as ineffective or very ineffective in the fight against corruption. The survey does not include the effectiveness of anti-corruption agencies (*Source : Global Corruption Barometer 2010/11*).

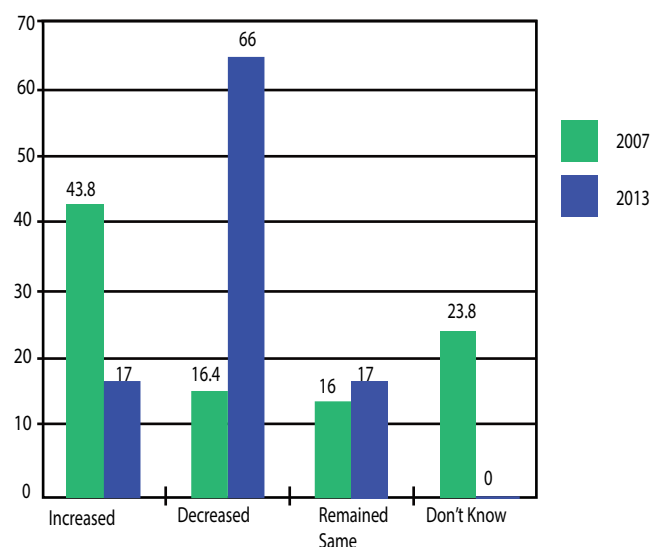
Figure 1.1: Effectiveness of ACC in Combating Corruption



Further, if people's perception on trend of corruption is used as a proxy measure of performance, the NIA survey 2013 also indicated that 66% of the respondents perceive corruption to have decreased in the past five years as against 16.4% in 2007 CPS; 17% respondents perceive corruption to have increased in the last five years as against 43% in 2007. Further, the national integrity score also increased from 7.44 in 2009 (1st NIA survey) to 8.37 in 2013 (2nd NIA survey) (a proxy comparison only since the methodologies and scope of the surveys vary). The corruption index remains more or less same at 8.67 in 2013 and 8.59 in 2009.

Globally, 16 % of the interviewees feel that

Figure 1.2: Trend of corruption in the country



corruption has decreased, 27 % feel that it has stayed the same and 58% feel that corruption has increased (*Source: Global Corruption Barometer 2010/11*).

Bhutan's International Standing:

Transparency International's Corruption Perception Index 2012 (TI-CPI 2012)

The TI-CPI ranks countries and territories based on how corrupt their public sector is perceived to be. A country or territory's score indicates the perceived level of public sector corruption on a scale of 0-100, where 0 means that a country is perceived as highly corrupt and 100 is perceived as very clean.

The TI has made some important changes in 2012 based on rigorous review process of the methodology. The method used to aggregate different data sources has been simplified and also includes just one year's data from each data source. Due to this change, the past scores and rank cannot be compared with those of 2012.

The TI-CPI 2012 report, released on 5 December 2012, ranked 176 countries and territories. Denmark, Finland and New Zealand ranked first with a score of 90 each. Sweden (with a score of 88) ranked 4th followed by Singapore (87), Switzerland (86) and Australia (85). Somalia, North Korea and Afghanistan were the 3rd lowest ranked countries with a score of 8 each.

Internationally, Bhutan ranked 33rd with a score of 63, above South Korea, Taiwan, Israel and Portugal to name a few countries. In (proxy) comparison to CPI 2011, Bhutan's ranking increased by five places with significant increase of score from 57 to 63. Since Bhutan's appearance in the TI-CPI in 2006, her score has improved for the first time and it is a significant improvement as it has crossed the 60 threshold. Only one-third of the countries ranked score above 50 points out of 100. In the Asia Pacific Region, Bhutan ranked 6th in 2012 as against 7th in 2006 and 2011 and 10th in 2007. New Zealand, Singapore, Australia, Hong Kong and Japan precede Bhutan.

For Bhutan, TI has used Bertelsmann Foundation's Bertelsmann Transformation Index, Global Insight's Country Risk Ratings and World Bank's Country Policy and Institutional Assessment. In addition, TI also uses business people opinion surveys and assessment (scores) provided by country experts or analysts. The data from these different sources are processed using statistical tools and transformations to arrive at the score and rank.

Bhutan's consistent improvement in the TI-CPI ranking and scores is encouraging. While

Table 1.1: *Bhutan's TI's Progressive CPI Ranking and Score*

Year	Global Ranking	No. of participating countries	Score (0-10)/(0-100 from 2012)	Asia Pacific Ranking	No. of Survey Used	Confidence Range
2006	32	163	6.0	7	3	4.1-7.3
2007	46	180	5.0	10	5	4.1-5.7
2008	45	180	5.2	9	5	4.5-5.9
2009	49	180	5.0	10	4	4.3-5.6
2010	36	178	5.7	7	4	5.1-6.6
2011	38	183	5.7	7	4	5.3-6.1
2012	33	176	63	6	3	57-69

the ACC would continue to spear-head the fight against corruption, systems and institutional strengthening must ensure that adequate checks and balances are not only put in place but made effective.

Embedding Integrity in ACC: Corruption Risk Management & Diagnosis of Integrity

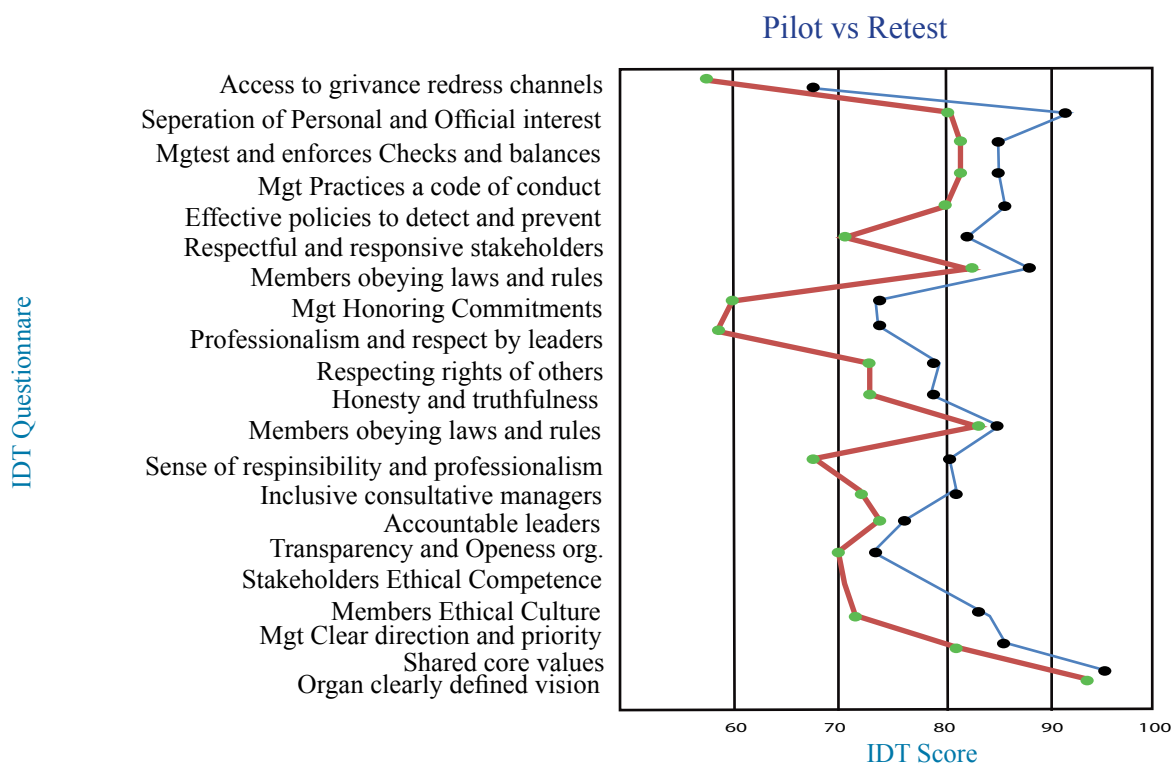
In pursuit of its commitment to build a strong, effective and credible institution, the ACC has been making sustained and conscious efforts in institutionalizing integrity in its system of governance. As reported in the past, the first corruption risk management (CRM) exercise was conducted in the ACC in March 2010, which identified 18 potential corruption risks and 34 recommendations corresponding to the causes of those risks. Nomination of weak commissioners (beyond ACC's control; transparent procedures of selecting the commissioners have to be in place), preferential treatment to cases/complaints by the Commission, misuse of office resources, abuse of authority by the investigators, trading privileged information, bribery, manipulation of complaints, collusion and embezzlement were identified as some of the potential risks.

Monitoring the implementation status of action plan emanating from the CRM is crucial and is done on a bi-annual basis. Altogether five reviews have been completed, the last one being in October 2012. The implementation status improved from 65% in August 2011 to 81% in April 2012 to 97% in October 2012. The compliance regime of the ACC Ethical Code of Conduct has been reviewed by an internal task force and recommendations have been made. However, their implementation has been delayed and hence the 100% target

has not been achieved.

The second CRM could not be conducted because of the restructuring exercise, where new risks may emerge. It will be done as the change stabilizes, which may be towards the end of 2013. As a process towards institution building, all integrity promotion officers have been trained on CRM.

Further, another intervention in promoting integrity is the introduction of a new tool, namely the Integrity Diagnostic Tool (IDT). It is an organizational self-assessment tool that aims towards providing organizations with a blueprint for diagnosing their integrity challenges and corruption risks. It has four pillars, namely (i) Compass: clear direction, core values, ethical competence, (ii) Character: truthfulness, accountability, transparency, responsibility, (iii) Conscience: honoring rights, observing rules, respecting stakeholders and (iv) Control: oversight mechanisms, corruption controls, corporate incentives. This is a tool specially designed for Bhutan by a consultant. It was first piloted in the ACC in October 2012 involving 42 staff members (63.6%). The results scored high in 'compass' (direction) and 'control' (corruption prevention measures) with improvement required in 'conscience' (respecting rights and honoring commitments). The follow-up activities of the first IDT were (i) development of a grievance and complaint redress mechanism, (ii) emphasis on leadership training, (iii) team building and positive reinforcement and (iv) strengthening of internal communications through town hall meetings, division-level weekly staff meetings, monthly meetings and internal electronic communications. A grievance redress mechanism has been finalized and internal communications have been enhanced.

Figure 1.3: ACC IDT score

The IDT was re-administered in the ACC in February, 2013, involving 47 staff members. The results saw an improvement in the scores (see figure 1.3).

Institutionalization of such integrity promotion tools will strengthen check and balance, identify organizational strengths and areas of improvement, share best practices, mitigate corruption risks and ultimately bring about positive change and lead to achieving organizational objectives.

General Assessment of ACC's Direction for 2012

An important overarching direction for 2012 was to reduce internal conflicts and enhance cohesion and performance. The evaluation of 2012 direction indicated that continuous efforts to enhance cohesion has improved team

work within the divisions/teams as observed from fewer conflicts and improved interactions within the divisions. It will be a continuous process and sessions on conflict resolution will also be conducted in the future.

Another important direction for 2012 was to synergize the three-pronged strategies through the restructuring process. While the preparation for re-structuring had begun as early as in 2010, re-structuring based on sectoral approach was adopted by the Commission in February, 2013. Details are covered in Section 2. Efforts are underway in closely monitoring the implementation of the same.

Another focus area was ICTization of systems to ensure greater efficiency, transparency and security. In the past one year, good progress has been made in ensuring security in ICTization. While the network security optimization

(firewall) and connection to Thimphu Wide Area Network have been completed, development of computer and network policy and the modification of Investigation Management System (IMS) based on sectoralization are underway. With regards to the focus on acquiring competency and institutional sophistication, substantive efforts have been made in skills development of the cadre and sophistication of investigative capacity.

Auditing of ACC

In keeping with the Audit Act of Bhutan, 2006 and as requested by the ACC, two audits were conducted, namely (i) audit report on the accounts and operations of the ACC for the period 1st February, 2011 to 30th June, 2012 and (ii) Swiss Agency for Development and Co-operation (SDC) funded project “Institutional Development of the ACC” from 1st July 2011 to 30th June, 2012.

As in the past, the Royal Audit Authority (RAA) issued a Management Appraisal Report to the ACC as there were no serious issues. Deficiencies and lapses were with regards to (i) outstanding advances of Nu. 82,781.42, (ii) double payment to suppliers (Nu. 9,397), (iii) missing disbursement vouchers (Nu. 52,213.50), (iv) excess payment for not having chosen the lowest evaluated bidder (Nu. 19,062) (toner for printers), (v) procurement without supply order (Nu. 22,000), (vi) non-entry of items in the stock ledger (Nu. 34,800), (vii) loss of office laptop (house burglary reported to the police) (Nu. 29,999), (viii) non-recovery of inadmissible salary payment during long-term studies (Nu. 142,158) and (ix) excess payment of leave travel concession (Nu. 8,520). The report directed the ACC to liquidate the advances at the earliest, to regu-

late payment of advances as per rules and to ensure timely follow-up and liquidation of advances in future. All advances except for two and excess payment have been liquidated.

The second RAA report (AIN 10911) states that the financial operations and its fund balance as on the date is in accordance with the Financial Rules and Regulations 2001 and the Project Agreement signed with SDC. However, it also states, “The project has a pending payment of Nu. 38,901 which was excess salary recovered on behalf of the LC accounts and retained in the project account.”

The audit observations when compared to other agencies are small. However, the Commission does not find solace in it. Given the important mandate, it cannot afford any shortcoming in its conduct of business regardless of how small they are. Despite the past reporting of efforts made towards building islands of integrity in the accounts and administration and the commitment to obtain a clean chit from the RAA, discrepancies have occurred. Financial indiscipline of some members, lack of due diligence of staff in charge of accounts and administration and weak management oversight have attributed to the situation. A commissioner has already been tasked to streamline the business in the general administration, accounting and personnel administration. Concerned members will also be made accountable for failure to perform their duties, supervisory and otherwise.

Mid-term Review of the Annual work Plan (July 2012- January 2013)

The last report to the 1st Parliament submitted the mid-term review of the annual work plan covering the period from July 2011-February 2012, where 51.6 % of its planned activities were reported as implemented. While 70-80% of the remaining activities were expected to be implemented in the remaining four months, March-June 2012, the actual achievement was over 90%.

The mid-term review of the annual work plan covering the period from July 2012-January 2013 was conducted in January 2013. The legal services, with only 2 legal assistants, achieved only 16% of its planned activities with the adoption of the oath taking guideline for the ACC staff. Besides, it has been involved in the amendment, finalization and translation of the Gift and Debarment Rules, spillover activities of the last financial year. It has also been engaged in providing legal counsel to the Commission and in the prosecution of the Gyelpozhing case.

In the public education and advocacy services, about 46% of the planned activities have been completed. The activities conducted were technical sessions and dialogue with nine ministries against the target of five public agencies, advocacy program on corruption issues and values in eleven schools, infusion of integrity in the existing clubs in collaboration with Changangkha Middle Secondary School and rolling out of the e-learning program on ethics and integrity in close collaboration with the RCSC and RIM.

In the prevention services, activities were

implemented in time as per the annual work plan resulting in 57% achievement. Against the planned target of facilitating the conduct of Corruption Risk Management (CRM) in five agencies, three CRM exercises (both proactive and reactive) and a Training of Trainers' workshop for forty two Internal Auditors on CRM were conducted. A proactive system studies on Labour Recruitment and Administration of Ministry of Labor and Human Resources (MoLHR), collaboration with civil society organizations (CSOs), and design and conduct of Integrity Diagnostic Tool (IDT) in six agencies have been completed successfully. Analysis and reporting on the second NIA survey, conducted in collaboration with the National Statistical Bureau (NSB), is in progress. In addition to the planned research activities, it also conducted research on 'Integrity and Value Education in Schools;' its findings were presented to the Ministry of Education. The report will be released by July 2013.

In the investigation services, about 40% of the planned activities have been completed. During the reporting period, it received 211 complaints, of which 53 qualified for investigation and 47 were dropped. Against the planned target of investigating 15 cases in the financial year, only 3 could start, 5 were successfully closed and 4 cases were referred to the concerned agencies. The work on establishing the surveillance and intelligence (S&I) facility is in progress. Despite the decision to prioritize operationalization of the investigation module of Investigation Management System (IMS) of the last reviews, it still has not been done. The system is now being revised to align with the new structure.

The overall progress of the annual plan modestly stands at about 39.75% with a total ex-

penditure of 32.39%; the larger impact of the activities has been modest. The remaining works will be rationalized vis-à-vis the restructuring and greater efforts will be made to complete them in time. The review concluded that despite the emphasis on the need to be focused on the planned activities, the very nature of ACC's work always tends to overwhelm the services. Further, greater discipline is required in determining weekly work plans within the annual work plan framework.

Eighty percent of the remaining works is expected to be completed. Restructuring and prosecution of the Gyelpozhing case have been the major reasons for non-completion of the planned activities.

Implementation Status of Parliamentary Resolutions

The ACC has made conscious efforts in implementing the resolutions passed by the 9th session of the first Parliament. The status is as submitted below:

9th Session of the National Assembly
(18/6/2012)

The ACC should collect implementation status reports of the National Anti-Corruption Strategy (NACS) based on the National Assembly resolutions from various ministries and include it in the Annual ACC Report, failing which, the ACC should clearly state the names of the specific ministries in the report itself.

As reported in the past years, this report also covers the status of NACS implementation by the agencies (Details covered in Section 3). NACS 2009 will be reviewed by an external

team; the recommendations will be submitted to the new Government and other stakeholders.

The creation of awareness should be continued in order to curb and prevent corruption. Considering the cases of corruption in corporate and the private sector, the Commission should promote and create awareness amongst the private sectors as well.

In its effort to create an informed citizenry, the ACC has made continuous and conscious efforts in educating, sensitizing and empowering the citizens to act against corruption through educational and advocacy programs. In this regard, collaboration with youth, citizens and local governments at the gewog level have been carried out; conducted general advocacy program in 21 gewogs of Mongar and Lhuntse and interactive sessions with 3787 teachers and students in 13 schools. Interactive sessions with nine ministries, graduates, engineering graduates, human resources officers, Judiciary and five batches of *De-suups* (Guardians of Peace) were also conducted. While business community in over ten dzongkhags has been engaged with regards to procurement (largely works) and has also collaborated with over five major corporations with regards to corruption risk management and integrity diagnosis, more work has to be done (Details in Section 3). While the ACC has engaged private sector through the civil society organizations and the annual meetings of the private sector fora in a limited way, concerted effort has to be made to develop a plan of action to forge meaningful and sustainable partnership.

The Commission reminded to establish a time frame within which a case should be resolved

in order to avoid recurrence of discussion in the Assembly.

Timely investigation and timely completion is an important ACC's policy. Timely investigation, timely prosecution and timely adjudication manifest the will of institutions to fight corruption resolutely. Scope of cases varies and accordingly time required for investigation of cases also varies. However, in the 11th Five Year Plan 60 days has been set as the average time required to complete the investigation of a regular case.

To report on the number of corruption cases received and solved and the reason behind unsolved cases in addition to inclusion of recommendations from the Commission.

This is generally covered in section 3.

9th Session of the National Council

Considering the weak implementation of NACS, the Royal Government should ensure to implement of National Anti-Corruption Strategies (NACS) considering that it had taken ownership of the important strategy in order to curb corruption through both preventive and investigative measures.

The Good Governance Committee, in collaboration with the Anti-Corruption Commission (ACC), should study factors that determine sluggish implementation of NACS and report to the National Council during the 10th session.

As desired by the Good Governance Committee (GGC), the ACC furnished information on the implementation of NACS to the GGC.

The ACC to expedite the formulation of Debarment Rules and its implementation in order to address issues of high degree of corruption in public procurement and construction sectors. The ACC to review the Gift Rules 2009 to ensure it was implementable.

The Debarment Rules, 2012 has been validated by the stakeholders in October 2012 and is now finalized. Coordination of primary stakeholders in effectively enforcing the Rules and its dissemination are ACC's priorities. The Gift Rules 2009 for prohibiting the solicitation, restricting the acceptance and setting procedures on disclosure of gifts has also been validated by the stakeholders in October 2012 and finalized. The same will also be disseminated and enforced.

The ACC should expedite Corruption Risk Management exercise across all agencies beginning with those which are highly vulnerable to corruption.

During this reporting period, ACC conducted Corruption Risk Management (CRM) exercises in five agencies, namely in Mongar Dzongkhag Administration, Mongar Regional Referral Hospital, National Council Secretariat, Bhutan Power Corporation Limited and the Ministry of Labour and Human Resources. A training of trainers in CRM was also conducted for the Internal Auditors. Building in-house capacity is vital in enabling the sectors to conduct CRM exercises in all their agencies. Modest in-house CRM capacity in the ACC has also been built to enable the integrity promotion officers to conduct CRM exercise in their respective sectors.

The ACC should consider instituting a channel for relaying actions taken on non-anony-

mous complainants received.

The Investigation Management System has a provision to inform the complainants on the action taken on their complaints in the future.

The ACC should enhance its efforts on proactive investigations.

Reactive or proactive, it is ACC's policy to take up cases that will have larger impact on the society. However, until agencies make conscious and sustained effort in strengthening their governance system and building public trust in them, the ACC will continue to be burdened by all types of complaints and their subsequent action.

The ACC should include in its annual report Case Log Sheets and Assets Declarations of the Commission as annexures.

Case log sheets and asset declaration of the Commissioners were included in the past annual reports. With case load increasing inclusion in the annual report was stopped from last year as it was becoming expensive. The ACC intends to post information on cases that have been investigated and adjudicated on its website in the near future; meanwhile it can also be made available to any interested party.

The Asset Declaration Rules (ADR) does not require the commissioners to include their AD in the annual report to the Parliament. The inclusion in the past reports was a voluntary decision of the commissioners. Henceforth, the administration of the commissioners' AD will be as per ACA 2011 and ADR 2012. The same will be made accessible to interested parties as per the prescribed procedures.

The ACC should include local government Tshogpas/Thromde Thuemis in its public education and advocacy program.

Public education and advocacy programs conducted for the gewogs include the *tshogpas* and *thromde thuemis*. Till date ACC have been able to conduct local level advocacy programs in 70 gewogs.

As submitted in the past, effective mechanism has to be established in monitoring the parliamentary resolutions.

Recognizing the emerging risks of corruption as the country prospers and democracy deepens and being mindful of the potential risk of ACC itself becoming corrupt and politicized, the integrity promotion cadre will resolutely and unconditionally continue to embed integrity in the internal and external governance system in close partnership with stakeholders.



Integrity Diagnostic Tool (IDT)

It is an organizational self-assessment tool that aims towards providing organizations with a blueprint for diagnosing their integrity challenges and corruption risks.





Gearing towards CHANGE: Change Management Retreat

SECTION 2:

AT THE CORE: PEOPLE, CULTURE & INSTITUTION

11th Five Year Plan (2013-2018)	15
Change Management Plan (CMP).....	17
Organizational Restructuring	17
Strategic Human Resources (HR) Plan:.....	17
Media and Public Communication Strategy:.....	18
Integrity Diagnostic Tool (IDT).....	18
Recruitment and Retention.....	19
Strengthening ACC's Independence	19
Human Resources Development and Capacity Building.....	20
Making a difference together: International Networking & Development Assistance.....	21
International and Regional Networking.....	21
Development Assistance.....	25
Government of India.....	28
Swiss Agency for Development and Corporation.....	28
Danida.....	28
Asian Development Bank.....	29
Celebrating 7 Years of Existence: Foundation Day.....	29
Sanctification of the House of Nations' Conscience	29

SECTION 2:

AT THE CORE: PEOPLE, CULTURE & INSTITUTION

The ACC will be trustworthy, strong and effective only if its people are trustworthy, strong and effective. The Commission draws its strength from its employees. The employees' passion and productivity are directly proportional to their level of inspiration, motivation, given professional space and competencies. The ACC has always persevered to build itself as a strong and credible team within the limitations imposed upon it. The endeavour will continue with greater vigour with the implementation of its Institutional Development Plan 2011-2020 (IDP), which not only provides the road map for the 11th Five Year Plan (EFYP) but also for the future plans.

11th Five Year Plan (2013-2018)

The overall goal of the ACC's 10th FYP to minimize corruption in Bhutan through education, prevention, and investigation and to strengthen ACC as a credible, strong, cohesive and high performing institution will also be pursued in the EFYP. The focus areas will be (i) advocacy and awareness programs in gewogs, schools, institutions and public and private sector agencies. The programs will be implemented in partnership with CSOs, media fraternity, ministries, local governments and the general public, (ii) mainstream corruption prevention measures in public and private sector agencies, proactively (based on sectoral assessments) and reactively (based on investigation findings), (iii) further professionalization and modernization of investigations through collaboration with other law enforcement agencies, skills development in

forensic accounting, surveillance and intelligence systems and (iv) building ACC's institutional and human capacity through systems improvements, further strengthening of its independence and making it the employer of choice in Bhutan.

For the first time, anti-corruption is mainstreamed in the planning process with the integration of the implementation and monitoring of the NACS in the national and sectoral plans and program. This will measure a sector's performance in the Sector Key Result Areas (SKRAs) of *"Enhance effectiveness and efficiency in delivery of public Service,"* which in turn will measure the achievement of National Key Result Area of *"Corruption Reduced"* of the good governance pillar of the Gross National Happiness (GNH).

The total budget for the EFYP is about Nu. 480.24 Million. The source of funding will be government and few donors.

The focus areas for 2013 are (i) implementation of EFYP which includes the Change Management Plan, (ii) continue focus on IC-Tization and institutional sophistication, (iii) strengthen network with allies such as OAG, RAA and other law enforcement agencies (memorandum of understanding [MOU] with OAG was signed on April 5, 2013. Draft MOU with RAA has been prepared. Currently, the ACC-RAA bilateral cooperation is based on the understanding established in the regular bilateral meetings), (iv) discipline in using the office facilities (inculcation of the value

of ownership) and furnishing of new office building and (v) proactive engagement to prevent corruption in the forthcoming elections.

A change management plan that will assist the ACC in implementing its short term goals of the IDP has been drawn up for implementation after extensive consultations, externally and internally, with support from a team of four consultants from the Partnership for Transparency Fund (PTF) (July 2012-March 2013), namely integrity, communications, human resource and change management specialists. It is composed of four outputs, namely (i) reorganization of the ACC from a sectoral approach, (ii) development and implementation of an Integrity Diagnostic Tool (IDT), (iii) development and implementation of a communications strategy, (iv) a strategic human resource development plan, (v) Integrity Vetting Protocol (IVP) and (vi) “Integrity in Leadership” workshop for senior public officials.

Change Management Plan (CMP)

The CMP is a comprehensive plan developed in a highly participatory manner through dozens of individual and group meetings involving the ACC staff. Its recommendations address major challenges facing the ACC, particularly recruitment and retention of qualified staff, public misperceptions about its enforcement activities, backlog of cases and the need for stronger integration of its investigation, prevention and public education functions. The CMP’s key recommendations have been broadly communicated to all members through the ACC’s intranet and the progress of its implementation closely monitored. The CMP is supplemented by various outputs that are enumerated in detail in the following paragraphs.

Organizational Restructuring

The restructuring process started as far back as August 2010. The proposal was discussed extensively in the internal meetings to seek acceptance by members and to ensure sustainability. Several restructuring options were also presented in the IDP. The restructuring is a merger of the conventional and the sector based structures.

The new structure was implemented in February 2013. As a pre-requisite to its implementation, the issue was discussed in the Babesa retreat in October 2012, time allocated for grievances, if any, and a week’s in-house training was conducted to prepare the members for smooth transition. Other pre-requisites such as the formulation of job-descriptions, projection of human resource requirement and change of designations were submitted to the RCSC. While no changes were proposed to the major occupational group, the sub-group for the ACC officials was changed from “investigation services” to “integrity promotion services.” The new organizational structure synergizes the three pronged strategy of prevention, education and investigation.

Two thematic departments have been created to cover (i) land & natural resources, (ii) business & finance, (iii) social & political and (iv) procurement & construction and (v) human resources. The departments are not fully staffed but programs and activities are already being carried out based on sectoral approach. The implementation of the change is being nurtured and monitored closely. Work plans have been formulated to guide the sectors. Communications is encouraged both vertically and horizontally. To gain deeper sectoral

insight, bilateral sessions were convened with concerned agencies such as the Public Procurement Policy Division of the Ministry of Finance on procurement policies/strategies, procurement rules and regulations and Standard Bidding Documents and the Construction Development Board on the e-tool for evaluation of procurement of works. With the

recruitment of additional members especially at the mid level, the sectors are expected to be more effective.

The ACC's sectoral based structure is the first of its kind in the anti-corruption fraternity. If it is effective, it can be another model that countries can consider adapting/adopting.

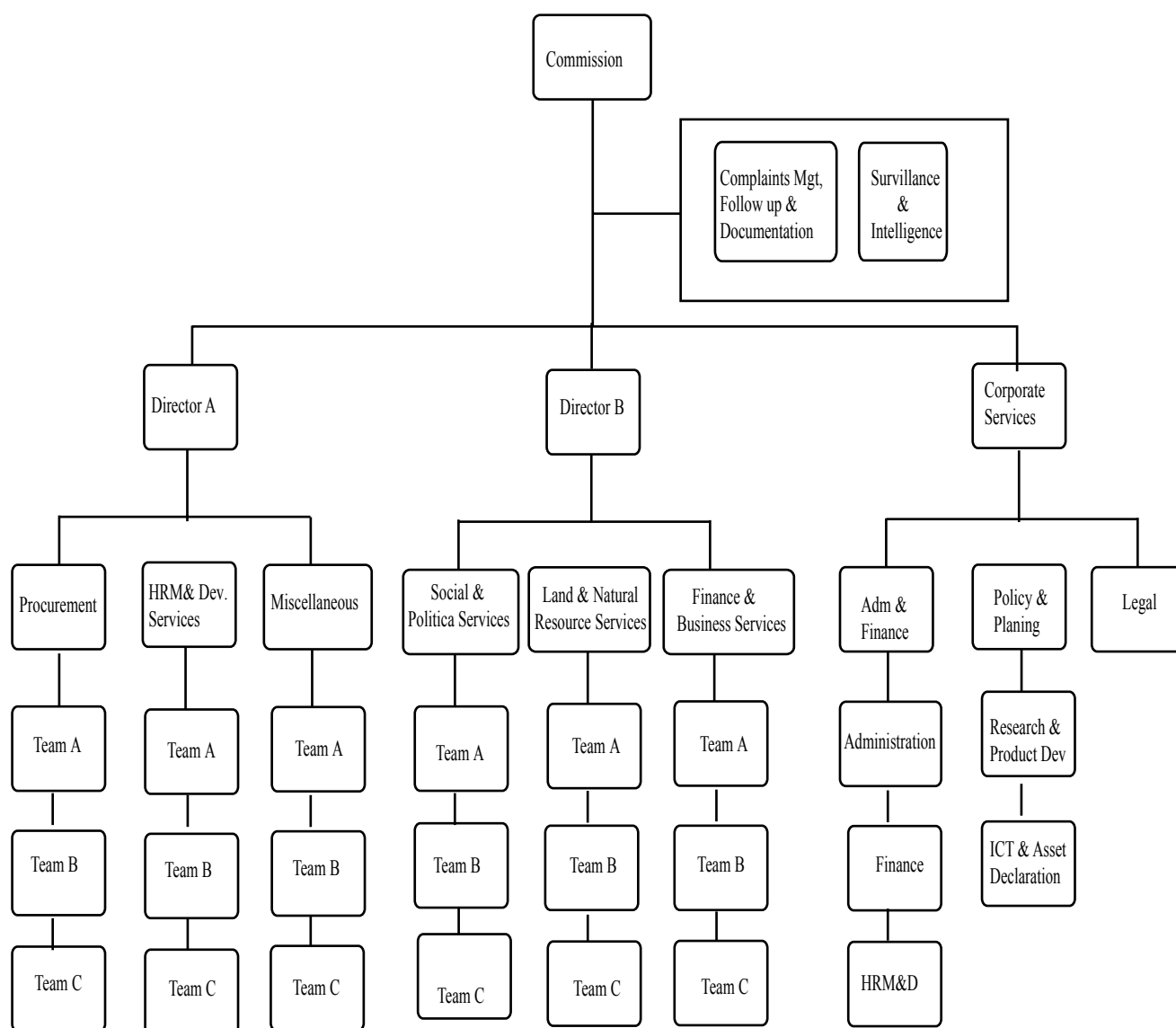


Figure 2.1: Illustrates the restructured organogram

Strategic Human Resources (HR) Plan

The strategic HR plan analyses the organizational challenges of the ACC in the context of its operating environment, culture, activities and strategic plans. It addresses issues of personnel management, particularly in the areas of recruitment and retention, staff motivation and development. It proposes introduction of different or mixed models of recruitment such as regular, deputation and contract. The proposal also suggests rewarding employees by way of introducing performance incentives, annual awards and such other schemes. These recommendations, however, involves enormous tasks of formulating various schemes, seeking government's approval, issuing guidelines and implementing them. An expert team will work on the details of various modes of employment, recruitment and retention, needs analysis, competency framework, succession planning and incentive package within the overarching proposal of delinking the ACC from the civil service.

Media and Public Communication Strategy

Fighting corruption has to continuously engage people. The low levels of awareness in the society and apparent reluctance to become actively involved in combating corruption when this conflicts with tradition and notions of compassion requires continuous and enhanced efforts to inform and educate the people about corruption issues and anti-corruption measures. On the other hand, general perception looms that the ACC is about investigations and punitive actions which is exacerbated by the inclination of the media to report on sensational stories than awareness raising and preventive programs. Further, public trust

is vital to the ACC and hence people must be informed in time on issues of public interest; it has to reach out to the media and the public.

A public communication strategy is important for sustained engagement of mass media, partnership building with stakeholders and the education of the public. Besides the recommendations on implementing effective and efficient communication strategy, recommendations for addressing problems that might arise with the adoption of the sectoralization approach is also highlighted in the strategy. The Public Communication Strategy consists of (i) an action plan to strengthen ACC's public communication and media outreach, especially during the immediate short term and (ii) a long-term plan to institutionalize the ACC's public communication policy through strategic engagement of the media, key stakeholder agencies and the public.

In implementing the communication strategy, policy on the use of social media for the ACC, a crisis management plan for dealing with the media and the public, a job description for the media officer and a media mapping exercise to understand the daily rhythms of news operation of media houses have been prepared.

Integrity Diagnostic Tool (IDT)

As reported in Section 1, IDT is a tool for diagnosing and strengthening integrity systems in agencies and sustainably improve their resistance to corruption. It helps to fulfill the ACC's mandate to promote the development of an ethical environment in the public and private sectors.

The IDT was piloted in four public agencies, namely the ACC, RCSC, the National Council

Secretariat and Kuensel Corporation Limited. With the pilot testing and re-testing, the tool is now ready for rolling out to all public and private agencies. The tool is further discussed in Section 3.

The integrity vetting tool which is to be used during recruitment has been developed but not fully tested.

Recruitment and Retention

As submitted in the past reports, recruitment of good professionals and their retention continues to be a pressing and a perennial challenge for the ACC.

During the period of reporting, five members left the ACC (2 officers). 12 members were recruited of whom 6 were appointed by the RCSC increasing the staff strength from 68 to 74. The ACC requires professionals in diverse discipline. However, recruitment of such professionals is restricted by the RCSC's policy on the non-issuance of "eligibility certificate" to the technical and legal professionals. Further, the ACC has been functioning with an assistant legal officer and a legal assistant since the resignation of the only chief legal officer in 2010. Efforts to recruit a chief legal officer and an assistant legal officer have failed. In view of the pressing demand for lawyers, the RCSC endorsed the ACC's proposal to recruit legal officers on contract with flexible contract allowance. Despite the enhanced remuneration, there has not been a single applicant. The OAG appointed three new legal officers in the ACC in February 2013.

Of the 74, 47 (63.5%) are integrity promotion officers and associated professionals and 27 (36.5%) are those in the administrative, ac-

counts and support services. The ACC has a large number of young members. Of the 47 integrity promotion and related professionals, 63.8% have less than 5 years of experience; these officers started their career in the ACC after graduation. 12.8% have 5 to 10 years of experience and only 23.4% have more than 10 years of experience. With a huge mid-level vacuum coupled with restriction in promoting young officers with high leadership potential and reluctance of in-service civil servants to join the ACC, the small cadre of senior members is unable to sufficiently guide and mentor the young team members.

Strengthening ACC's Independence

The ACC's Annual Report 2010 extensively discussed the operational challenge of its independence. As a vital institution of good governance, the ACC has to be sustainably strong, effective and credible. This demands high caliber professionals and leadership with impeccable character. As reiterated in the past, it cannot be subjected to political or ministerial dictates or be rendered vulnerable to undesirable influences due to lack of autonomy or structural deficiencies in terms of authority, accountability and security of its employees.

Legal independence of the ACC, guaranteed by the Constitution and the ACA 2011 [Article 26(1) & section 5(1)], is a vital instrument in ensuring efficacy and credibility. However, the legal independence is undermined by sections 29, 53, 57, 62, 64 and 72 of the Civil Service Act (CSA) 2010 and section 8(1) and (2) of ACA 2011 (contrary to the ACC's recommendations on the determination of the organizational structure and staff strength, the Parliament amended the Anti-Corruption Bill

2010 to align it with the CSA 2010). A major issue of independence is authority over financial and human resources to lend any meaning to the legal independence guaranteed by the Constitution and the ACA.

Despite the inherent potential conflict, in deference to the larger wisdom of the Parliament, the ACC committed to operate within the ambit of the civil service. Two years of experience of working within the civil service confirms that ACC can never function effectively and independently; it can neither build nor retain a motivated team of integrity officers. The divergent cultures of the two operating systems, nature of the ACC's mandate and the small society reality pose serious threat to the ACC's smooth and independent functioning. This should not be misconstrued as the ACC being averse to checks and oversight, which are vital to its governance. The inherent potential risks will become perceptible when the ACC takes up cases that have larger impact on the society. Reprisal is a hard reality and has to be recognized if the policy of "Zero Tolerance for Corruption" has to be pursued sincerely and resolutely.

The ACC initiated extensive internal and external review exercises to improve this situation in its effort to establish itself as a strong, credible and an effective agency. Review of the ACC by the UK Crown Agents (2007), Capacity Assessment of the ACC by UNDP/UNODC (August 2010), ADB assisted Institutional Development Plan (IDP) of ACC (2011) and Human Resource Strategy to achieve higher staff recruitment, retention and skills (PTF 2012) are some of the reviews that have been carried out. Despite these efforts, the ACC has not been able to lay a strong foundation to address this challenge primarily

because of the fundamental issue of its independence. It has a deleterious impact on the ACC members' morale and performance.

Therefore, a proposal on delinking the ACC from the civil service has become compelling and opportune. An external team will be hired to develop a proposal on the delinking. The report will be presented to the concerned authorities. The delinked organizational administration and management, internal controls and checks and balance will also be drafted.

Human Resources Development and Capacity Building

Building qualified and professional integrity promotion cadre through training and exchange of experiences and knowledge with leading anti-corruption agencies in the region and beyond and international bodies has been and will continue to be one of the main focus areas of the ACC. In and ex-country trainings have enhanced knowledge and understanding of the core anti-corruption subjects, building greater confidence in the cadre. Trainings have also been a platform to share the country's best practices with fellow trainees and regional and international bodies.

During the period of reporting, 44 officials attended various regional and international workshops/seminars/trainings (19 occasions) in various fields of financial disclosure, anti-corruption and asset recovery, legislative drafting, human values and professional ethics, corruption studies, institutional integrity management and investigation.

Some of the notable in-country trainings/workshops were the workshop on universal human values resourced by a group of practi-



NETWORKING

the Central Bureau of Investigation of India
and
the Anti-Corruption Commission of Bhutan

tioners led by Shri Ganesh Prasad Bagaria, a retired Associate Professor of Hardcourt Butler Technological Institute, India (organized by the ACC) and certificate program in procurement compliance and induction program for the new recruits. In-house training for the smooth implementation of the restructuring was another important event; among others, softer skills of leadership and emotional intelligence were covered; speakers from the Judiciary, OAG and Royal Bhutan Police were invited. Honorable Chief Justice of Bhutan educated the participants on the Constitution of the Kingdom. A total of 140 people participated in the trainings.

Making a difference together: International Networking & Development Assistance

International and Regional Networking

The ACC as a young agency that has leapfrogged to become one of the effective anti-corruption agencies in the fraternity, has endeavoured to play an active role in building bilateral and regional cooperation. It has also been invited to various fora by regional and international bodies to share its experiences particularly in UNCAC self assessment, complaints and investigation management system, asset declaration administration, operations guideline and institution building. Such exchange of experience and knowledge has helped in building the professional capability and confidence of the integrity promotion cadre.

The ACC has always endeavoured to forge relations with the Central Bureau of Investigation (CBI), India since its inception. The ACC's visit to the CBI in 2007 resulted in 18

of its members being trained at the CBI Academy. To further strengthen this relation, the then CBI Director Mr. A.P. Singh and two senior officials visited Bhutan in May 2012 on the invitation of the ACC. The visit was aimed at building a long-term cooperation between the two agencies in capacity development, among others.

The CBI Director delivered a talk on "*Contemporary Challenges of Law Enforcement*" which saw the participation of members of the Parliament and officials from law enforcement and accountability agencies. The delegates also interacted with the officials of key government agencies. Following the delegation's visit to Bhutan, three ACC officials visited the CBI. The Chairperson was invited to the annual conference of the CBI and state anti-corruption agencies in Delhi in October 2012.

The ACC facilitated the visit of Dr. Srirak Plipat, Director of Asia Pacific Department, Transparency International (TI) Secretariat, Berlin to Bhutan in December 2012. This is TI's second visit to Bhutan. A half day's engagement was organized for the Director with heads/representatives of 14 CSOs to raise awareness and understanding on the role of CSOs in combating corruption through advocacy and mainstreaming anti-corruption measures. The first TI visit to Bhutan was in June 2007 by Mr. Pascal, Director Asia Pacific Department, TI and his colleague.

The visit was followed by a five day mission of a three member team consisting of Dr. Sri-rak Plipat, Dato Seng Kuan Low, President of TI Malaysia (now a cabinet minister) and Ms. Widanelage Supun Sulakshana De Mel, Regional Coordinator for South Asia, TI Sec-

retariat to Bhutan in April, 2013. The purpose of the mission was to engage senior leaders in raising awareness about TI's work, share TI's international experience of promoting national integrity system with stakeholders and to explore the possibility of establishing a TI local chapter.

The session with the Committee of Secretaries highlighted Malaysia's experience of corruption, its risks and costs and the government's transformation program in which the fight against corruption is a central theme. TI's vision, strategies and programs, experiences, and its interest in establishing a local chapter, which would work together with the Government in the fight against corruption, were also presented to the Committee.

The team engaged the Department of Forests and Park Services, Natural Resource Development Corporation Ltd., Department of Local Governments (DLG), Local Development Division of GNHC Secretariat, Good Governance Affairs of the Cabinet Secretariat and the private sector. The Malaysian experience in mainstreaming anti-corruption strategies in the governance of natural resources, risks of unsustainable timber harvesting, illicit timber trade, political financing, other unethical practices and its negative implications on the people and the nation's economy was shared. The session with private sector focused on fighting corruption through promotion of clean business ethics and practices, restraining from bribery and collusion, and working together with the government to ensure clear and transparent policies, rules and efficient services.

A four member team has been formed as the core group for the local chapter. The chapter will compliment and supplement the ACC's

work, a step towards building a strong anti-corruption coalition.

In June 2012, the ACC attended the second biennial meeting of the World Bank's International Corruption Hunters Alliance (ICHA) held in Washington DC. The program focused on international co-operation, technological innovation, regional priorities and transnational enforcement. The alliance brought together the anticorruption agencies around the world to keep up the global momentum in the fight against corruption.

The ACC also participated in the conference and expo on intelligence support systems in Prague (ISS World Europe 2012) for law enforcement agencies and visited the European Anti-Fraud Office (OLAF) to discuss common challenges and areas for cooperation and support.

In June 2012, the ACC attended the 10th Anniversary of United Nations Public Service Day at the UN. The event on the theme "*Innovation in Citizen Engagement for Effective Governance*" was followed by an Expert Group meeting and Capacity Development workshop on "*Preventing corruption in public administration: citizen engagement for improved transparency and accountability.*" The forum brought together world leaders, government officials, representative of civil society, private sector, academia and international organizations to explore, discuss and share knowledge about emerging trends, good practices, as well as strategies and approaches related to innovation and citizen engagement and effective public governance both in plenary and group sections.

The ACC also participated in the 'Sixth An-

nual Conference and General Meeting of the International Association of Anti-Corruption Authorities (IAACA), in Kuala Lumpur, Malaysia. The conference was organized to enhance the implementation of UNCAC and provide a platform for technical assistance and information exchange. On the sideline of the conference, though briefly, the ACC also shared its experiences and knowledge on the anti-corruption legal framework with the delegation from Myanmar, which was finalizing its anti-corruption law for submission to the parliament.

In October, 2012, the ACC attended the XIX annual conference of heads of state anti-corruption bureaux and officers of the CBI on the theme “*Economic Development: Role of Anti-Corruption Agencies*” in India. The ACC presided over the session on “*Asset Recovery in Corruption Cases: Role of International Cooperation*” in light of sharing Bhutan’s experience in asset declaration.

As a member, the ACC participated in the 17th Steering Group Meeting (SGM) and the 11th Regional Seminar on “*Tracing Illicit Flows, Asset Recovery & Financial Disclosures*” of the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific in November 2012. It was invited to share the asset declaration administration system with the participants at the forum. The seminar focused on effective asset disclosure systems for fighting corruption and new developments in illicit flows and recovery of the proceeds of corruption. For the first time, as part of follow-up to the 16th SGM, the Initiative engaged the media, private sector and civil society fraternities in defining their role in the fight against corruption and forging meaningful partnership. The seminar was hosted by the Government Inspectorate of

Vietnam.

In November 2012, the ACC participated in the international conference on “*Principles for Anti-Corruption Agencies*” held in Jakarta, Indonesia. Anti-corruption agencies (ACA) world over are severely impeded because of the lack of fundamental structural issues and resources that safeguard the operational independence of ACAs from outside interference, which the Jakarta Principles underpins. Of the 150 ACAs in the world, a dismal few are functioning and effective. The Principles is a central issue in the fight against corruption, which has to be guaranteed by governments. While the issue is recognized as being very critical, numerous and competing anti-corruption conferences and meetings have only discussed it among other issues without any concrete outcome. Jakarta conference is the only conference that was exclusively dedicated to the important matter and was dealt comprehensively. The conference was the initiative of the United Nations Development Program Asia-Pacific Regional Centre, Bangkok (UNDP) to deepen the discourse on what it means for an ACA to be independent. The objectives of the conference were to (1) clarify the meaning of independence for ACAs and share country experiences, (2) discuss and agree on a set of principles for ACAs and (3) discuss possible avenues to promote these new principles.

Over 60 participants from 25 ACAs, renowned anti-corruption experts and practitioners from around the world and representatives of regional networks, notably the Network of National Anti-Corruption Institutions in West Africa, the Southeast Asian Parties Against Corruption, the Arab Anti-Corruption and Integrity Network, the Southern African Forum Against Corruption, the East African Associa-

tion of Anti-Corruption Authorities, and the European Partners Against Corruption/European anti-corruption contact point network (EPAC/EACN) attended the conference. Representatives from the UNDP, UNODC, the United Nations Office of the High Commissioner for Human Rights and Transparency International took part in the proceedings. The Organization for Economic Cooperation and Development and the World Bank also submitted contributions to the conference. The participants reviewed and discussed country experiences from around the world, challenges faced by ACAs, and key requirements to ensure the independence and effectiveness of ACAs.

The Jakarta Principles cover several areas which could help develop a new kind of discourse that is more optimistic and promising, one that argues in terms of imperatives for ACAs to be more effective besides also making them accountable. The Principles include, among others, a constitutional guarantee for an ACA's authority, a protected and sufficient budget, and mechanisms to shield ACA officers and workers from harassment and removal. Also recommended are principles requiring accountability and ethical conduct from ACA personnel, and a continuous effort to keep public trust and confidence in an ACA through regular public reporting.

This set of principles is expected to be promoted to all national ACAs worldwide as well as to regional and international anti-corruption fora and networks. Support for these principles will also be generated from among top national government executives, leading parliamentarians, senior members of the judiciary, civil society leaders, and influential voices in the private sector. ACC Bhutan wrote to KPK,

UNDP and UNODC along the same line. Ultimately, what is paramount is the seriousness of every government's anti-corruption efforts, its willingness to enact policies that ensure the independence of an ACA and protect it from obstruction.

The ACC Chairperson was invited by the ADB as the keynote speaker at its International Anti-Corruption Day commemorative event held on 10 December, 2012 at its headquarter in Manila, Philippines. Relevant to the ADB's theme of International Anti-Corruption Day "*iACT: Let's keep up the fight,*" Chairperson spoke on the lessons learnt and policies and strategies of ACC in strengthening democracy, transparency and accountability. President Mr. Haruhiko Kuroda graced the session. Commissioner Kezang Jamtsho conducted the session on "*An Investigator's Insight into ADB-Funded Projects in Bhutan,*" which was well received.

The ACC was invited to the United Nations Development Program (UNDP) technical workshop on Development of Financial Forensics Manual in March, 2013 held in Ghana. The workshop brought together anti-corruption experts and practitioners to review the draft manual prepared by UNDP in response to the demand of the African Anti-Corruption Commission for training on forensic financial investigation. It is expected to train as many anti-corruption agencies through the manual. In March 2013, ACC participated in the 5th meeting of Bay of Bengal Initiatives for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) sub-group meeting on combating the financing of Terrorism held in Dhaka. It is a good platform for member countries to exchange information and share experience relating to combating transnational



Building International Cooperation



Commitment towards the fight against Corruption.

Cooperation

financial crimes including money laundering and financing of terrorism through wire transfers. The ACC is a member of the country's financial intelligence unit.

Development Assistance

The ACC has received generous support from its key development partners, namely Government of India (GoI) and the Swiss Agency for Development and Cooperation (SDC).

Government of India

The GOI has generously financed the construction of the ACC's office building, which started operating since August, 2012. It provides conducive physical working environment.

The initial outlay of Nu. 68.050 million increased to Nu.71.050 million. Over 77% of the total funds have been utilized and the remaining will be paid to the contractor against the final running bill of the work by the end of June, 2013. This must be one of the very few buildings that is highly economized.

Swiss Agency for Development and Cooperation (SDC)

The SDC has been supporting the ACC since 2007. Nu. 116.00 million was committed for the 10th FYP project "*Support to the Anti-Corruption Commission.*" The four main expected impact of the project are (i) society widely applies high principles of public life and acts against corruption, (ii) anti-corruption mainstreamed in sectoral plans and in public and private institutions, (iii) acts of corruption deterred by effective investigation, conclusion and prosecution without fear and

favor and (iv) ACC is credible, effective and sustained institution.

Till date over 55% of the funds have been spent. The project which was expected to close by the end of June, 2013 will now close by the end of August, 2013. An important area of the support is the establishment and execution of special investigative capacity. The challenges in investigating corruption offences are overwhelming in the absence of special capabilities and capacity. Towards this, following the request made to SDC, SDC contracted a team from the Basel Institute of Governance (BIG) of Switzerland to review the infrastructure requirement and existing national legislation/regulations pertaining to capacity building.

The team fielded a mission to Bhutan in February, 2013 to review the existing legal framework and operating guidelines for ACC to develop a national facility for surveillance and intelligence. The review concluded that the domestic laws provided the legal basis for use of such type of surveillance techniques. The team also assisted ACC in developing a guideline for the use of covert investigation technique. Following the review, the SDC has agreed to invest in the development of the facility. Substantial amount of fund will be utilized for building the facility and with the vigorous implementation of the on-going activities, utilization of the remaining funds committed by the end of August 2013 is expected to be about 95%.

Danida

Over 93.4% of Nu. 8.46 million (1 million Danish Kroner) support for developing e-learning module on ethics and integrity for the civil servants has been utilized. The ACC-

RCSC-RIM led project will close by the end of 2013.

Till date, the ACC has been largely managing the project. It will disengage from the administration of the e-learning course in the civil service and focus on the overall monitoring of the course implementation, development of advance program and introduction (in close consultation with the concerned agencies) of similar program in other jurisdictions such as the Parliament, Judiciary and CSOs. The RCSC should administer the program in the civil service with technical support from RIM.

Asian Development Bank (ADB)

The ADB provided technical assistance of USD 300,000 to the ACC for the implementation of the Institutional Development Plan (IDP), development of which was also funded by the Bank.

The project has been closed. However, the implementation plan requires further financial and technical support. Dialogue with the ADB on the matter will continue.

Celebrating 7 Years of Existence: Foundation Day

As a step towards building a motivated and a passionate cadre, the ACC commemorated its first ever Foundation Day on 31 December 2012, a milestone in its history.

His Majesty the Fourth King's Royal Decree establishing the ACC in December 2005 was an enlightened response to the rapid socio-economic development and introduction of parliamentary democracy. Seven years have been challenging and rewarding for the young

ACC.

His Majesty's gracious presence at the occasion and receiving His wise counsel was a rare honour, a great source of deep inspiration and pride and reaffirmation of ACC's pursuits. The integrity promotion cadre also had the honour of receiving the Integrity Badge, ACC's identity, from His Majesty.

December 31 will always be observed as ACC's Foundation Day, an occasion for reflection, consolidation, rejuvenation, celebration and recognition.

Sanctification of the House of Nations' Conscience

His Holiness the 70th Je Khenpo Trulku Jigme Choeda consecrated the ACC's new office building in July 2012, another milestone in its history. His Holiness, Venerable Drabi Lopon and monks from the Dratshang (Central Monastic Body) performed the religious ceremony.

The new facility's structural design is based on the concept of Mandala which symbolizes unity and harmony with 12 corners and eight pillars in-front of the building representing the twelve principal deeds of Lord Buddha and 8 Fold Noble Path. The fight against corruption is quintessentially taming the mind.

“

It is the responsibility of every Bhutanese to Act against corruption in our country

”

Royal Kasho issued by 4th Druk Gyalpo

Character

Truthfulness
Accountability
Transparency

Compass

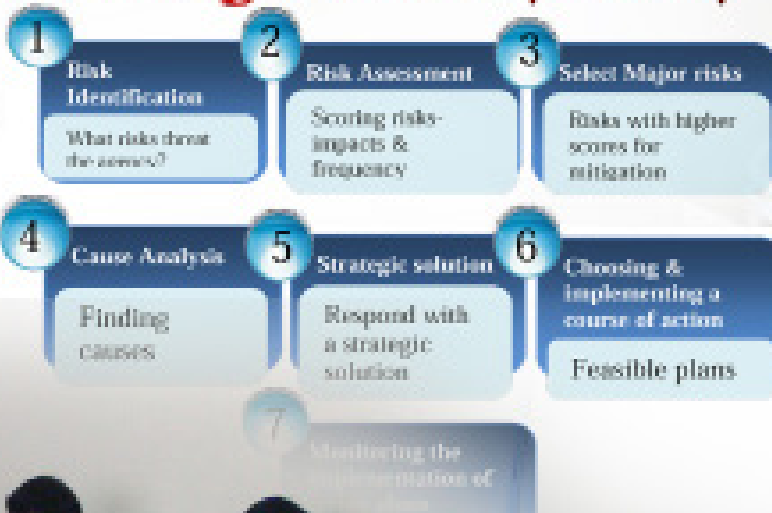
Controls

Anti-corruption Measures
Oversight Mechanisms
Corporate Incentives

Conscience

Honoring Commitments
Respecting Rights
Observing Laws, Rules

Integrity Diagnostic Tool (IDT) Corruption Risk Management (CRM) System Studies



Introducing
Corruption
preventive tools
to the
stakeholders

SECTION 3:

BEING ACCOUNTABLE: PERFORMANCE EVALUATION

Public Education Services : Engaging, Informing and Empowering Citizens in Fighting Corruption.....	32
Prevention Services: Fighting Corruption at the System Level: A Critical Reviews.....	40
Enabling Environment: Laws and Policies.....	40
Understanding the Genesis of Corruption.....	41
Need for Multiple Strategies to Fight Corruption.....	41
Review of Implementation Strategies.....	43
System Interventions.....	46
Corruption Risk Management.....	47
National Anti-Corruption Strategies(NACS).....	48
Integrity Diagnostic Tool.....	50
Research on 'Integrity and Value Education in Schools'.....	55
Asset Declaration and Administration.....	61
CSOs Partnership Program.....	62
National Integrity Assessment(NIA).....	62
Percieved Corruption.....	67
Legal Services.....	71
Complaints Management.....	74
Investigaiton of Cases.....	79
Highlight of Some Cases.....	81
Long Term Implication of Gyelpozhing Case.....	93
OAG's Refusal to Prosecute Case.....	93
Beyond Refusal to Prosecute: Breach of Trust.....	93
Prosecution of Case by ACC.....	94
OAG Representing Individual in the Court of Law.....	95
Challenges in Investigation.....	96

SECTION 3:

Being Accountable: Performance Evaluation

This section provides details of programs conducted by the ACC, their status and impact (limited). The past format of presentation along functional lines has been maintained. However, the subsequent annual reports will adopt a format corresponding to the new structure.

Public Education Services : Engaging, Informing and Empowering Citizens in Fighting Corruption

One of the principle functions of the ACC is to educate the public on the costs and risks of corruption and the benefits of its eradication, enlist and foster public support in combating corruption as provided in section 25.1.a of the ACA 2011.

This has a two pronged program approach. The advocacy and awareness program caters to creating topical awareness on corruption while the behavioral change program looks at instilling and strengthening ethical culture in the society, which is a long term and the ultimate measure against corruption.

Dialogue with Ministries: Forging Active Partnership

Ministries are important stakeholders in the fight against corruption since they have at their disposal resources to shape organizational behavior and authority to implement public policy. Without their active participation, it will be impossible for the ACC to curb corruption. They can make significant contributions

by consciously developing and integrating holistic integrity-building initiatives and anti-corruption measures within their governance system. It is, therefore, paramount to establish stronger partnerships with the ministries to strengthen their integrity systems including playing a more productive role in dealing with complaints and corruption cases in accordance with the laws and their mandate. True partnership can only be fostered through deeper mutual understanding, effective communications and mutual trust and confidence, which is also one of the purposes of the dialogue sessions. Dialogue sessions with nine ministries were conducted, where 663 civil servants across ranks participated. The ministries were reminded of the critical role they played in ensuring fair, transparent and efficient service delivery, a fundamental measure of good governance. Presentations to the ministries included (i) domestic corruption scenario and anti-corruption measures, (ii) corruption prevention measures, (iii) salient features of anti-corruption legislation, (iv) complaint management and investigation processes and (v) learning from the ACC's investigation. Further, other important objective of the dialogues is clarifying doubts about the ACC's work and its perceived influence on the mindset of public servants and not the least of all receiving unrestrained critical feedback on the ACC's strategies and programs.

An analysis of the feedback from all ministries on the effectiveness of the dialogues indicates that almost all the participants found them useful with their understanding of cor-

ruption issues and anti-corruption measures being enhanced. The ACC will continue to work on making the dialogue effective, mutually meaningful and productive as it continues to engage all the agencies, public and private.

Gewog Advocacy Program: Collective Responsibility

Petty corruption is generally perceived as trivial and something that the ACC should not be wasting its energy and resources on. In reality, it is petty corruption that affects the lives of ordinary people on a daily basis. The impact of corruption is much more serious in the rural areas as people have less access to and limited choices over the delivery of public services, besides the highly hierarchical culture and weak local governance system. Corruption in the delivery of services directly affects the poor, vulnerable and marginalized people. The gewog advocacy program is to empower people with knowledge and tools to demand accountability from the service providers, which can deter occurrences of corruption.

The advocacy program has been carried out in 21 gewogs of Lhuntse and Mongar Dzongkhags. Altogether 3797 people consisting of local government administrators, gewog civil servants, business people and general public attended the program. Altogether, 70 gewogs of Haa, Paro, Thimphu, Punakha, Wangdue, Mongar, Lhuntse and Trashigang Dzongkhags have been covered till date. No advocacy program could be conducted during the reporting period.

Taming Young Minds: Schools against Corruption

Building responsible and honest young Bhuta-

nese is the foundation to fostering an intolerant anti-corruption culture. Schools are ACC's vital partner as they have the paramount responsibility in moulding young minds to become good human beings that uphold honesty and integrity, in instilling a deep sense of citizenship in the children and nurturing future leaders. The survey on "*Integrity and Value Education in Schools*" conducted last year by the ACC mirrors the character of the society. It presents a compelling need to reflect, reinforce and redirect.

Interactive sessions with students and teachers of Lhuntse Higher and Tangmachu Middle Secondary Schools, Yadi and Drametse Middle Secondary Schools, Gelephu, Kuentrup and Sarpang Higher Secondary Schools, Bayling Higher Secondary School in Trashiyangtse Dzongkhag and Mendrelgang Middle Secondary School in Tsirang Dzongkhag were conducted during the period of reporting. So far, such sessions have been conducted with 33 schools.

Recognizing the importance of this potential social capital in the fight against corruption, the ACC with the support of the Ministry of Education will continue to work together with the schools in enriching their existing value based programs, catalyzing change in their families, classrooms, schools, communities and ultimately the society at large.

National Graduate Orientation Program (NGOP) : Inspiring Young Leaders

The ACC met with 2263 graduates at the NGOP 2012. They were reminded of their constitutional duty to uphold justice and to act against corruption. As young leaders, it was important to first start with themselves in re-



Building informed citizenry



Corruption scenario
Corruption complaints
Causes and forms of corruption
Challenges

Combating corruption: our collective responsibility

sisting, refraining and reporting corruption. Taking caring of themselves responsibly was vital in ensuring that they do not further burden the society with environmental, social and moral garbage. A strong citizenry was critical in fostering the culture of intolerance for corruption. Only if the nation is strong, happy, healthy and secure, will the people be strong, happy, healthy and secure. The graduates were exhorted to work with the conviction that each one of them can make a difference.

Technical Graduates Orientation: Changing the Face of Engineering Profession

The ACC interacted with 43 technical graduates consisting of 33 junior engineers, 4 architects, 1 urban planner and 5 engineers, recruited by the Ministry of Works and Human Settlement. Using case studies, the graduates were educated on the vulnerabilities of their profession, red flags in procurement, importance of due diligence and checks and balances. They were informed of the huge loss of recourses suffered by the people and the country. By virtue of their profession, engineers had easy access to huge funds with minimal checks; it was important to resist temptations of short term gains, which would result in long term suffering not only for themselves but also for their families. The public image of “corrupt engineers” also had to be changed.

The modus operandi in procurements scams such as collusion by sharing of privileged information, tampering of bid documents, bid rigging, non-enforcement of rules and guidelines for preferential treatment, sub-contracting by power of attorney, engineer-contractor partnership arrangement and forgery of required documents were highlighted.

The De-Suups (Guardians of Peace): Building the Critical Mass

De-Suung Integrated Training Program is a noble initiative of His Majesty the King that started in 2010 with the mandate to (i) impart value based personal development program with the main objective to encourage all citizens to be active in the greater role of nation building, (ii) appreciate the sense of community, harmony and cooperation as a group and as active members of society and (iii) enhance abilities to shoulder their own daily duties and responsibilities naturally as lifelong members.

The ACC engaged 354 *De-Suups* during the reporting period. The Guardians of Peace had the sacred responsibility of fulfilling His Majesty’s noble aspirations of a united, stable, secure and prosperous nation. Fighting corruption was also inherently about building a united, secure and prosperous nation. However, there was a growing sense of resignation and lack of concern among the people which was disconcerting. Corruption was a manifestation, a symptom of a larger problem of the society’s health; it depleted public trust and the country’s limited resources. High level of tolerance for corruption, *kidu* and “let-it-be” culture posed more serious challenges to the fight against corruption than the inadequacy of laws. The problem, however, was not with the corrupt people but the pervasive inaction of the large majority who were uncorrupt.

Nationalism was not simply being proud of being a Bhutanese but being concerned and responding naturally to the prevailing and emerging challenges. Responding to physical disasters was easy. What was critical was to respond to the disasters, such as abuse of powers and theft of public resources that may be

occurring daily in the agencies and communities, away from the public and media spotlight. External enemies are known and could be countered but the bigger enemy was within, which posed greater threat to the nation.

The ACC continues to engage the successive batches of *De-Suups*. It is a great privilege for the ACC to be involved in its humble way in this great noble vision of His Majesty.

Certificate in Procurement Compliance: Sharing ACC's Experience in Public Procurement

Public procurement accounts for about 40 to 45% of the country's annual budget. With increasing demand for infrastructure development and the corresponding demand for budget without concomitant strengthening of the procurement management system, opportunity for corruption correspondingly increases. To ensure economy, efficiency and effectiveness in the public procurement and ultimately value for money, the Ministry of Finance has instituted a five day training program in procurement compliance at the RIM. The goal of this program is to increase professionalism, skills and accountability of individuals involved in public procurement. The ACC also has a module in the program. Till date over 661 procurement officers have been trained.

2012 International Anti-Corruption Day (IACD) and National Anti-Corruption Week (NACW) Commemoration: Building Solidarity in the Fight against Corruption

The 2012 IACD and NACW theme was "*ACT: Against Corruption Today.*" Series of

activities were organized in the capital. An open poster competition and exhibition on the theme "*A Path towards Corruption Free Bhutan*" was conducted. "*A Pledge against Corruption Campaign*" was launched for people to express their views on corruption, their commitment towards combating corruption and solicit their participation in the anti-corruption efforts. A qualitative analysis of the pledges highlights lack of or low levels of integrity and honesty being the cause of corruption. While most denounced corruption and pledged not to condone it, others called for collective action - political will at the top and popular will from the public in the fight against corruption. The pledges in general indicated intolerance for corruption and resonated His Majesty's statement, "*I will not be corrupt and I will not tolerate corruption in others.*"

The pledge book was kept open for the general public at the clock tower square, centenary farmer's market and in front of Lugar theatre on December 9, the IACD and from 10-17 December, the NACW, at the clock tower square and the ACC's office. As of 31 January 2013, altogether 354 individuals came forward to condemn corruption. Disaggregated information on the categories of people who made the pledge is in Figure 3.1.

The event engaged 58 students from Changkha and Lungtenzampa Middle Secondary Schools (MSS), Changzamtok Lower SS and Utpal Academy, Paro to also celebrate the Sherig Century. Simultaneously, with the

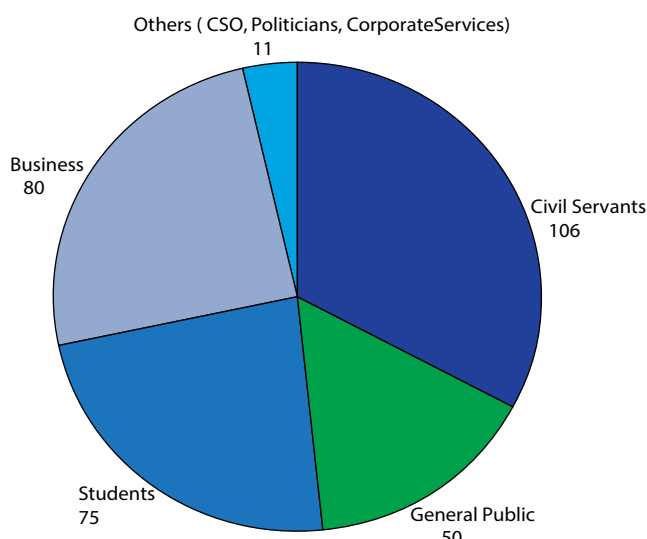


Figure 3.1: Disaggregated data of the pledge against corruption

“Pledge against Corruption Campaign” at the clock tower square, the students organized a cultural program. The youth volunteers from Changangkha MSS also shared their personal views on corruption and staged a skit on the cause and effect of corruption. The objective of such engagement was to instill a sense of responsibility in the youth in fighting corruption and to garner their support in the anti-corruption effort.

Communications Strategy : Leveraging Media and Public Support

In order to effectively engage the media fraternity to help the ACC raise awareness and educate the people about integrity and anti-corruption values, rules and measures, a communications strategy has been developed. A media focal person will also be identified in due course of time.

Product Development and Mass Communications : Informing People

Political and electoral corruption undermines Anti-Corruption Commission

the legitimacy of the government of the day and violates basic principles of democracy. Bhutan, as a small nation cannot afford corrupt political parties, corrupt politicians, corrupt government and a complacent citizenry. The 2013 parliamentary elections welcomed three new parties initially. Participation of increasing number of parties has the potential to generate fierce politicking; it can provide effective inherent checks but also foster an undesirable culture of “must-win-by-hook-or-crook,” potentially comprising on national interests over party and individual interests. In such an environment, it becomes ever more compelling to continually (not only around election period) educate the general public on democracy, risks and costs of political corruption and to empower them to demand and participate in clean politics. Two television spots were developed to inform the people not to give in to coercion, bribery and relationships while exercising their franchise. An ad film developed on the theme “Corruption Affects Us All” portrayed varied impacts of corruption and called for collective action in the fight against corruption. The products were disseminated through BBS TV.

Further, to inspire people in the fight against corruption, 10700 pieces of badges with His Majesty’s portrait encircled with “I will not be corrupt and I will not tolerate corruption in others” were distributed to the public.

Behaviour Change Program : Ultimate Anti-Corruption Measure

E-Learning Program on Ethics and Integrity Management in Public Service : Towards a Clean Civil Service System

A partnership program of the RCSC, RIM and

the ACC was conceived in 2011. This behavioural change educational strategy is to promote a clean civil service system and create an awakened civil service that upholds integrity, honesty, justice and rule of law over any other interests. This program is in line with the strategic consideration 10.6 of NACS and the resolution of the second session of the National Assembly which recommended the RCSC to operationalize the civil service code of conduct and ethics.

The program built on e-learning platform consists of modules on ethics, moral and organizational culture, corruption and anti-corruption. The program was formally launched on 9th December 2011, coinciding with the commemoration of International Anti-Corruption Day. Three rounds of orientation and training were conducted for focal persons and facilitators to orient and help them administer the course in their respective agencies.

More than 5000 information leaflets, 245 focal person's manual were published and distributed to create awareness on the course. During the reporting period about 2749 civil servants from four ministries, two constitutional bodies and nine autonomous agencies had undertaken the course.

The course has to be upgraded at an appropriate time. The ACC will also introduce the program in other jurisdictions in close coordination with the concerned institutions.

An Integrity Program: Getting Them young

Corruption manifests the degeneration of moral and ethical values in a society. Therefore, the most sustainable anti-corruption

measure is behavioural change that is underpinned by strong value systems. Recognizing the need for high standards of moral and ethical integrity, nurturing individual growth, self leadership, respect for others and a deeper appreciation of one's responsibility, a partnership program between the student club members and teachers of the Peer Helpers Training Club of Changangkha MSS and the ACC has been conceived. The students and teachers are also made aware of corruption and its consequences. The partnership program is integral to Education Ministry's pursuit of infusing GNH values in the schools and not an additional activity. As part of the program, the teachers attended the three day human value workshop at the ACC. Participation of the head of the school and Director, RIM (to explore the possibility of integrating ethics in the courses offered at RIM) in the human value course in India was sponsored by the ACC.

The Acupuncture Point: Reviving Universal Human Values

A three day workshop on universal human values was organized by the ACC from 5-7 September 2012, resourced by a group of practitioners of universal human values of trust, compassion, simplicity, humility and interdependence led by Shri Ganesh Prasad Bagaria, a retired Associate Professor of Hardcourt Butler Technological Institute, Kanpur, India.

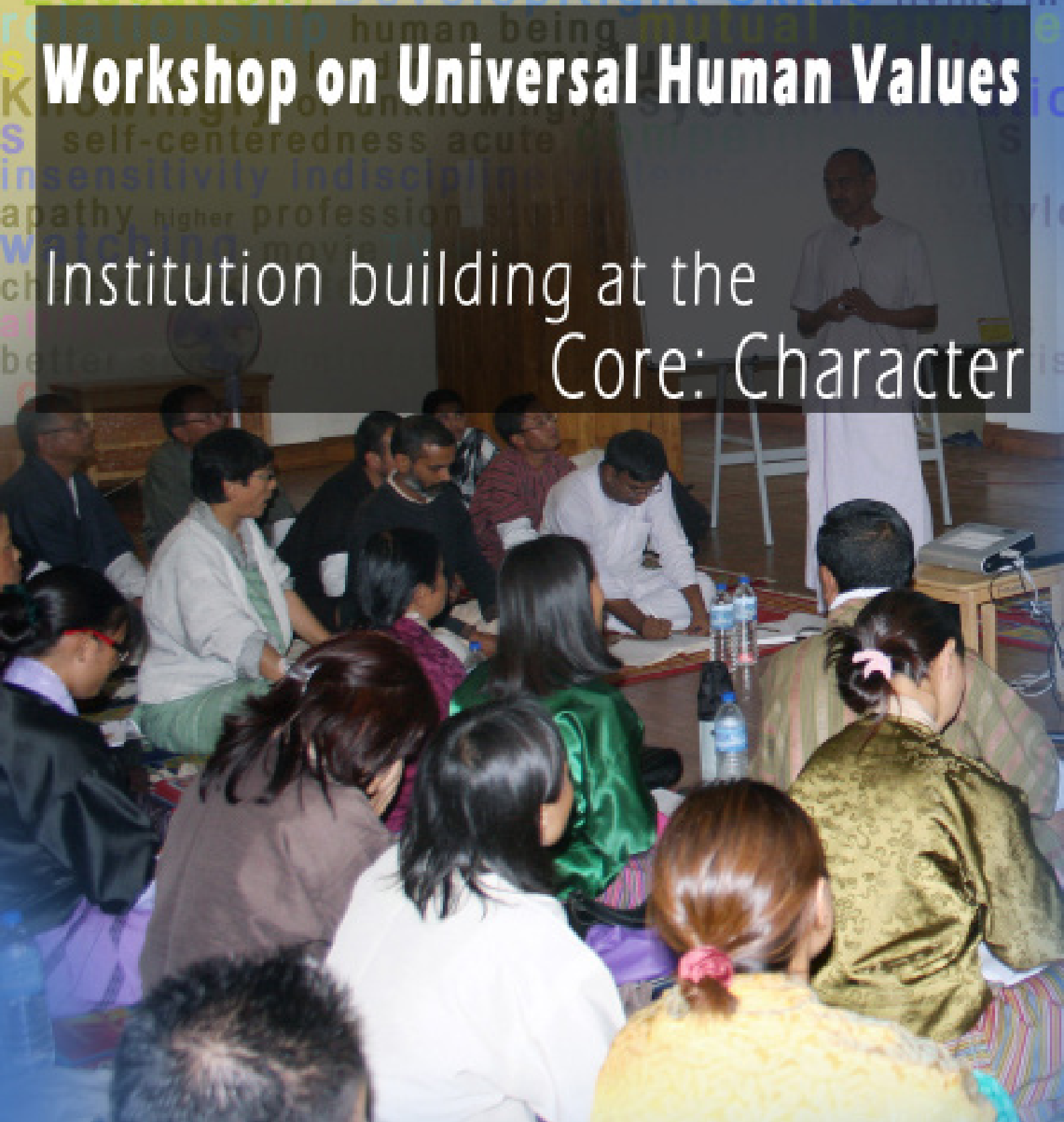
The workshop was about establishing dialogue between "*what you are*" and "*what you really want to be*." It was a dialogue, free from any value prescriptions or "*do's*" and "*don'ts*". Proposals about universal principles of life were placed for evaluation and discussion.

The workshop reinforced the development

Education conduct education human conduct
inhuman value understand purposefulness
goal individual society commitment
conduct development society (what to do?) (how
to do?) leading Right Understanding techn
education priority needs values skills
Understanding sharing the understanding (Value
Education) Develop Right Skills living in
relationship human being mutual happiness
S knowledge or unknowingly system science
S self-centeredness acute
insensitivity indiscipline
apathy higher profession spirit
watching movie
cha
better

Workshop on Universal Human Values

Institution building at the
Core: Character



philosophy of GNH, in that it called for co-existence with other human beings and to embrace the simple but often misunderstood and ignored human values and feelings of trust, respect, affection, care, guidance, reverence, glory, gratitude and love so as to become better human beings that would ultimately contribute to the universal human order.

Besides the ACC members, representatives from the Election Commission of Bhutan, RCSC, Ministry of Education, Royal University of Bhutan (RUB), RIM, Royal Institute of Health and Sciences, Changangkha MSS, Royal Thimphu College, Youth Development Fund and Bhutan Centre of Media and Democracy participated in the workshop.

The RUB and its institutions are playing a vital role in building this paramount social and spiritual capital. The ACC has also made the program mandatory for all its members.

Integrity Award for the Best Gaksar in Ethical Behavior

The Royal Bhutan Police Training Institute, Jigmeling, Sarpang has instituted an “Integrity Award” to be given to the best *gaksar* (new police recruit) in ethical behavior, a move towards building strong and morally upright law enforcement men and women. In support of this move, the ACC provided a seed money of Nu.25,000.00.

Advocacy and awareness program will gradually become more focused and target driven. The dialogue sessions, building up case studies and developing materials for the interactive sessions and mass communication will now be taken up by the sectoral teams. The general awareness program on among others

trends, costs and risks of corruption, people’s fundamental responsibility will be managed by the planning and policy services of the ACC.

Dialogue and behavioural change are long term measures and have to be continuous processes, within formal and informal settings. Building a public service that upholds a high standard of ethics and integrity is intrinsic to the mandate of all institutions (legislature, judiciary, executive, religious institutions, constitutional bodies, local government, corporations and financial institutions, institutions of learning, armed forces, and political parties), a principle tenet of good governance and hence by that token every institution, in particular their heads, have to bear greater responsibility. Families as building blocks of a society also have a vital role in building an honest, just and responsible society.

Finally, to build a strong democracy, leaders, have to consciously and continuously educate the people on democracy, its fundamental values and culture and people’s important responsibility in internalizing and realizing them.

Prevention Services

Fighting Corruption at a System Level: A Critical Review

Background

Effective fight against corruption is based on a simple concept that, “a robust check and balance in administrative system must reduce corruption to an incidence level. The anti-corruption agency must deal with an incidence of corruption without exception to achieve the maximum deterrence.” This simple concept also legitimizes the practical call for a collective drive against corruption that “fighting corruption is a collective responsibility” of a society. The concept further delineates the mandates of an anti-corruption agency and the roles and responsibilities of the administrative system of a country and the society at large. Given the need for multiple stakeholders’ collective effort to fight corruption, how the Bhutanese system as a whole has responded to it deserves a critical review.

Enabling Environment: Laws and Policies

The Constitution has a specific provision on corruption and a few other provisions as fundamental duties of its citizens. These are (i) “Every person shall have the duty to uphold justice and to act against corruption” [Article 8 (9)], (ii) “A person shall have the responsibility to safeguard public property” [Article 8 (7)] and (iii) “Every person shall have the duty to act in aid of the law” [Article 8 (10)].

The above provisions require every Bhutanese citizen to act against corruption and in support of the laws of the land as their fundamental duties. The highest law of the land has these

provisions to ensure peace and harmony in society by creating the enabling conditions for the rule of law to prevail in the country.

The first democratically elected Government under the Constitutional Democratic Monarchy in 2008, embraced the manifesto of, “*Equity and Justice and Zero Tolerance for Corruption.*” This manifesto inspired hopes of among others instituting a systematic and a collective drive against corruption at every level in the administrative system. Signaling the translation of this strong political will into action, the Prime Minister had said, “*We will not tolerate corruption in any form and there will be ways and means devised to curb and root out corruption in five years time. Every cabinet minister would have to mindfully strive towards cleaning up their ministries.*” Fighting corruption at every practical level seemed a reality then. Curbing corruption seemed like a pragmatic outcome within a reasonable time horizon.

For effective fight against corruption, strong political will is a rare commodity, but the most important condition for sustained success. Without the strong political will, an anti-corruption agency is stifled, rendered ineffective by the system of the government machinery and victimized, examples of which are plenty in the region and beyond. Worse still is, an anti-corruption agency, as an institution of check and balance, sometimes becomes a tool in the hands of political masters to settle political scores. Fighting corruption is a system’s holistic response to corruption rather than an anti-corruption agency’s lone effort. There is tremendous synergy in fighting corruption collectively and in a coordinated manner at a country level.

Understanding the Genesis of Corruption

Transparency International says, “*Understanding corruption is the first step in fighting corruption.*” Therefore, to plan and implement a holistic drive against it, understanding it is the first logical step. Experts on corruption have devised what is known as corruption or fraud triangle to understand the genesis of corruption or fraud (see Figure 3.2).

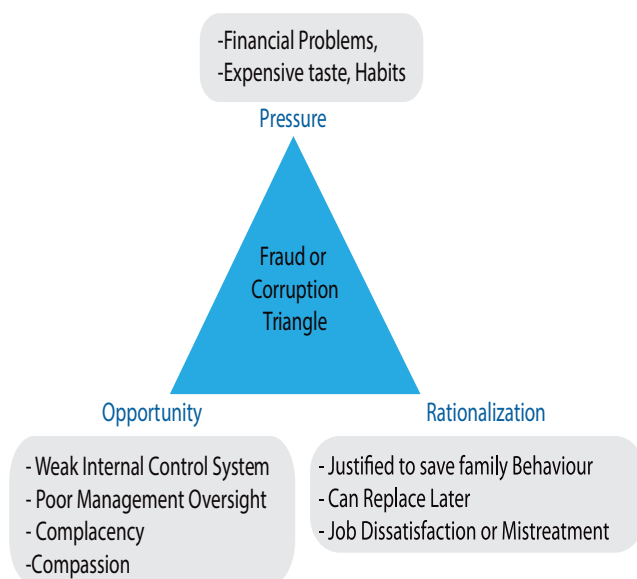


Figure 3.2: Corruption or fraud triangle

The corruption or fraud triangle’s three vertices form the three conditions, which must be fulfilled for corruption to occur. If one of the conditions is not favorable, the probability of occurrence of corruption is reduced. The two conditions, pressure and rationalization, reflect the social conditioning brought by the outcomes of multiple factors such as culture, religion, tradition, value systems, etc. of a society. The third condition, opportunity, deals with the administrative system’s response to

curb corruption.

Pressure – Everyone has pressures, fuelled by financial problems, lavish lifestyles beyond one’s means, peer or societal pressure to do well and insatiable greed.

Rationalization – Human beings under pressure explore for remedies. Rationalization provides instant and easy answers when under pressure. “*Everyone is doing it*” and “*I will replace it later*” are classic rationalizations for corrupt acts. Unwittingly, one is being dragged down a slippery slope. Easy access to resources fuels lavish lifestyles, subsequently feeding the insatiable human greed.

Opportunity – The third condition to be fulfilled is opportunities given by the system. Weak internal control mechanisms, weak and corrupt management oversights, complacency and “compassion” in enforcement of rules and procedures lead to corruption. Effective administrative system and their uniform enforcement across agencies must reduce opportunity for corruption to a minimum level.

Need for multiple strategies to fight corruption

Understanding the genesis of corruption gives the capacity to examine how the system should respond to curb it. From this understanding emerges that fighting corruption requires multiple strategies by multiple stakeholders. Among multiple strategies, an important one is to improve the administrative system by plugging system loopholes to prevent corruption. However, having a good administrative system is quite often not good enough. Conscious enforcement of the robust administrative system across agencies and skills development in

ethics and its management with a deep sense of purpose and determination is required. This responsibility largely falls on the government of the day, as the administrative system is under it. This objective could not be more relevant and appropriate for Bhutan with GNH as its development philosophy. Corruption is anti GNH and anti-corruption strategies are good governance measures, which necessarily have to be embraced for the collective national wellbeing. Hence, every Bhutanese should contribute to the collective drive against corruption so that GNH becomes a reality.

An anti-corruption agency has an equally important mandate. Its most important role is to spear-head the fight against corruption to mobilize and build confidence in the citizens.

An important strategy is to act on an incidence of corruption without exception through swift enquiry/investigation and administrative sanctions or prosecution to bring the maximum deterrence. While doing so, to act in public interests without fear or favor and within the frameworks of laws is crucial. Impartiality, due diligence and due process of law have to be the hallmarks of an anti-corruption agency's efforts. While prevention responsibilities may complement the punitive responsibilities, it is not the core mandate of an anti-corruption agency. This broad delineation of responsibilities is based on the principles of efficiency vis-à-vis the different roles. Refer figure 3.3 on multiple corruption screening tools below for a better understanding and appreciation. Corruption is screened, detected and prevent-

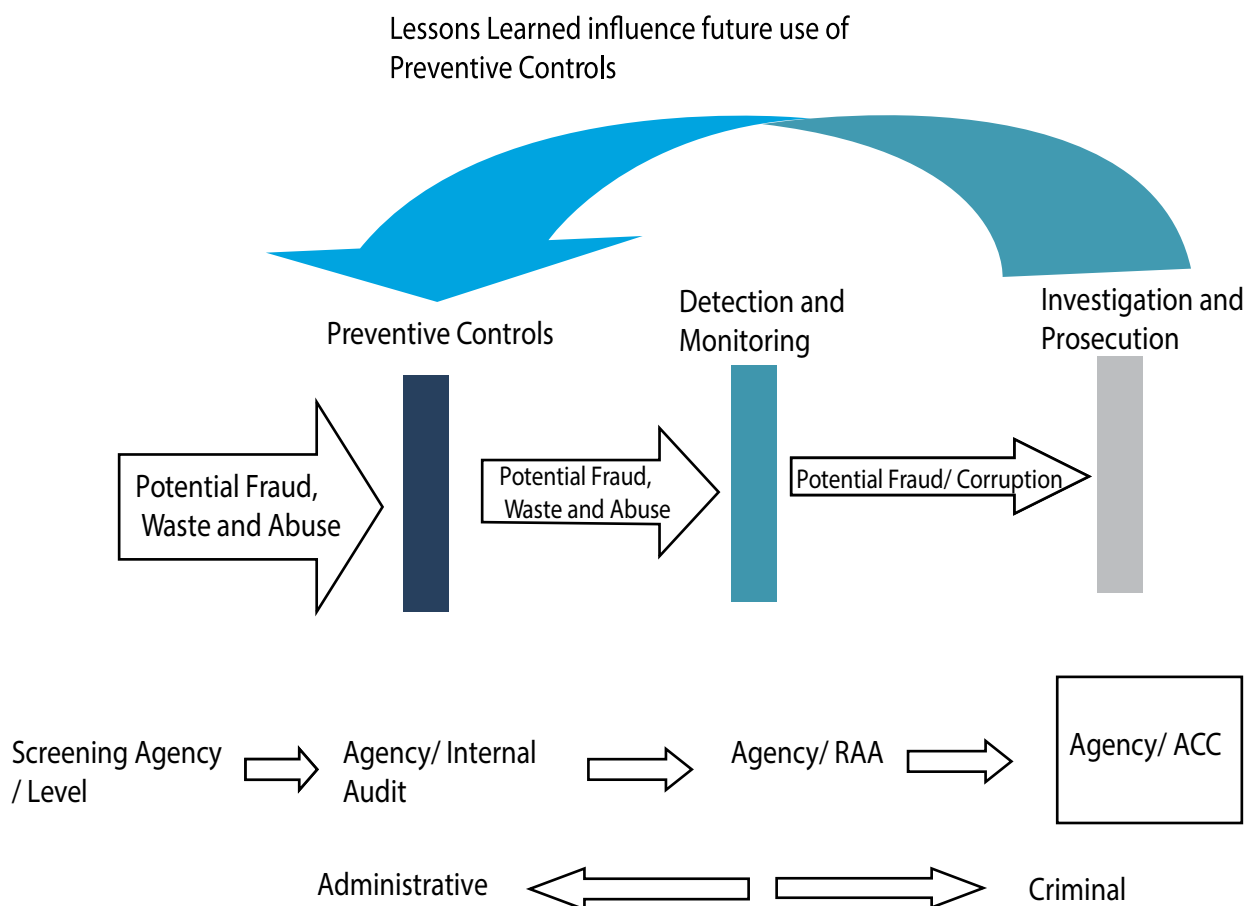


Figure 3.3: Lessons learned and influence future use of preventive controls

ed at three broad hierarchies of a holistic administrative system. The first preventive controls are to be exercised at the agency level. Majority of the potential fraud or corruption incidences must be screened, detected and eliminated by the agency's robust administrative system.

The next screening and detection is at the external detection and monitoring level. The Royal Audit Authority (RAA) performs the external detection and monitoring function. Any fraud or corruption which escaped detection at the agency level would be detected and appropriate action taken.

The final screening and detection is at the investigation and prosecution level. The ACC performs this function. It is said that more than 95% of potential fraud or corruption would be screened and detected at the agency and external detection and monitoring levels. Only a few cases of fraud and corruption that have escaped detection at administrative control levels would reach the investigation and prosecution level. It is the function of the anti-corruption agency to deal with such cases of corruption without exception to create the maximum deterrence.

The administrative control system in place has not been effective. It is not that rules and procedures are not in place. The main problem is that enforcement of rules and procedures is found to be weak and discriminate. Oversight function, check and balance, transparency and accountability mechanisms are not exercised across agencies, rendering the administrative system ineffective in curbing fraud and corruption. This is corroborated by the findings of the NIA survey, 2013. The anti-corruption system comprising transparency and accountability, internal control mechanisms and

whistle-blowing or grievance redressal mechanisms in agencies, on average score comparatively low. The lethargy in administrative improvement has led to complacency in agencies, resulting in wide-spread administrative inefficiency and lapses across agencies. It is well known that administrative inefficiency and lapses are fertile breeding grounds for corruption to thrive.

Review of implementation strategies

Against the back drop of genesis of corruption and the need for system's holistic response to curb it effectively, the review of the implementation strategies for the last five years is made. While doing so, reference is made only to some landmark events and how they were managed to illustrate the corruption fighting scenario in the country.

The NACS was adopted by the Government in 2009 as a means to mainstream anti-corruption measures as good governance initiatives into the administrative system. Good governance as an overarching pillar of GNH, conscious mainstreaming of anti-corruption measures should have happened naturally. However, the yearly reviews of the implementation of NACS reveal that the strategies have not secured much support from the Government. The ownership of NACS and its implementation status across agencies even after four years is weak.

The RAA's annual reports support and illustrate the above points. The annual audit reports reveal that about Nu. 500-700 million is misused, mismanaged or embezzled. If one examines the reports in detail, the modus operandi

of resources mismanagement is not grand at all. Most often, they are simple embezzlements, excess payments, payments against fictitious supplies or works, payments against works or supplies inconsistent with specifications, etc. Such straightforward mismanagement of the country's scarce resources can be controlled easily. Strengthening the administrative system in terms of enhancing transparency and vigorous internal control measures coupled with strong accountability culture and oversight would suffice. These would not only have stopped millions of the limited resources going into wrong hands but could have also saved the precious human resources that the country has wisely invested in over a long period of time. The prevailing situation does not correspond to the Government's strong and unequivocal statement of intolerance for corruption in any form and its mindful commitment towards cleaning up the ministries.

The precedence and the trend that the country is witnessing in the fight against corruption despite the intolerant statements may undermine the young democracy. A few cases that are in public domain indicate the coming of money politics in Bhutan. The RAA report on the implementation of the Constituency Development Grant indicates that masses may be influenced by it. In the simplest term, given the literacy level, level playing field among political parties during elections may be disturbed. There is the danger of commu-

nities being divided as a result of the grant. The implementation of the grant faces several problems with respect to rules and procedures. This issue is further discussed under the investigation services.

Another incidence that warrants cognizance and review is how the Government fast-tracked the construction of the two airports in Bumthang and Gelephu, foregoing technical studies that are integral to the design of the project to complete it within its tenure. Only time will reveal whether such a move has compromised the safety and physical integrity of the airports. This is a precursor to the emerging risks of political corruption such as vote and state capture. Other risks that may also emerge is "lobbyists" (currently in the form of tshogpas, jabchorpas and party strate-

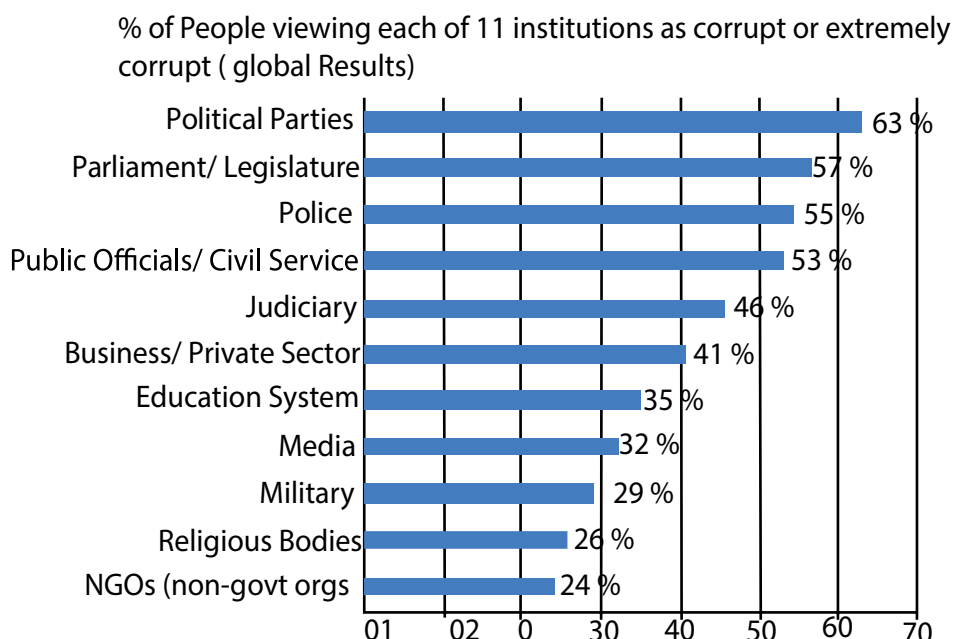


Figure 3.4: Global Corruption Barometer Graph (2011/2012)

gists) and shadow financiers getting into the mainstream of governance. Media fraternity becoming entangled in money politics (election funds and advertisements) also cannot be

overlooked.

The Global Corruption Barometer 2010/2011 indicates political parties, legislature, public officials/civil servants, judiciary, private sector, media and NGOs as among the eleven corrupt or extremely corrupt institutions (see Figure 3.4).

In future, domestic trend may not be a big departure from the global trend especially with politics becoming messy in a maze of vested interests in a small society. The very institutions that are globally perceived to be corrupt have critical roles in building a strong and vibrant democracy. The country cannot afford these very institutions of democracy becoming vulnerable to corruption. The Government and other institutions of governance have to concerted, consciously, proactively and comprehensively make sustainable interventions to address the imminent potential risks.

The TI's National Integrity Systems (NIS) assessment may be a useful tool. It essentially examines the robustness and effectiveness of institutions, the pillars believed to make up the integrity system of a country (Figure 3.5). Over 70 countries have conducted NIS assessment. It is a holistic approach to countering corruption. A well functioning national integrity system provides effective safeguards against corruption as part of the larger struggle against abuse of power, malfeasance and misappropriation. When institutions are characterized by a lack of appropriate regulations and unaccountable behaviour, corruption is likely to thrive, with negative consequences for sustainable economic development and social cohesion. Strengthening the NIS promotes better governance and ultimately contributes to a strong system of governance built on a just, responsible, empowered and harmonious society.

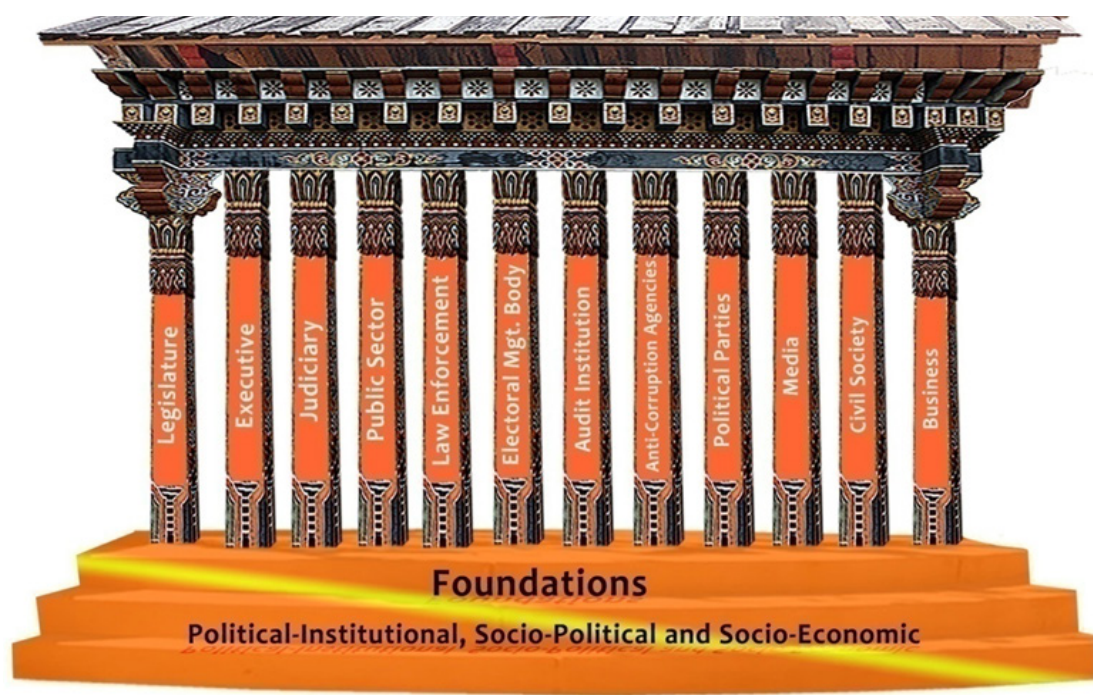


Figure 3.5: *National Integrity system (from TI)*

System Interventions

As illustrated above, corruption is largely attributable to systems weakness that motivate public servants, in particular those with low ethical and moral values, to exploit it. As one of the corruption prevention measures, the ACC undertakes systems studies, proactively or reactively, in close coordination with concerned stakeholders. Reactive system studies are triggered by investigations while proactive system studies are conducted based on studies, surveys, RAA reports, complaints, media reports, etc. System studies identify risks, analyze their causes and make recommendations. In consultation with the agency concerned and drawing from the best practices elsewhere, the recommendations for improvement are discussed and followed up to ensure its successful implementation.

A proactive system study in Foreign Workers Recruitment and Administration System (FWRAS) was conducted early this year. The area of study was chosen due to the increasing demand for foreign workers in the country and inherent potential corruption risks in the process of their recruitment. The study revealed contradiction between the policy and ground reality.

Some of the weaknesses that the study identified in the system were (i) non-compliance of rules, (ii) no clear system to process additional workers, (iii) 95% involvement of Thikadhars (labour contractors), (iv) lack of capacity in screening workers and skills testing, (v) risk of resorting to illegal means, (vi) lack of capacity in detecting fake/forged documents, (vii) no proper system for monitoring repatriation of workers and (viii) jumping the queue in obtaining medical certificates.

On an average, the employers pay around Nu.300/- per foreign worker to the foreign workers recruitment agencies (FWRA) and with about 100,000 foreign workers (excluding mega projects) being recruited annually, a total cost of Nu.30 million is incurred annually by the employers without any value addition as confirmed by 95% of the employers interviewed by the ACC. This figure excludes the extra expenditure incurred by employers to engage Thikadhars.

In view of the systemic lapses and the risk associated with it, the study recommended several remedial measures such as (i) immediate need to examine whether the present system is meeting the desired objectives, (ii) carrying out a cost/benefit analysis, (iii) operationalizing and strictly implementing the FWRA Regulation 2008 or working towards amending it, (iv) raising public awareness on the regulation, (v) instituting a clear system for processing additional labourers' request, (vi) examining the institutional capacity of the FWRAs, (vii) making medical examination more effective, (viii) appropriate repatriation of the foreign labourers and establishing a system to detect illegal foreign workers in the country and (ix) accordingly fixing accountability mechanism.

The above interventions will reduce administrative burden and cost to the employers and Government and minimize opportunities for collusion and other unethical behavior. Foreign workers recruitment is not only an economic issue but more importantly also political. The report has been presented to the Ministry of Labour and Human Resources and will be shared with the ministry and other stakeholders. Follow up of the implementation status of the recommendations will be

done after six months and the impact of the interventions made on the labour recruitment system a year later.

Managing organizational risks and enhancing efficiency through CRM

Corruption Risk Management (CRM) is an important assessment and management tool, which the ACC has been pursuing since 2010. In the initial stage, primary focus was placed on building the capacity of agencies on CRM through involvement of Internal Auditors (IAs) and the agency in their first CRM exercise.

The current focus is placed on the implementation of the CRM recommendations and application of CRM in other vulnerable areas. It is proposed that CRM among other tools be adopted by all agencies as an integral part of their organizational management and administration system. The ACC facilitates the conduct of CRM in the agencies on a proactive basis or upon the request of agencies. Specific vulnerable and impact-driven services are identified for the conduct of CRM in those areas. CRM exercise not only identifies corruption risks in the identified service areas and recommends measures to mitigate the risks but also provides hands-on training to the service providers. Having built the in-house capacity, an agency can conduct CRM independently in the other services that it provides. Therefore, if the tool is institutionalized, it can be an effective measure towards minimizing corruption risks in the agencies resulting in increased efficiency and output.

In 2012, ACC facilitated in the conduct of CRM in four agencies, namely Mongar Dzongkhag Administration, Mongar Regional

Referral Hospital, Ministry of Labour and Human Resources, Bhutan Power Corporation Ltd. CRM in Mongar Dzongkhag Administration was conducted particularly for the construction services. Misuse of resources, leakage of confidential information, manipulation and collusion during handing taking over of works were some of the major risks identified during the workshop. As these risks of corruption point to noncompliance of rules and regulations and lack of integrity, accountability, check and balance and transparency, the workshop among others recommended the need to enhance the overall integrity, transparency and accountability, existing system of monitoring and the need to institutionalize the e-tool system. The workshop also realized the need to further strengthen coordination between the Dzongkhag Administration, Ministry of Home and Cultural Affairs and other relevant stakeholders.

The conduct of CRM in Mongar Regional Referral Hospital, Ministry of Labour and Human Resources and Bhutan Power Corporation Ltd. focused on human resource management and development services. Some of the major common risks identified in the agencies were favoritism and nepotism in recruitment, trainings, promotions, approval of transfer requests, annual employee performance evaluation, abuse of authority, manipulation and destruction of documents, leakage of confidential information, etc. The workshop among others recommended the need to enhance the overall efficiency, transparency, accountability and professionalism in the service area. Recommendations were also made on the need to develop agency specific code of conduct (CoC).

As a part of the continuous process towards

building the CRM capacity of agencies, a second round of training on CRM for the Internal Auditors (IA) was conducted in November 2012 where 43 IAs were trained. In the process, the ACC also trained its own members to enable them to conduct CRM in their respective sectors.

The ACC together with the agencies monitors and evaluates the implementation status of the CRM action plan bi-annually. Except for Construction Development Corporation Limited (CDCL), 19 agencies have not fully implemented the CRM plan. CDCL has successfully reduced the fuel consumption of its machineries by about 6% and achieved a saving of 3-5% on the spare parts. It is important that agencies take ownership of CRM action plans and make conscious efforts in implementing the recommendations as an integral part of its commitment to strengthening its own governance system.

Altogether, 699 participants have been trained on CRM and 294 risks identified. Many agencies, after the conduct of CRM have developed their own service rules and standards, CoC and instituted conflict of interest (CoI) declaration administration system. Such interventions require the commitment of the top management of agencies.

The NIA survey, Integrity Diagnostic Tool and CRM are inclusively tools that agencies can use in the improvement of their organizational health. The ACC is also taking stock of other tools used and best practices adopted by various agencies and study them for mutual value addition, among others.

National Anti-Corruption Strategies (NACS) : Mainstreaming Anti-Corruption

Measure

The NACS is the operationalization of the Government's policy of "Zero Tolerance for Corruption." For the first time, its implementation is reflected in the planning process as a key performance indicator (KPI) of Sector Key Result Areas (SKRAs).

The NACS applies to all arms of the Government, other institutions and sections of society with its ownership residing in them. The Committee of Secretaries (COS) is mandated to monitor its implementation and provide necessary assistance to achieve its objectives. The ACC is mandated to provide support in the form of tools and expertise, wherever required, facilitate development and implementation of the NACS.

Over the last two years, the ACC has been reporting on the implementation status of NACS to the Parliament. The report is a simple consolidation of information received from the agencies, neither validated nor qualitatively analyzed. Agencies and institutions have not taken ownership of the NACS. The ACC has also failed in facilitating and monitoring the implementation of the NACS in other jurisdictions. The first National Council of Bhutan in its 7th and 9th sessions resolved to monitor the implementation of NACS.

This year, the ACC wrote to 107 agencies of which 37 agencies, listed below, reported on having anti-corruption measures mainstreamed within their operations and submitted their implementation reports as of April

end 2013.

Judiciary

1. Royal Court of Justice, Supreme Court of Bhutan.

Constitutional Bodies

2. Royal Civil Service Commission (RCSC)

Ministries

3. Ministry of Home and Cultural Affairs (MoHCA);
4. Ministry of Economic Affairs (MoEA);
5. Ministry of Education (MoE);
6. Ministry of Agriculture and Forests (MoAF);
7. Ministry of Health (MoH); and
8. Ministry of Information and Communication (MoIC).

Autonomous Agencies

9. Gross National Happiness Commission (GNHC);
10. National Council Secretariat (NCS);
11. Royal Monetary Authority (RMA);
12. National Land Commission Secretariat (NLCS);
13. Royal Education Council (REC);
14. Royal Bhutan Police (RBP); and
15. Bhutan Electricity Authority (BEA).

Thromde

16. Thimphu City Corporation (TCC)

Financial institutions

17. Bank of Bhutan Ltd. (BoBL);
18. Druk Punjab National Bank (DPNB); and
19. T Bank.

Corporations

20. Druk Holding and Investment (DHI);
21. Druk Green Corporation Ltd. (DGPC);

22. Bhutan Telecom Ltd (BTL);
23. National Housing Development Corporation Ltd. (NHDC);
24. Bhutan Agro Industries Ltd. (BAIL);
25. Bhutan Board Products Ltd. (BBPL);
26. Food Corporation of Bhutan Ltd. (FCB);
27. Wood Craft Centre (WCC);
28. Bhutan Carbide and Chemicals Ltd. (BCCL);
29. Druk Ferro Alloys Ltd. (DFAL); and
30. Druk Wang Alloys Ltd.

Civil Society Organizations

31. Ability Bhutan Society (ABS);
32. Association of Bhutanese Industries (ABI);
33. Draktsho Vocational Training Centre for Special Children and Youth;
34. National Women's Association of Bhutan (NWAB);
35. Respect, Educate, Nurture and Empower Women (RENEW); and
36. Youth Development Fund (YDF).

Private sector agencies

37. Lhaki Group of Companies.

This year, unlike in the past, no agency reported of being unaware of NACS. The Election Commission of Bhutan, RAA and the National Assembly Secretariat failed to respond again. Two more financial institutions namely BoBL and DPNB besides T Bank and six CSOs have reported on having mainstreamed anti-corruption measures this year. Corporations reporting on the NACS implementation status have decreased this year with 10 of them reporting compared to 12 last year.

Of the 24 agencies which reported the NACS implementation status last year, 11 agen-

cies namely Druk Air Corporation Ltd., State Trading Corporation of Bhutan Ltd., Royal Insurance Corporation of Bhutan Ltd., Bhutan Power Corporation Ltd., Kuensel Corporation Ltd., Bhutan Polythene Co., Tashi Infocom, Bhutan Ferro Alloys Ltd., Bhutan Ferro Industries Ltd., Phuentsholing City Corporation and Ministry of Foreign Affairs (46.3%) did not report this year.

A common platform for advocacy on NACS is the dialogue sessions with the agencies. In total, save the Ministry of Home and Cultural Affairs, dialogue with nine ministries has been conducted. Ministries of Finance, Foreign Affairs, Labour & Human Resources and Works & Human Settlement have failed to report on the NACS implementation despite the emphasis made at the dialogue and their secretaries being part of the monitoring mechanism.

Although the ACC has not taken up NACS sensitization in the private sector, modest efforts have been made to educate the CSOs on NACS and other anti-corruption tools, collectively and bilaterally. It to engage the private sector this year with the opportunity for further dialogue having been initiated with a meeting of the representatives of the private sector, TI team and the ACC on 18 April, 2013.

The NACS is a guide and not a catalogue of prescriptions that binds the agencies. Contrarily, the agencies have the flexibility to define their own anti-corruption strategies best suited to their organizational environment and needs. Besides, the national policy of “Zero Tolerance for Corruption” applies to all agencies alike. Therefore, failing to report on the implementation of NACS or other measures that the agencies have initiated can be perceived as relegation of anti-corruption mea-

sures by heads of agencies, public or private. Equally important is the need to effectively monitor the implementation of NACS by the oversight bodies, namely Parliament, Judiciary, cabinet, ACC (armed forces, private sector and CSOs), Committee of Secretaries and apex administrative units of agencies.

A brief report on the status of NACS implementation by the agencies under each strategic consideration is presented below:

- *Strategic consideration 1. Promoting leadership*

Strong and effective leadership is not only critical to achieving organizational objectives but more importantly ensures minimum level of corruption by driving change in the agencies. Leaders should not only set the right anti-corruption tone in their agencies but take tough and just action against inefficient and corrupt staff and lead by example, manifesting the highest standards of ethics and integrity in their behaviour. It is of utmost importance to have the right person recruited for the right job based on his/her ability and capacity to manage and bring about change. The existing recruitment process has to be professionalized and made robust so that only candidates with commendable track record, the highest level of integrity and leadership qualities will assume higher positions in the offices of public trust. Crop of young professionals have to be identified, developed, constantly mentored and groomed and a long term leadership succession plan worked out in managing future leadership.

Druk Green Power Corporation (DGPC) reported of having initiated a specific training program called the “7 Habits of

Highly Effective People” for its management and mid-level officers. To promote integrity, the Police Training Institute, Jigmilling has also initiated a prize for the best integrity gaksar (new police recruit). The ACC also organized its first workshop on “Integrity in Leadership” for senior public leaders sharing global practices and powerful leadership lessons attended by 31 senior leaders of constitutional bodies, National Assembly Secretariat, Office of the Attorney General, ministries, corporations, CSOs and private sector.

- *Strategic consideration 2. Ensure sustained political will*

Political will is the demonstrated sincere intent of leaders to combat corruption and is the foremost critical aspect in the fight against corruption. Political will, however, is as good as or as weak as the actions taken on the ground by the leaders and their impact on the organizational culture and public servants’ behaviour that ultimately impact on people’s lives.

Respect, Educate, Nurture and Empower Women (RENEW) reported of having introduced a mandatory system of all employees having to sign the pledge, “I will not be corrupt and I will not tolerate corruption” along with its organizational pledge, “I will not abuse nor tolerate abusers.” Reportedly, one of its staff members is being tried in a court of law for breaching the pledge.

- *Strategic consideration 3. Review of legal framework*

“Zero Tolerance for Corruption,” conflict

of interest and ethics are integral to Ability Bhutan Society’s recently drafted organizational policies. The National Land Commission Secretariat reported that the Land Rules and Regulations and the Lease Rules and Regulations were being reviewed and would be in place by July, 2013. The RMA reported that its staff regulation, expenditure rules and by-laws were being revised and stringent penalty clauses incorporated.

Construction is one of the most corruption prone sectors, which has disastrous impact on the economy of the country and lives of the people. To ensure promotion of integrity, ethics and best practices in the sector and to produce and deliver quality works, the Construction Development Authority Bill of Bhutan is reported to have been drafted.

The ACC will also review the UNCAC self assessment report and develop an action plan in collaboration with concerned authorities and stakeholders.

- *Strategic consideration 4. Review and strengthen institutional capacity*

The anti-corruption capacities of agencies such as the OAG, Judiciary, CSOs, Internal Audit Units of agencies, media fraternity, RBP, RAA, ACC and CSOs have to be strengthened. In addition to facilitating the conduct of CRM in few agencies, the ACC has trained 43 Internal Auditors in CRM. As reported in the previous years, ACC still does not have qualified researchers and system analysts resulting in weak database and policy instruments.

Druk Green Power Corporation Ltd. re-

ported of having developed a risk management strategy and its in-house capacity development being underway for its effective implementation. The RCSC reported of having established HR Audit services which have been piloted in three agencies.

- *Strategic consideration 5. Review and refine systems*

Agencies are expected to review and refine their existing systems through introduction of good monitoring tools (or strengthening of the existing ones), application of ICT and other systemic corrections to ensure efficiency, transparency and relevance. Weak systems provide opportunities for corruption to breed. In addition to the BCSR 2012 making it mandatory for all civil servants to declare conflict of interests (CoI) while discharging their official responsibilities, 13 more agencies namely, BBPL, BCCL, Bhutan Telecom, DGPC, DHI, Druk PNB, FCB, MoEA, National Council Secretariat, NHDC, RBP, REC, and T Bank reported of having instituted CoI declaration administration system. The number of agencies having adopted the CoI declaration system and institutionalization of basic monitoring regime has increased over the years. Agencies also reported that the implementation of such a system was being monitored by their respective administrative unit and HR divisions/sections. MoIC and NWAB reported of having developed a separate CoC. NWAB requires all its employees to compulsorily subscribe to its CoC upon joining the office.

In addition to the service standards developed for Accounts and Finance Division (AFD), Drugs Vaccine and Equipment Di-

vision (DVED) and Department of Public Health (DPH), MoH has also developed service standards for Bhutan Medical and Health Council (BMHC) and procurement of computers and peripherals. The ministry also reported of having instituted an orientation program for new recruits designed specifically in relation to the BCSR CoC. Druk PNB Bank Ltd. has a Director's and corporate government policies in place which spells the CoC, usage of core banking system technology to ensure efficient financial management, delegation of financial power to the divisions and branches to minimize discretionary power, transparent procurement procedure through incorporation of the general administrative department policy and access to a complaint redress policy. MoE already reported in the past of having a CoC for its teachers.

The DGPC reported of having established an independent procurement office at Phuentsholing and instituted a Center of Excellence for Procurement and Contracts Management to look into any problems before the issuance of documents in relation to the procurement of large works. A system called Enterprise Resource Planning (ERP-SAP) has also been introduced in DGPC to ensure efficient delivery of human resource, finance and procurement services. It conducted a program called Organizational Climate Survey (OCS) in view of ensuring efficiency by understanding the existing policies and its functions.

The RMA uses the online web based accounting system under the Integrated Central Banking System (ICBS). TCC has established a customer service division and a point of sale machines for payment

of bills. The National Land Commission Secretariat has set up a follow-up section to address the National Cadastral Resurvey Program's (NCRP) pending cases. To minimize discretionary powers and to ensure fairness and transparency, the RBP has formed a Police Service Board chaired by the Additional Chief of Police to deal with matters pertaining to management, administration and HR related issues. The introduction of online issue of Security Clearance Certificate (SCC) by the RBP in coordination with MoHCA has ensured fast and efficient service delivery and reduction of administrative burden to a great extent.

For effective and efficient administration of the asset declaration (AD), Asset Declaration Rules 2012 has been adopted by the Commission, ensuring its strict enforcement and the RAA carrying out the compliance auditing of the AD in agencies. The second NIA Survey conducted early this year involved 291 services provided by 97 different public agencies as compared to 43 services from 27 public agencies of the last assessment, 2009. The survey findings will be shared with the agencies to bring about systems correction and strengthening.

- *Strategic consideration 6. Develop Long-Term Educational Strategy in Building an Awakened Citizenry*
Anti-Corruption values such as honesty and integrity have to be inculcated in the minds of all citizens, in particular the youth, through long term and continuous advocacy and educational programs. All agencies must initiate refresher course on such values and encourage the employees

to maintain high levels of integrity at all times. The MoE has introduced “*Educating for GNH*” as a separate program for the students along with value education. GNHC has conducted training for its staff on e-learning on ethics and integrity to foster ethical culture and behavior, the negative implications of corruption and the role of citizens in combating corruption. The RCSC, in its Management Development Program (MDP) has proposed institutionalization of e-learning course on ethics and integrity. The RBP has included ‘anti-corruption’ classes at its two Police Training Institutes and also raises awareness to the general public through various police public partnership program to report on any corrupt acts by police personnel.

- *Strategic Consideration 7. Promoting Partnership*

The ACC signed an MoU with Loden Foundation in 2012, making it the seventh ACC's CSO partner. However, as reported earlier in terms of giving meaning to the MOUs not much has been done. Partnership with private and spiritual institutions could not be established as reported last year. Regarding building partnership with regional and international agencies, liaison with the Central Bureau of Investigation (CBI), India has been revived. The ACC has been working closely with the Transparency International (TI) in creating greater awareness of corruption and anti-corruption measures in the specific areas of partner agencies. It has also facilitated TI's engagement with the local CSOs, especially in the preparation of the establishment of a chapter in Bhutan.

The MoU signed between the National Anti-Corruption Commission (NACC), Thailand and the ACC in 2010 expired early this year. In pursuance of the mutual desire to renew it, the MoU has been amended and is expected to be signed later this year. In the spirit of the MoU, a delegation from the NACC will be visiting Bhutan in May, 2013.

A team of international and local consultants from the Basel Institute of Governance (BIG), Switzerland and the RIM is currently reviewing the NACS, its content and delivery, institutional arrangement for its implementation, technical back-up and monitoring within the larger governance system and its environment. Drawing on the current lessons and in view of the organizational restructuring of the ACC, a plan with clear priorities and recommendations will be developed for NACS, 2013–2018. The report is expected to be ready by July, 2013.

Integrity Diagnostic Tool

An agency that upholds integrity and has systems in place that promote integrity will have minimal corruption. The ACC has adapted and developed several anti-corruption tools such as asset declaration, management of CoI, Integrity Pact and CRM. The most recent tool to be adopted is the Integrity Diagnostic Tool (IDT). The tool, as reported in Sections 1 and 2, is an organizational self-assessment tool and can be used by any agency. It is based on the concept of ‘promoting health’ and aims towards providing agencies with a blueprint for diagnosing their integrity problems and corruption risks.

The tool was first pilot tested in four agencies, namely RCSC, ACC, National Council Secretariat and Kuensel Corporation Ltd. Upon incorporation of the comments and further modification of the tool, it was re-tested in the same agencies. The tool was also administered in the Ministry of Agriculture and Forests, Ministry of Finance, DGPC, BPC, Changangkha Middle Secondary School and the Royal Insurance Corporation of Bhutan Ltd. The test results were analyzed and shared with the agencies, whose task forces are developing action plans to strengthen their agencies’ integrity systems and to enhance their resistance to corruption.

The integrity diagnosis typically involves administration of the Integrity Diagnostic Questionnaire, analysis of the results and identification of the agency’s strengths and areas requiring improvement and the formation of a task force in the agency that will further study the results and develop a time bound action plan, identify probable causes, review current measures, explore new measures, if required, identify person/unit responsible for the implementation of the plan and review the plan every six months. Integrity diagnosis can be integrated into an agency’s management system. Few agencies also prefer it to be administered externally (e.g. by the ACC) from time to time as a way of checking their organizational health. For the integrity diagnosis to be meaningful and effective, it is vital for the leadership of an agency to build the confidence and trust in the employees to enable them to be truthful and the employees in turn have to be objective.

The diagnosis creates a baseline for organizational integrity interventions to track progress and demonstrate integrity gains in an agency.

Benchmarks can be set against the current (or baseline) profile or a target threshold. Changes in the profile can illustrate gains or gaps in integrity development over time. Further, the profile can also be compared with those of other agencies.

The ACC will continue to work with agencies in building their capacity and provide technical support, wherever required. In the process of engagement with agencies, the ACC also studies the tools and systems that are in place in the agencies for complementarity and enrichment. One such example is the “Organizational Climate study” conducted by DGPC which is similar to IDT in terms of its focus on direction, leadership accountability, responsibility and effective communication.

“

For the integrity diagnosis to be meaningful and effective, it is vital for the leadership of an agency to build the confidence and trust in the employees to enable them to be truthful and the employees in turn have to be objective.

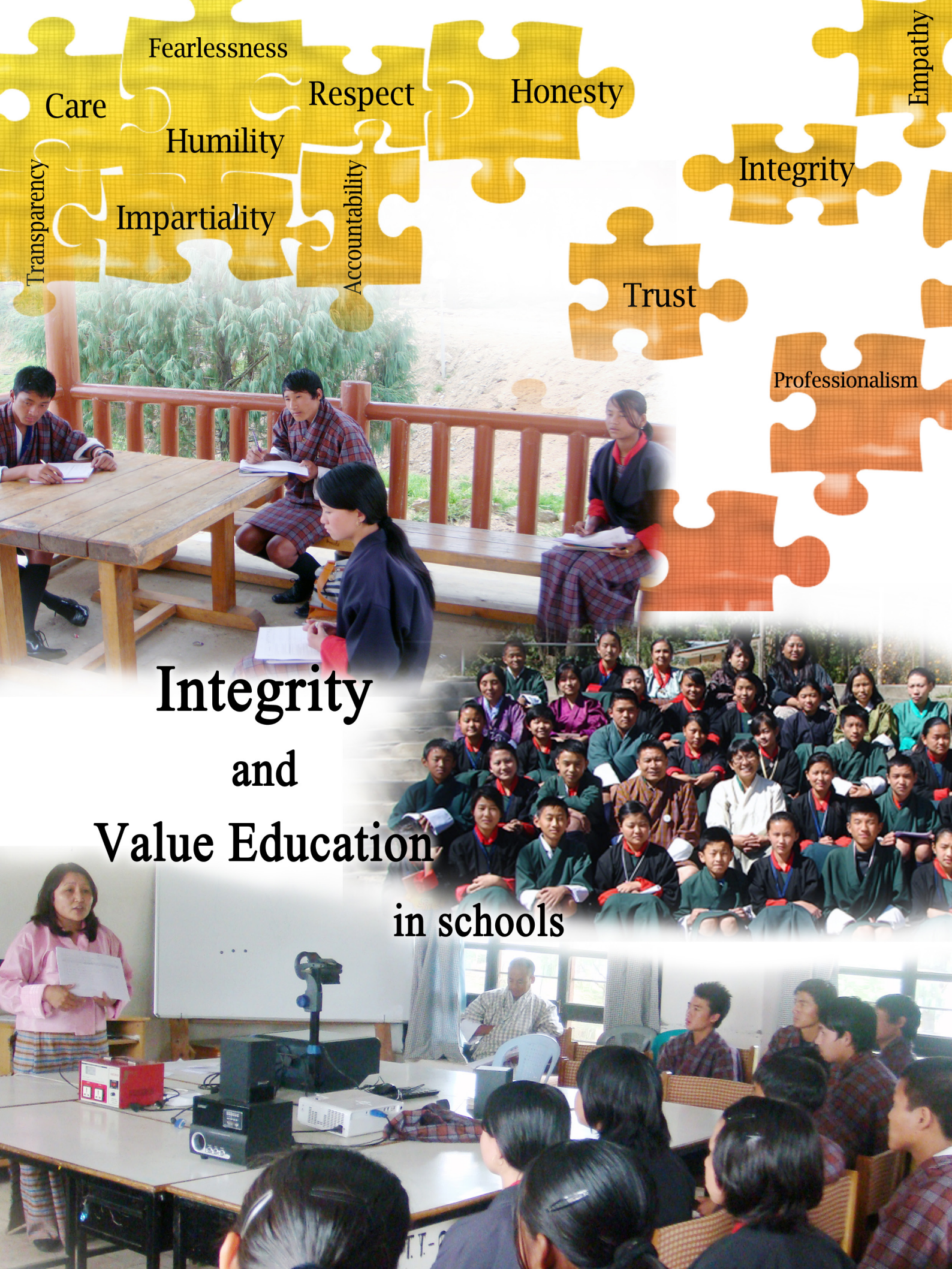
”

Education in schools': Combating Corruption from Within

Value education has always been a core component of the school curricula. It underpins the ACC's goal of building an awakened citizenry. In order to understand the values that students articulate in their behavior, measures adopted by the schools to transmit values that would contribute to corruption reduction and the impact of such values on the students, the ACC conducted a survey on the theme 'Integrity and Value Education in Schools' from May-June 2012. It covered 91 schools with 2500 respondents of whom 2000 were students, 400 teachers and 100 heads of schools. It primarily targeted students from classes VII to XII. The survey teams also conducted advocacy programs on forms, causes and impact of corruption in a few schools.

The survey had different questionnaires for the heads of schools, teachers and students. The questionnaire for the heads of schools focused on values of good leadership, integrity, responsibility, fairness, transparency, impartiality and professionalism. The survey also sought views on the existing programs, initiatives taken by the schools and further course of action. For the students, it mainly focused on 5 indicators, namely, (i) knowledge on corruption, (ii) values of integrity, responsibility, honesty, initiative, fairness, transparency, accountability, trust and leadership that are upheld and exhibited by the students, (iii) societal influence/peer pressure/materialism on the behavior of the students, (iv) programs to infuse values in the students and (v) perception of teachers by the students. Role of teachers in imparting values and their views on the present education system with special emphasis on imparting values and the systems that

Research on 'Integrity and Value



Fearlessness

Care

Respect

Honesty

Empathy

Humility

Integrity

Impartiality

Trust

Professionalism

Integrity

and

Value Education

in schools

are in place in their day-to-day dealings were the areas of focus for the teachers.

Some salient findings of the survey are:

- 67% of the heads of schools and 58% of the teachers concurred that the present education policy focuses more on academic performance, leaving less room for transmission of values (see Figure 3.6).
- 87% of the students were aware of corruption with 70% being aware of the consequences of corruption. 90% of the students realized their role to report an act of corruption but only 23.85% were aware of the process of reporting a corrupt act. This calls for creating greater awareness in the reporting process.
- More students in urban areas (54.3%) noticed misuse of public resources as compared to the students in rural areas (42.9%) (see Figure 3.7).

The influence of corrupt behavior of family

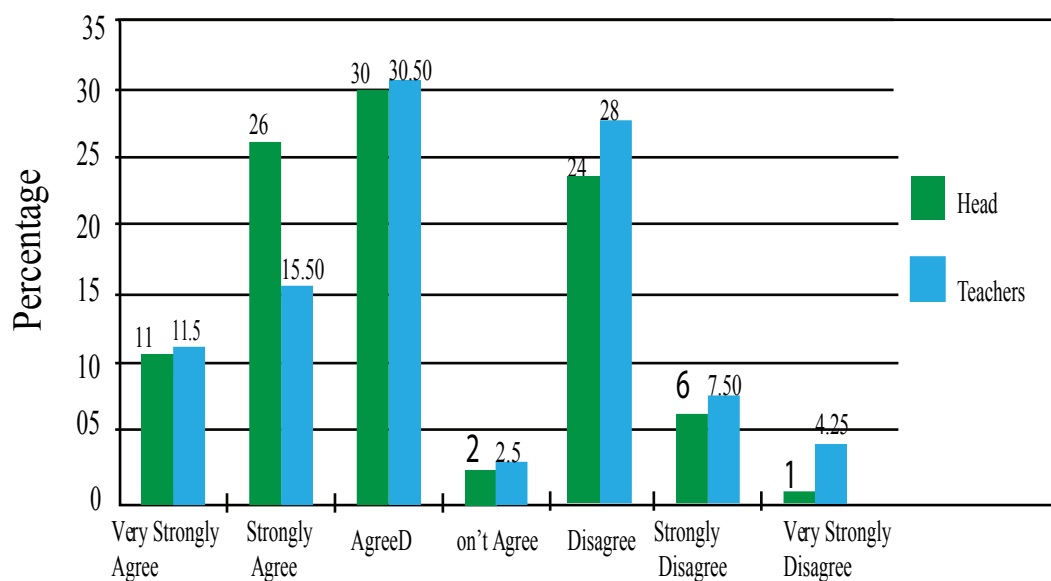


Figure 3.6: *Our present education policy focuses more on academic performance, leaving less scope for transmission of values.*

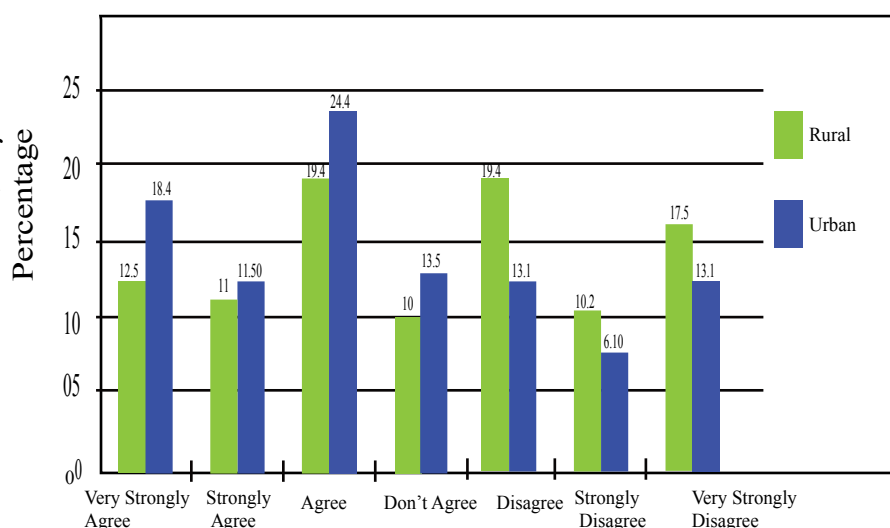


Figure 3.7: *Government officials whom you know brings home things for private purpose*

- 58.05% of the students (59.4% and 56.7% students studying in rural

members, teachers and public officials and the nexus of power-corruption-prosperity can have lasting impression of the young students' mentality, emotion and behaviour.

50.1%, 33% and 18% of class VII, IX and XII students agreed that they would report against their friend cheating in the examination to the teacher/principal on their own initiative. As students grew older and attained higher classes, their tolerance for unethical behaviour seemed to grow; there could also be other social dynamics factors. Such behaviour is a result of societal conditioning that tone the in-

trinsic values that youth espouse (see Figure 3.8).

- 49.25% of the students would lie in order to get out of a difficult situation. 49.15 % agreed that they would work only under supervision and not on their own initiative. These results question the integrity level of the youth and calls for more interventions from the concerned authorities and parties involved in bringing up a child with right values to become responsible and ethical citizens (see Figure 3.9 & 3.10).

You notice your friend cheating in the exams, you would report to the teacher/principal, on your own initiative.							
Class	Very strongly agree	Strongly agree	Agree	Don't know	Disagree	Strongly disagree	Very strongly disagree
VII	19.4%	8.2%	22.5%	9.3%	22.8%	5.9%	11.8%
VIII	11.9%	9.4%	19.4%	13.1%	25.3%	7.5%	13.3%
XI	13.1%	4.7%	16.0%	14.1%	28.0%	9.4%	14.7%
X	8.5%	3.8%	15.6%	14.1%	29.7%	9.1%	19.1%
XI	9.3%	5.4%	16.1%	19.0%	24.4%	8.2%	17.6%
XII	2.5%	3.9%	11.6%	19.7%	31.7%	8.8%	21.8%
Total	11.2%	6.0%	17.1%	14.6%	26.9%	8.2%	16.1%

Figure 3.8: *Would you report to your teacher about your friend cheating in the exam*

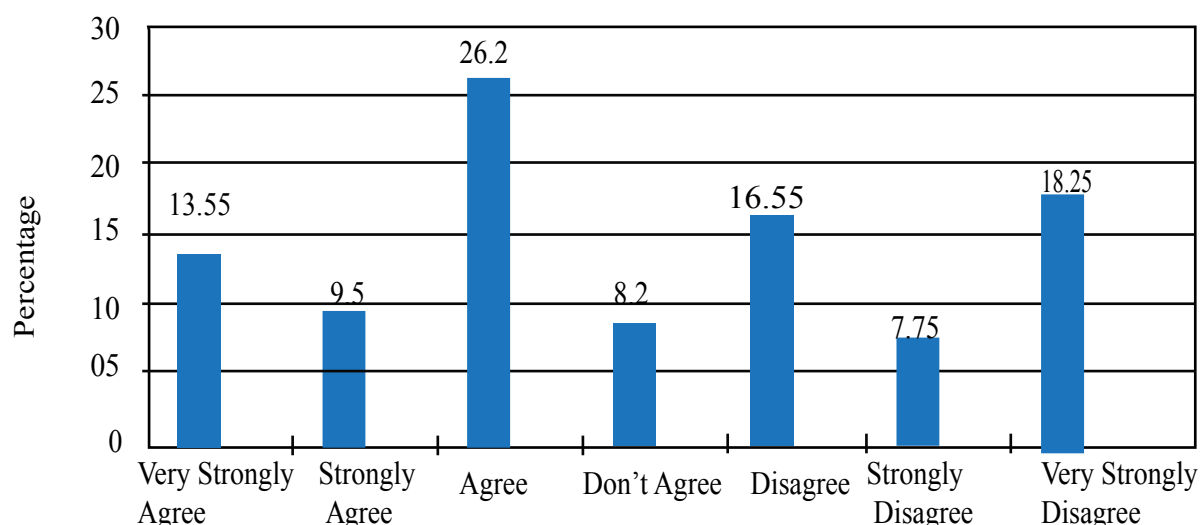


Figure 3.9: *Would you lie to your parents and teachers to get out of a difficult situation*

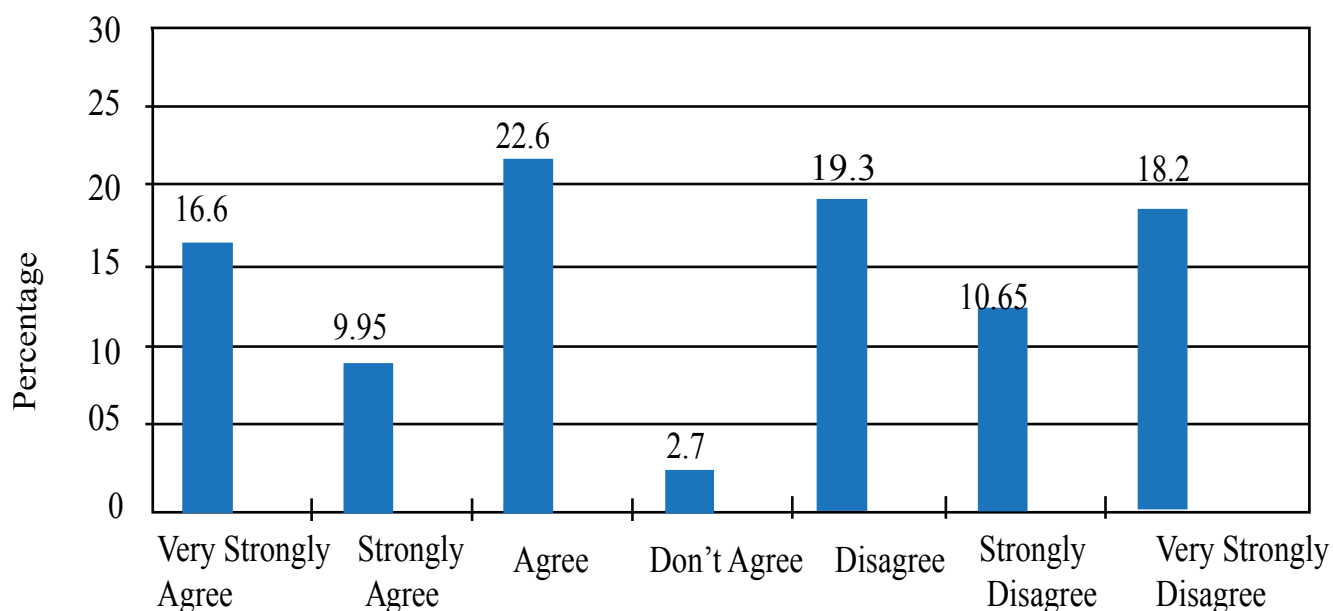


Figure 3.10: During the SUPW (Socially Useful Productive Work) periods, you work because the teacher is watching over you and if you don't work, you get low grades

- 51.05% of the students (59.4% and 42.7% students in urban and rural areas) would not hesitate to lie or cheat occasionally in order to do well in life (see Figure 3.11). This manifests the larger societal trend of materialism taking precedence over values such as honour, contentment, simplicity and honesty. The students' behaviour mirrors the society's social character.
- 43% of the students were willing to lie/ bribe/go to somebody with influence to get admission to a better school. This result depicts the societal norm that requires change in attitude to embrace 'integrity' and change in systems to ensure 'fairness' and 'transparency' (see Figure 3.12).

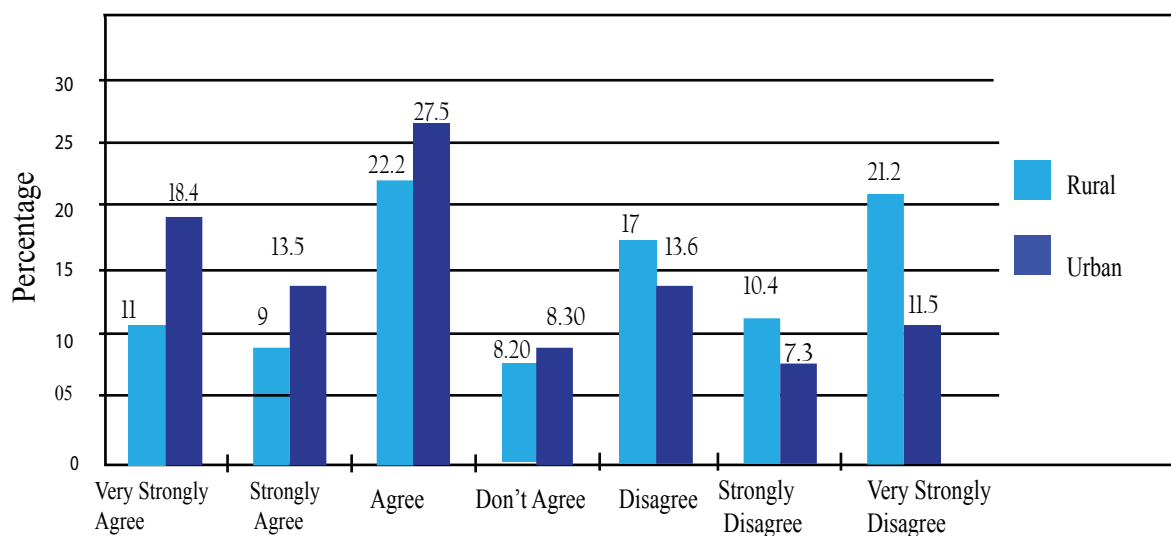


Figure 3.11: In Today's world, one has to lie or cheat at least occasionally in order to do well in life

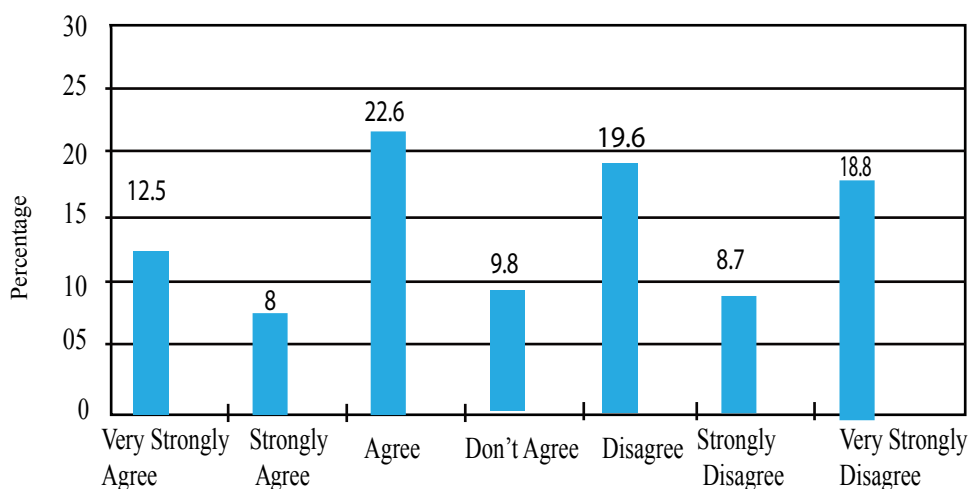


Figure 3.12: *If it was only way to get admission in to a better school, you would be willing to lie/ bribe/go to somebody with influence for help*

- 71% of the students said that they took care of school property in the same way as they handled home equipments. (see Figure 3.13).

isting delivery systems or explore more effective ways to instill values and integrity in the youth, ultimately contributing to building an awakened citizenry.

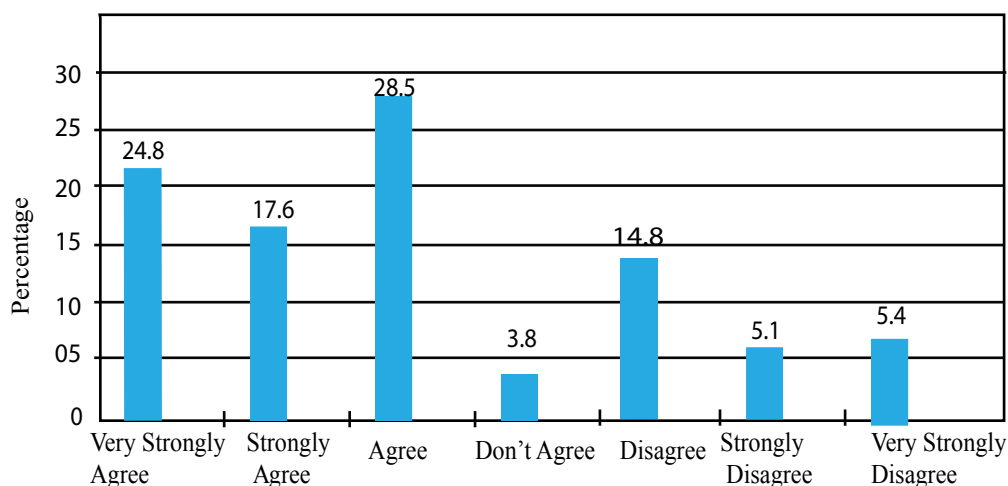


Figure 3.13: *You take care of school property the same way that you handle home equipments*

- 91% of the teachers felt that compared to the youth of the past, values and integrity in the present youth was degenerating.

His Majesty the Fourth King in an audience granted to some educationists in the 1980s said, *“We can make mistakes in other sectors but we cannot afford to make mistakes in the education sector. If we do so, we will lose a generation.”*

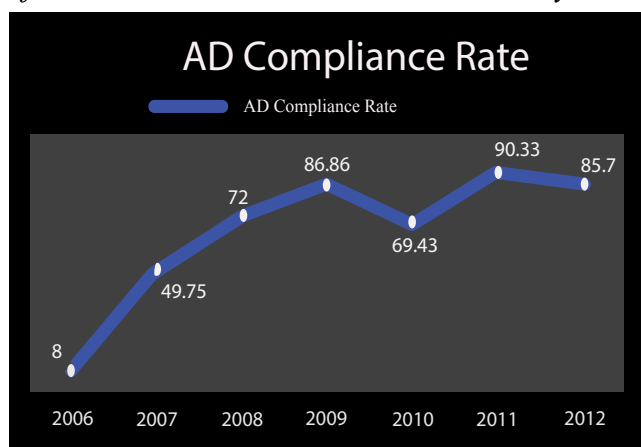
The survey findings have been shared with the Ministry of Education. The findings may re-confirm the general perception of the behaviour of youth in schools, compel all to reflect on one's behaviour and stimulate all concerned to take stock of the policies and strategies on value education and either strengthen the ex-

The survey report will be distributed latest by August 2013.

Asset Declaration and Administration : Being Accountable & Lifestyle Watch

Asset Declaration (AD), which was introduced in 2006 (ACA requirement), is an important public accountability tool to ensure transparency and accountability in managing public resources by its custodians, the public servants. The AD administrative system has been improved and made effective with the incorporation of feedback and recommendations from the users. Two guidelines have been formulated, namely (i) Guideline to Determine Schedule I Public Servants and (ii) Guideline to Examine Disproportionate Assets.

Figure 3.14: Shows the AD compliance rate of Schedule I declarants over the last 6 years:



In 2012, 32 Schedule I declarants (those who declare to the ACC) including four members of the Parliament (a minister), an ambassador, seven judges, a thompon, four Dzongkhag Tshogdu chairpersons, eleven heads of religious organizations and three heads of CSOs either failed to declare their AD within the deadline or provided incomplete information

of their assets and liabilities. In line with section 43 of the AD Rules 2012, 10 defaulters were imposed penalty and 22 were exempted from the penalties based on their explanation.

Further, 71 Schedule I declarants were flagged off with disproportionate assets (DA), which was analyzed by an in-house committee and reviewed by the Commission. The cause of the DA was primarily due to new inclusion of family members, incomplete information and negligence of the declarants.

Similarly, as per the requirement of AD Rules 2012, 135 agencies submitted compliance status of Schedule II declarants. These agencies reported a total of 1102 non/late declarants with 551 being flagged off with DA. Approximately 12579 Schedule II covered persons filed their AD online in 2012.

A total fine of about Nu.130000/- was collected from the defaulters (Nu. 30,000 and Nu.100000 from Schedule I and II declarants respectively) and deposited in the Government revenue account. The RAA will audit the collection of fines and deposits along with the AD compliance by the agencies.

In 2013, the AD compliance of Schedule I declarants was 85.7% (324 of the 378) as of 30 April 2013. All the members of the cabinet, holders and members of constitutional offices, secretaries, heads of armed forces, heads of autonomous agencies, Dzongdas and chairpersons of Thromde Tshogdus declared their AD on time (100%). The AD compliance rate of heads of religious organizations was 45.6%.

The compliance rate for Schedule II declarants cannot be ascertained pending the receipt of ADAs reports from the agencies. However,

er, as of 30 April 2013, approximately 12862 Schedule II declarants had filed their declarations online.

Two hundred and four (63%) Schedule I declarants declared their AD online, with chairpersons of Thromde Tshogdes achieving 100% followed by heads of CSOs with 88%. Ministry of Agriculture and Forestry and Tashigang Dzongkhag Administration have made it mandatory for all their employees to file their AD online. Ultimately all agencies and declarants should declare their AD online. The system is continuously monitored and strengthened.

Unlike the earlier AD e-declaration system, the present system is flexible and ensures structural integrity, has an audit trail mechanism to ensure accountability during the management of AD information, efficient user registration, simplified and more user friendly declaration and validation, efficient decentralization of the administrative function, strong security mechanism, provision for AD networking during online asset verification, efficient declaration records management with report generation and representation (DA for individual and multiple) and a separate provision for investigators requiring access to the information.

The central AD Administrator (ADA) in the ACC will prepare the Schedule I AD compliance report. She will also review the Schedule II compliance reports from the agencies. An in-house committee has been formed to review the DA. Action on the defaulters will be taken after the Commission's review of the report. Compliance reports will be shared with the RAA.

The AD compliance of the religious organiza-

tions is poor. The ACC will, therefore, work closely with the member secretary of the Chhoekey Lhentshog (regulatory body of the Religious Organizations Act of Bhutan 2007) in first tracing the organizations, reviewing their functionality for AD purposes and raising awareness on AD.

CSOs Partnership Program

The ACC has not been able to collaborate with the CSOs substantially despite having signed MoUs with seven of them. Strengthening their own organizational integrity system and building their anti-corruption capabilities are the priority areas. Information on corruption prevention tools have been shared with the CSOs during their monthly gatherings. On the request of RENEW, the ACC conducted its integrity diagnosis, CRM and presented the NACS during its annual retreat in December, 2012.

The ACC is exploring engagement of an expert in building the capacity of the CSOs.

National Integrity Assessment (NIA)

The NIA is 'an assessment of whether, in an organization, a public official follows standard procedures in providing public services fairly and transparently and that the services are not processed based on personal propensity towards a special condition or inducement.' It is through such surveys that agencies are able to understand their level of integrity from the spectrum of perceived and potential integrity and work towards enhancing their integrity through systemic corrections and other engagements.



Third mission from Transparency International (TI)



Capacity Building of the CSOs

The NIA survey is conducted every three years in collaboration with the National Statistical Bureau (NSB). NSB totally administers the survey and creates the data; ACC analyzes the data and prepares the report. The survey is based on the first hand experience of service users over a definite period of time. The first NIA survey was conducted in 2009.

The second NIA survey was conducted from 16 January-16 February, 2013 in 20 dzongkhags and 20 gewogs. The survey in ten ministries, eight corporations and five autonomous bodies was conducted in March, 2013. The reference year of the services availed by the clients was 2011. 7029 external clients were identified for the interview - 5050 clients had availed themselves of the services from the dzongkhags, 987 from corporations/autonomous agencies and 992 from the ministries. As 60 clients from the 7029 clients identified had not availed themselves of any service in 2011, the total interviewee reduced to 6969. From a total of 2097 internal clients interviewed, 1467 were from the dzongkhags, 297 from the corporations/autonomous agencies and 333 from the ministries.

The survey covered 291 services provided by 97 different public agencies as compared to 43 services and 27 public agencies in the first survey, 2009. The current methodology is an improvement over the past. The integrity score is now more comprehensive as it is assessed from the perspective of both external and internal clients. This should enhance the accuracy with respect to the level of integrity in agencies and accordingly at the national level. The internal client includes cross section of employees, who have been with the agency for at least two years. The second NIA assessed not only the corruption level but also

transparency of public agencies and accountability of public officials, expands the concept of corruption from gratuities and entertainment to convenience and other gratifications and produces a comprehensive integrity by combining external and internal integrity.

As the methodologies of the two surveys vary, the scores cannot be directly compared. The comprehensive integrity score (national integrity) is now 8.37 on a scale of 0-10 (0 means highly corrupt and 10 highly transparent). In 2009, the national integrity score was 7.44 on the same scale. The integrity score corroborates with the improved ratings in Corruption Perception Index of the Transparency International and the general public perception that corruption in the country is being brought under control.

The survey results, however, once again confirm people's reluctance to speak up, a reflection on the culture within which they operate. Of 6969 respondents, only 29 reported of having experienced corruption; of the 2097 internal respondents, 17 admitted of having paid bribe for personnel issues and 70 respondents having observed unlawful budget execution by either their seniors or other employees. The experienced corruption score is almost touching 10 but the score for perceived corruption (others indulging in corruption, benefits accruing from gratification, etc.), accountability, integrity culture and effectiveness of whistle blowing are comparatively low, which do not corroborate. The scores could also be reviewed against the complaints that ACC receives.

In general, fear of reprisals is deeply seated in people's mind and it is a reality. This also corroborates with the findings of 2009 survey of "People's Attitude towards Corruption and

ACC,” where 43.5% of the respondents said that they did not want to report corruption because of fear of repercussion and 20% said that there was no point reporting because no action would be taken. This has impacted on the overall findings of both the NIA surveys positively.

This report will not be able to cover the details of the survey findings as the analysis is still in progress. However, some graphs are presented for reference as shown in Figure 3.15.

The comprehensive integrity, which scored 8.37, shows the level of integrity evaluated from both service users (external integrity that scored 8.50) and employees’ perspective (internal integrity that scored 7.98). External Integrity refers to the degree to which public officials carry out their duties transparently and responsibly without committing acts of corruption, such as acceptance of gratuities or entertainment, in the course of providing services to the citizens or other public agencies, as perceived by the service users. The external integrity has “Transparency,” “Accountability,” and “Corruption” as its indices (see Figure 3.16). Corruption index (level of experience and perception on corruption, including acceptance of gratuities, entertainment or convenience) scored the highest with 8.95 and Accountability index (degree to which public officials accomplish their duties according to public service ethics without abusing their power) scored the lowest with 7.66.

Internal integrity, which scored 7.98, is defined as the level of integrity of public agencies evaluated by the employees as internal customers (see Figure 3.15). Its indices are “Integrity culture” (prevalence of corrupt practices and tolerance for corruption within

a public agency and effectiveness of anti-corruption measures) and “Work integrity” (degree to which public officials carry out personnel affairs, budget execution and work orders transparently and fairly without pursuing personal gains for themselves or third parties). The former scored 7.21 and the latter 8.57.

Figure 3.15: Comprehensive Integrity Score

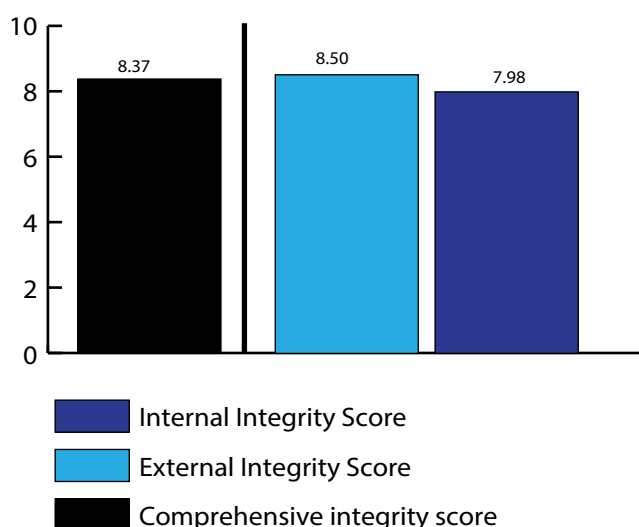
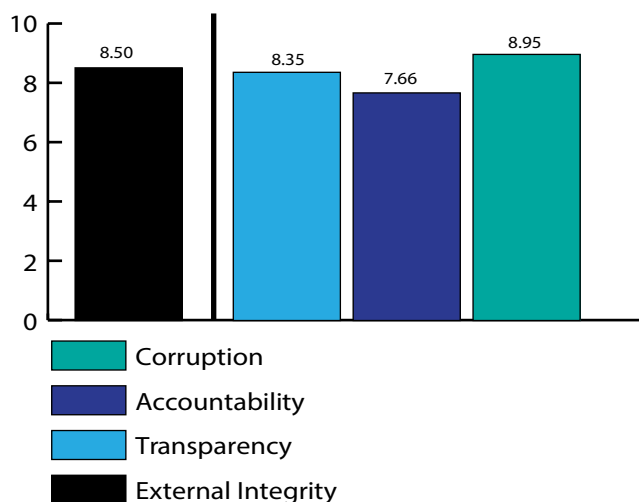


Figure 3.16: External Integrity Score



External Integrity Index by Field and Survey Items

Figure 3.17: Corruption index and its Sub-factors

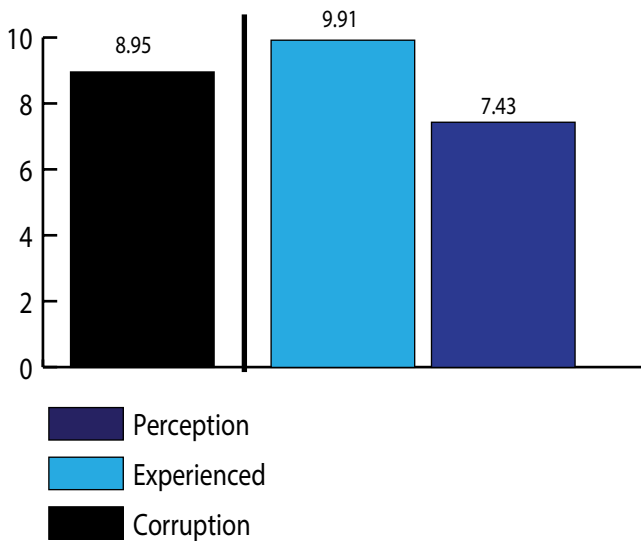


Figure 3.18: Transparency index and its survey items

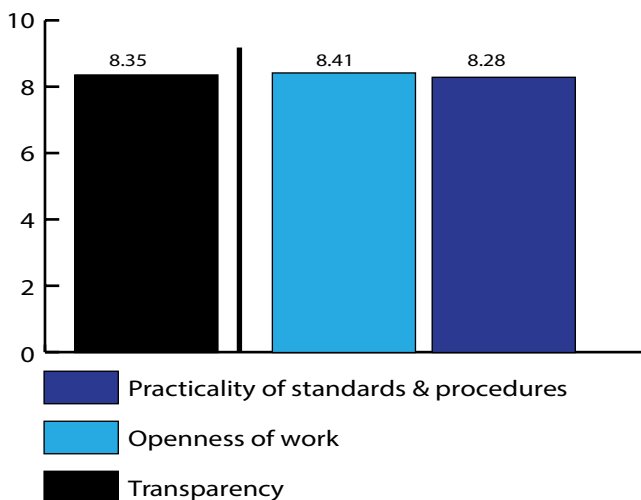
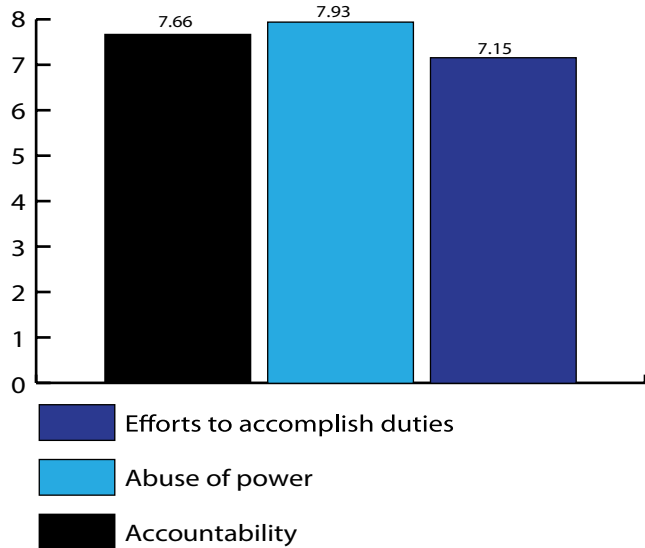


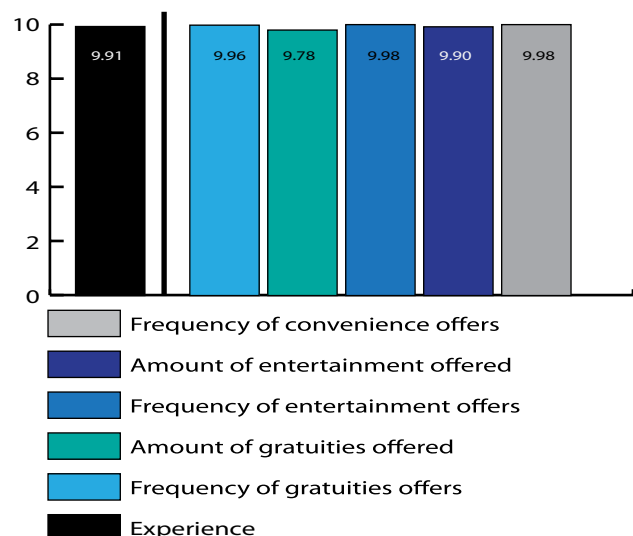
Figure 3.19: Accountability index and its survey items



External Integrity by Sub-Field

The score of 9.91 is as good as 10, highly transparent. This is the result of respondents' reluctance to speak up at all despite the assurance of confidentiality given by the enumerators.

Figure 3.20: Experienced Index and its Survey Items



Perceived Corruption

Perceived corruption is the level of corruption as recognized and being aware of by the respondents. While many did not admit to giving bribes/gifts/entertainments, respondents recognize that public servants and service recipients indulge in giving and taking bribes/entertainment during the course of service delivery.

Figure 3.21: Perception Corruption and its Survey Items

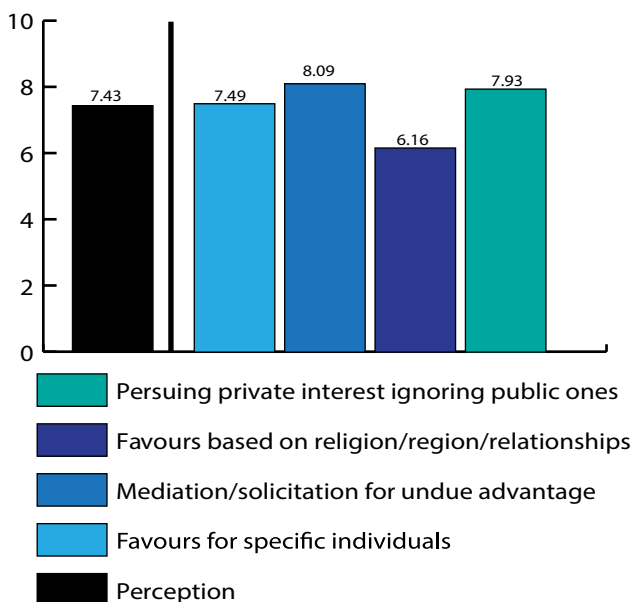


Figure 3.22: Internal Integrity Score

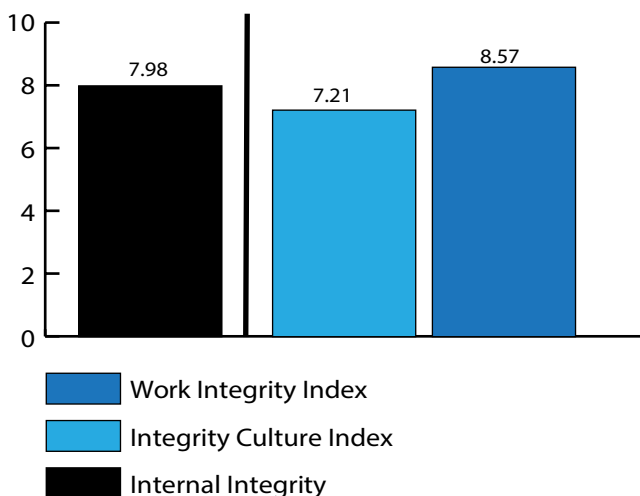
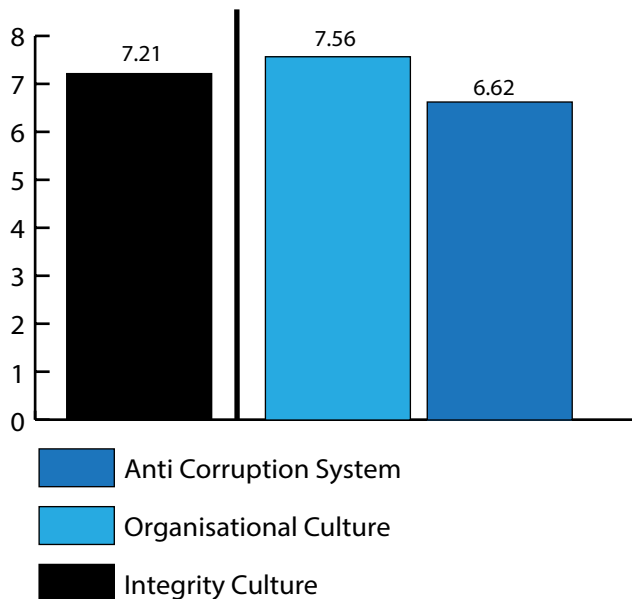


Figure 3.23: Integrity Culture Index and its Sub-Factors



Anti-corruption system is the corruption control system and measures in an agency

Figure 3.24: Anti-Corruption Index and its Survey Items

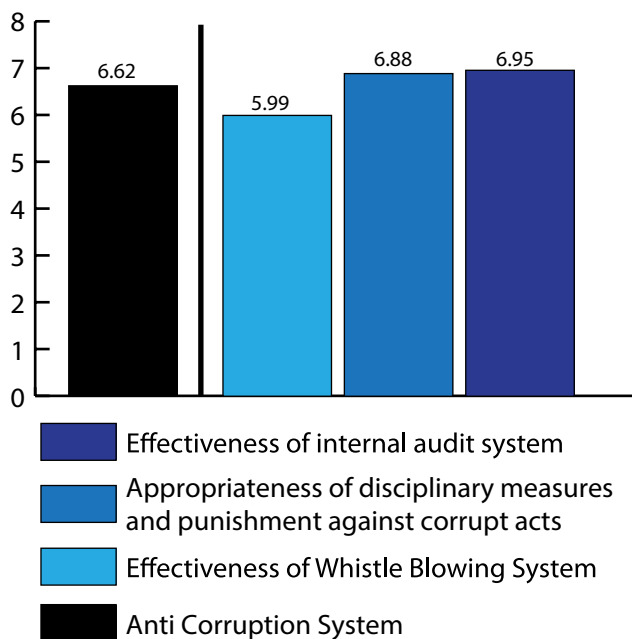
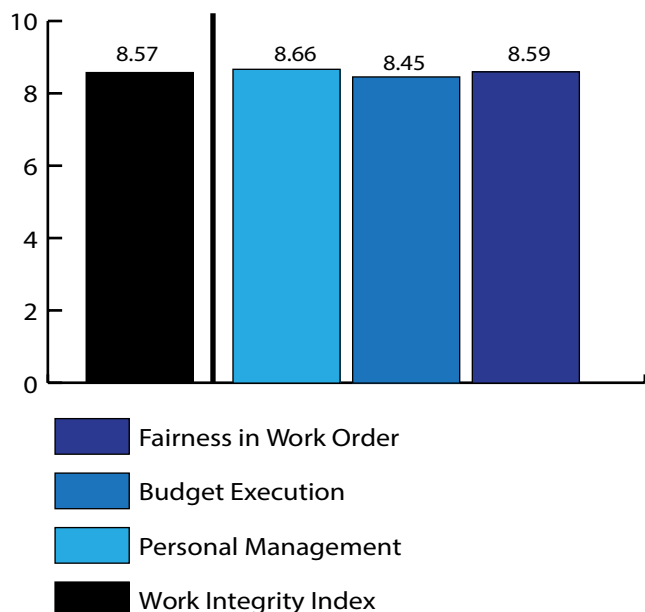


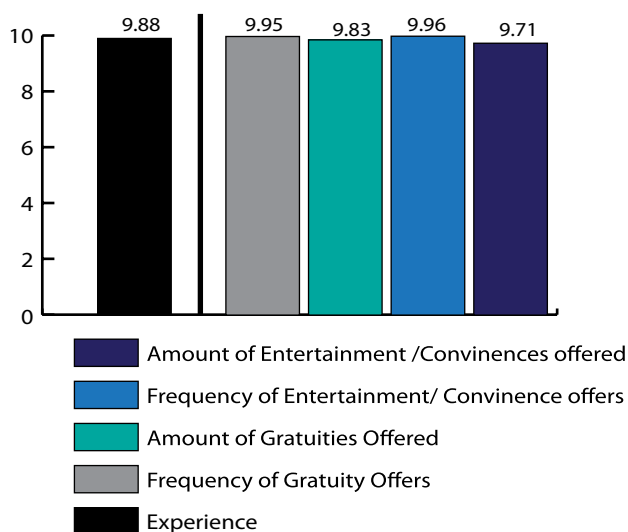
Figure 3.25: Work Integrity Index and its Sub-Factors



Personnel management: Experienced Corruption

Personnel management is the management of an agency's workforce or human resources with regards to recruitment, promotion, and transfer and performance evaluation.

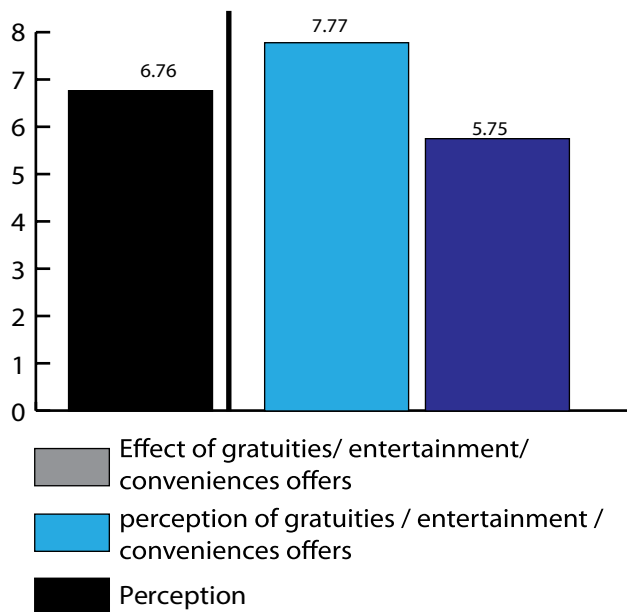
Figure 3.26: Experienced Corruption under Personnel Management and its Survey Items



Personnel management: Perceived Corruption

The low score of 5.75 for 'Effect of gratuities/ entertainment/conveniences offers' indicates that the internal clients believe that there is a tangible impact of gratification on the results of personnel affairs in an agency.

Figure 3.27: Perceived Corruption under Personnel Management and its Survey Items



Payment of Bribe and Other Gratuities

Twenty nine out of 6969 external respondents admitted to having paid bribe to the service providers. The average bribe (money and other valuables) paid was about Nu. 8448/- and average amount spent on entertainment was about Nu. 66481/-. The average amount of bribe paid in 2009 was about Nu. 5042. Bribes paid by 86.21% of the respondents were under Nu. 10000 and that paid by 13.79% ranged from Nu.10000-50000. With regards to entertainment, 68.97% of the respondents provided entertainment worth up to Nu. 10000

and that provided by 31.04% ranged between Nu.10000-1000000 (range is staggered between Nu. 10000-50000, 50000-100000 and 500000-1000000).

On the frequency, each bribe-payer paid money and other valuables at least once during the year 2011, provided entertainments at least twice and conveniences (accommodation, transportation, etc.) at least thrice.

The type of bribe paid by the 29 respondents to the service providers are presented in Table 3.1.

Table 3.1: Type of Bribes

Kind of conveniences/ gratification offered	Service users who offered bribes or enter- tainment (%)
Accommodation	10.34
Transportation	20.69
Support for events like birthdays and archery match	13.79
Lending money without interest	13.79
Event tickets	0
Overseas trip	0
Sexual favours	0
Others ¹	48.28

1 Others refer to all those bribes that are not listed in table 3

Other forms of bribe that account for 48.28 % of the respondents include to datshi (cheese), butter, eggs, money, lunch, refreshment and dinners, which characterizes the situation in the rural areas.

The survey also tried to establishment the payment of bribery at various stages of service delivery as shown in Table 3.2.

Table 3.2: Bribes Offered at Various Stages of Service Delivery

When provided	Service users who offered bribes or entertainment (%)
Before processing of the work	34.48
During processing of the work	34.48
After processing of the work	0.69
Frequently	3.45
On special occasions	6.90
During account settlement	3.45
Other ¹	0

1 Others refer to all those options that are not listed in table 4

Table 3.3 presents the reasons for offering bribes (money/conveniences/gratifications):

Table 3.3: Reasons for Offering Bribes

Reasons for offering bribes or entertainment	Service users who offered bribes or entertainment (%)
Requested by the public official in charge	17.24
To speed up the process	37.93
To alleviate or cancel the penalty	0
As an appreciation for the service	31.03
As a customary practice or courtesy	27.59
Other ¹	3.45

1 Others refer to all those reasons that are not listed in table 5

Experience with Corruption: Internal Integrity

This the first time such information is being established. Of the 2097 internal respondents, 17 respondents admitted to having paid bribe to the dealing staff members for personnel issues. While no one reported of having paid bribe for unlawful budget execution, 70 respondents reported of having observed either their seniors or other employees paying bribe to dealing staff members for unlawful budget execution.

Personnel Management

The average amount of bribe paid for personnel affairs such as recruitment, performance evaluation and promotion was Nu. 82187.5 and provided entertainment/conveniences worth Nu.21562.5. 47.06% of the respondents paid bribe up to Nu. 10000 and that paid by 52.93% ranged from Nu.10000-1000000. In terms of entertainment, 52.94% of the respondents provided entertainment worth up to Nu. 10000 and that offered by 47.05% ranged from Nu.10000-1000000.

The respondents paid bribe at least twice and provided entertainment/conveniences at least thrice to the service providers during the year 2011.

Table 3.4 presents the reasons for paying bribes (money/conveniences/gratifications) for personnel management for personnel affairs

Table 3.4: Reasons for Offering Bribes for Personnel Issues

Reasons for offering bribes or entertainment for personnel affairs	Service users who offered bribes or entertainment (%)
Requested by those related to personnel affairs such as superiors or personnel committee members	11.76
To collect relevant information	23.53
As an appreciation for processing of personal affairs	35.29
To prevent disadvantages in terms of personal affairs	17.65
It is a customary practice	17.65
Other 1	11.76

1 Others refer to all those reasons that are not listed in Table 3.4.

Budget execution

The bribe paid (as observed by the 70 respondents) for the manipulation of budget execution is bigger than that paid for personnel issues. The average amount of bribe paid for unlawful execution of budget for personal benefit was about Nu. 89926/- and average amount paid to favour families and friends was about Nu. 131364/-. 37.14% of the respondents observed that their seniors paid bribe to dealing staff members for personal benefit up to Nu. 10000/- and 62.85% of the respondents said that the bribe ranged from Nu.10000-1000000/-.

The average frequency of bribes paid for un-

lawful execution of budget for personal benefit was at least twice and at least thrice to favor families or friends during the year 2011.

Table 3.5 presents the reasons for the unlawful execution of budget.

Table 3.5: *First Main Reason for Unlawful Execution of Budget*

First reason for unlawful execution of budget	(%)
Insufficient pay and allowances	45.71
A customary practice for a long time	12.86
Poor leadership	31.43
Due to external pressure, lobbying, solicitation, etc.	2.86
Lack of ethics among individuals	7.14

A major reason for unlawful budget execution was insufficient pay and allowances. This is also invariably raised by many during dialogues and awareness creation programs. It is an important issue that has to be reviewed closely. It warrants series of public service reforms before initiating any revision of pay and allowances. Prevalence of corruption is not directly proportional to pay and allowances but on multiple factors. Otherwise, simply raising pay and allowances should immediately reduce incidences of corruption but it does not.

Further, the second important reason for unlawful budget execution was poor leadership. All the investigations conducted by the ACC confirm that inefficiency and corruption prevail in agencies primarily because of weak leadership, hence weak systems. Both the problems and solutions reside in them. Recruitment/election of dynamic and ethical leaders and nurturing the crop of future lead-

ers in public service is of paramount importance.

The perennial challenges of such surveys are poor inventory of clients and their location, reluctance of the respondents to disclose information on experienced corruption despite the assurance of protection. In order to address the challenge, the ACC will endeavour to engage local and external experts operating in similar cultural and social context. Nonetheless, there is useful information in many areas such as the corruption perception, integrity culture, accountability and organizational culture indices, anti-corruption system, personnel management and budget execution that service providers could use to review their systems and work on strengthening them.

The ACC will share the NIA report related to specific services with the respective agencies and engage them in developing a plan of action.

The survey was conducted at an approximate cost of Nu. 3.0 million, funded by the SDC. The report is expected to be released by July, 2013.

Legal Services

The legal services are responsible for giving legal advice to the Commission and other services besides the review and formulation of legislation for progressive development of the overall anti-corruption legislations. It also assists the investigators in acquiring court orders, prosecution of cases and appearing before the court of law, whenever required.

Rule of law, due process of law and funda-

mental rights of individuals govern the ACC's operations. Streamlining existing legislation with and formulating bye-laws to operationalize the ACA, 2011 have been an important focus of the services. Some planned activities could not be implemented because the services had only two legal assistants and the prosecution of Gyelpozhing plot allotment case. Some of major activities were:

The Debarment Rules

As submitted in the last report, the drafting of the Debarment Rules began as early as in 2007, which involved intensive processes with close involvement of the Public Procurement Policy Division of Ministry of Finance, Construction Development Board and private sector (in the initial stages). The Rules is the first of its kind in the country. Comments and views were sought from the general public as well as international experts. It was also posted on the ACC's website for public review and comments. However, general response has been weak. The draft Rules was aligned with the provisions of ACA, 2011 before its presentation to the larger stakeholders' workshop in October, 2012.

The draft was validated and endorsed by the stakeholders during the October consultative meeting. Over 40 participants, from the Election Commission of Bhutan, National Council Secretariat, Office of Attorney General, Ministry of Economic Affairs, Ministry of Labour and Human Resources, Ministry of Works and Human Settlement, Ministry of Education, Ministry of Health, Ministry of Agriculture and Forest, Ministry of Information and Communication, Royal Monetary Authority, National Land Commission Secretariat, Royal University of Bhutan, National Statistical

Bureau, Construction Development Board (CDB), Druk Green Power Corporation Limited, Bhutan Power Corporation Limited, Bhutan Post Limited, Bhutan Telecom Limited, Druk Holding and Investments-Infra, Kuensel Corporation, Natural Resource Development Corporation Limited, Royal Bhutan Army, and Royal Bhutan Police participated in the workshop. The Rules has been finalized with the incorporation of the comments, and translated into Dzongkha.

The institutionalization and effective management of the debarment system by among others the Ministry of Finance and CDB will deter corrupt behavior of business firms, prompt development (some firms already have their codes) and strict compliance of business ethics and integrity and prevent wastage of huge public resources. It will also ensure that agencies do not condemn any entity without following due process. Most importantly, it will enable the Government to enter into healthy contractual relationship or conduct business only with credible and responsible entities.

Coordination with the Ministry of Finance and CDB on the establishment and management of the system and wider dissemination of the Rules will be conducted before its enforcement.

The Rules and Regulations for Mainstreaming Regulatory Impact Assessment System in Bhutan, 2011 does not require the Regulatory Impact Assessment (RIA) report of the Debarment Rules, unlike the Gift Rules, as it is a new rule emanating from ACA, 2011.

Gift Rules

The enforcement of the Gift Rules 2009 has been weak due to lack of public awareness, lack of capacity, compliance monitoring mechanism and weak accountability. A major setback was Chapter VI of the Rules concerning penalty for its breach which ranged from reprimand to demotion and termination. Such penalties were not enforceable across important sectors of public service, namely parliamentarians, other elected officials and constitutional post holders. Moreover, the liabilities for non-disclosure contradicted the principle of proportionality.

Some provisions of the Rules also contradicted the provisions of the Bhutan Civil Service Rules and Regulations (BCSR). For instance, the Gift Rules allows civil servants to receive title and honorary degree for meritorious public contribution while BCSR prohibits, necessitating immediate reconciliation of the rules.

The Gift Rules 2009 was revised and presented to a larger stakeholders' workshop, held along with the draft Debarment Rules. Major amendments include monetization of the penalties, inclusion of regulatory duties for heads of agencies and gift disclosure administrators, accountability provisions and compliance monitoring mechanism. The stakeholders unanimously endorsed the proposed amendments with some comments.

Further, the Regulatory Impact Assessment (RIA) Report of the amended Gift Rules was prepared based on the template provided under the RIA Guidelines 2011, which highlights four policy options, namely, (i) Doing nothing/no policy change, (ii) Creating awareness on

the existing 2009 Rules to have an improved level of compliance – continue using the 2009 Rules, (iii) Amendment through an executive order on the changes and (iv) Amendment of 2009 Rules.

The RIA assessment favoured the amendment of the Gift Rules 2009 since it had to be streamlined with the amended primary legislations and besides it also addressed the inherent enforcement weakness of the Rules. The report was submitted to the RIA unit of the Cabinet Secretariat in October 2012; its clearance is still awaited. The Rules has been finalized and ready for adoption by the Commission; its Dzongkha translation has also been completed.

The Oath of Affirmation and Allegiance

In pursuance of section 27 of ACA 2011, which requires the ACC staff to mandatorily take such oath as may be prescribed by the Commission on first joining the agency and before assuming the duties and responsibilities of the office, the form and manner of oath of affirmation and allegiance was drafted and adopted by the Commission in August, 2012. It incorporates the principles underlined in section 16 of the ACA 2011, ACC's Ethical Code of Conduct and other best practices.

The drafting of the form and manner of oath of affirmation and allegiance involved in-house review and solicitations of comments. It is of paramount importance that every member of the ACC is unconditionally ethical, responsible, accountable, transparent and proactive in dispensing his/her service to the public to uphold the institutional integrity and to ensure public trust and confidence in the institution. Therefore, new and old staff will be required

to pledge their loyalty to the institution (and through it to the country and the people and through it to the King), integrity and professionalism, solemnly affirming by signing the oath.

Prosecution Guideline of the Commission

As per Article 27, section 5 of the Constitution and section 128 (1&2) of the ACA 2011, the Commission is required to refer the corruption cases to the Office of the Attorney General (OAG) for expeditious prosecution. To bring these provisions into effect and to ensure that the Commission is accountable, consistent, transparent and objective in its referral decisions, the Prosecution Referral Guideline was adopted in March, 2011.

The ACC for the first time in its history is prosecuting a case following the OAG's claim of the case not having any legal basis for prosecution. This has prompted the ACC to review its Prosecution Referral Guideline 2011 in pursuance of the safe guards provided under section 128(3) of the ACA 2011. While this section empowers the ACC with prosecutorial powers, transparent and rational policies and guiding principles on prosecution is imperative. The Prosecution Referral Guideline will be amended as a priority.

Ratification of United Nations Convention against Corruption (UNCAC)

The findings and the implementation plan of the UNCAC-Self Assessment Report, which is a comparative analysis of UNCAC provisions vis-à-vis domestic legislations, have been reviewed and updated. The ACA 2011 was largely guided by the UNCAC provisions. Therefore, unlike many countries which

have ratified the UNCAC, the review clearly indicates Bhutan's high compliance rate and readiness for ratification/accession to the Convention. The ACC will once again submit its proposal to the Government for the ratification of the UNCAC along with its self assessment report, which should have been submitted to the Government long ago. Bhutan signed the UNCAC in 2005.

Public Service Model Code of Conduct (Code)

The Code was drafted in pursuance of section 35 of ACA 2011, involving extensive processes of review and solicitation of comments. Besides its dissemination through various media channels, it was posted on the ACC website for public review and comments. However, till date not a single comment has been received.

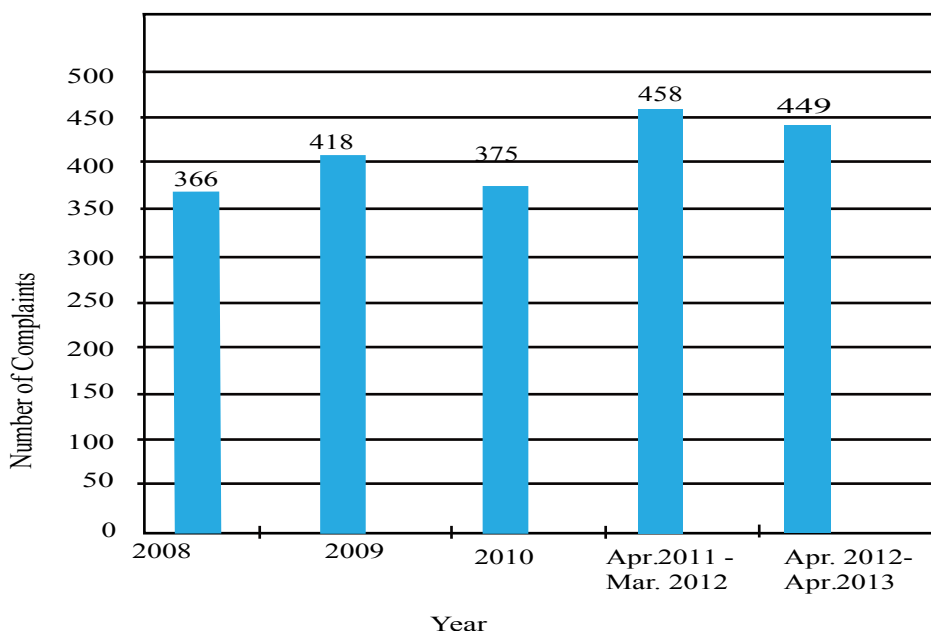
Complaints Management

The new structure has moved the complaints management and follow-up services from the investigation services to the Commission; the process of review remains the same. Complaints may be a measure of public trust in the ACC. They are also an important source of intelligence. The complaints are managed in accordance with the Complaint Management Policy and Procedures Manual which was adopted in September, 2012. The Manual aims to ensure transparency, fairness and accountability in handling complaints. The Manual is available on the ACC's website for public information.

Number of complaints received

During the reporting period, the ACC received 449 complaints.

Figure 3.28 : Total number of complaints received

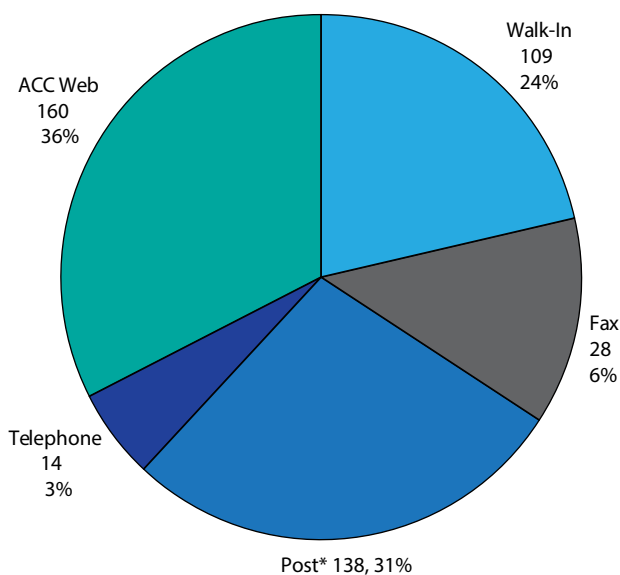


Complaints also include referrals from RAA which constitutes corruption offences. During

the reporting period, the ACC received 18 such referrals. Eleven (61.11%) were shared with agencies for necessary actions; four (22.22%) qualified for investigation; three (16.67%) were dropped.

The complaints are received through six different modes as shown in Figure 3.29. The predominant mode is the ACC web that made up about 36% of all complaints received and the least being through telephone.

Figure 3.29: Complaints Lodged through Different Modes, Apr. 2012 – Apr. 2013



Post* - includes RAA reports

Complaints by type of corruption

Table 3.6 categorizes the types of complaints received in the last five years.

Table 3.6: Complaints received by Type of Corruption

Types of Corruption	2008	2009	2010	Apr. 2011-Mar. 2012	Apr. 2012-Apr. 2013
Abuse of functions	80	171	166	122	136
Embezzlement	91	66	35	93	68
Bribery	12	20	4	12	14

Abuse of functions is still a major type of corruption constituting 30.29% of the total complaints received during the reporting period. From the second NIA survey, “abuse of power” of the accountability index has scored 7.93, which is high. This type of corruption generally manifests in favouritism, nepotism or patronage and commission or omission of

an act to obtain advantage for private benefit. Bribery is generally not reported as the giver is equally liable. This is also corroborated by the findings of the NIA surveys. As abuse of power cuts across most forms of corruption, heads of agencies have to address it comprehensively.

Complaints by area of corruption

During the reporting period, maximum number of complaints were on resources (30.07%) followed by land (15.59%) and personnel (8.46%). Table 3.7 shows the complaints in five major areas prone to corruption in the last five years, since 2008.

Table 3.7: Complaints by Five Most Frequent Area of Corruption

Areas of Corruption	2008	2009	2010	Apr. 2011-Mar. 2012	Apr. 2012-Apr. 2013
Resources (funds & property)	122	118	97	124	135
Land	44	49	38	80	70
Personnel	23	100	68	60	38
Construction	13	33	34	50	37
Procurement (goods & services)	17	29	40	36	24

Land continues to be one of the major sources of complaints besides personnel and construction. The common complaints of corruption in land were highlighted in the last annual report. Further, it also has to be recognized that corruption in personnel actions such as recruitment, promotion, trainings and transfer impacts on other areas of corruption. The spirit of an agency depends on personnel management, which impacts on the productivity and

integrity of an agency.

Corruption in resources takes place in the form of embezzlement. Embezzlement refers to misuse of funds, securities and properties, directly or indirectly, by individuals, public and private, who control and are the custodians of such resources. The methods used to embezzle can include among others fraudulent billing, payroll checks to ghost employees, records falsification and “Ponzi” financial schemes. Some of the common complaints of corruption in resources are misuse of project funds and misuse of government properties like vehicles, office equipment and machineries. Weak supervision and accountability attribute to such malfeasance as presented in Section 3 of the report. Besides criminal investigations, the ACC fixes managerial and supervisory accountability as a mechanism to ensure minimization of such lapses but agencies take the action.

Complaints against agencies

Table 3.8 shows the nine most frequent agencies against which

complaints were lodged to the ACC by the public. During the reporting period, the ACC received maximum complaints against the local government (18.71%) followed by autonomous bodies (12.92%) and private sector (12.70%). As large majority of the people are served by the local governments, complaints against them will also be correspondingly more. This is further compounded by the weak governance system there and fearful commu-

nities, which is a matter of concern as greater resources and authority are devolved to them and not the least of all as politics deepens.

Table 3.8: *Complaints against Nine Most Frequent Agencies*

Agencies	2008	2009	2010	Apr. 2011- Mar. 2012	Apr. 2012 - Apr. 2013
Local Government	72	25	51	93	84
Autonomous bodies	13	48	25	31	58
Private Sector	51	64	84	65	57
Corporations	64	53	41	84	56
Dzongkhags	31	9	49	32	41
Ministry of Home & Cultural Affairs (MoHCA)	4	6	4	27	26
Ministry of Education (MoE)	46	16	25	23	25
Judiciary	6	2	5	13	16
Ministry of Agriculture (MoA)	10	27	15	12	19

the period of reporting. Thimphu Dzongkhag has the highest number of complaints (121, 26.95%) followed by Chukha (39, 8.69%) and Paro (36, 8.02%). Gasa and Tashi Yangtse Dzongkhags have the least number of complaints (5, 1.11% and 7, 1.56%). Such pattern of complaints is attributable to the scope of ac-

tivities and corresponding distribution of resources including public servants in the dzongkhags, proximity to the ACC, level of public awareness on corruption and the knowledge of where and how to report corruption. A noticeable trend is, particularly in and around the election period increased number of complaints against incumbent local office bearers and prospective candidates contesting in the local elec-

Complaints against Dzongkhags (geography)

Figure 3.30 shows the complaints received by the ACC against each dzongkhag during

tions. This trend will only grow. Therefore, a moratorium of three months has been placed from this year where no complaints will be investigated against prospective candidates.

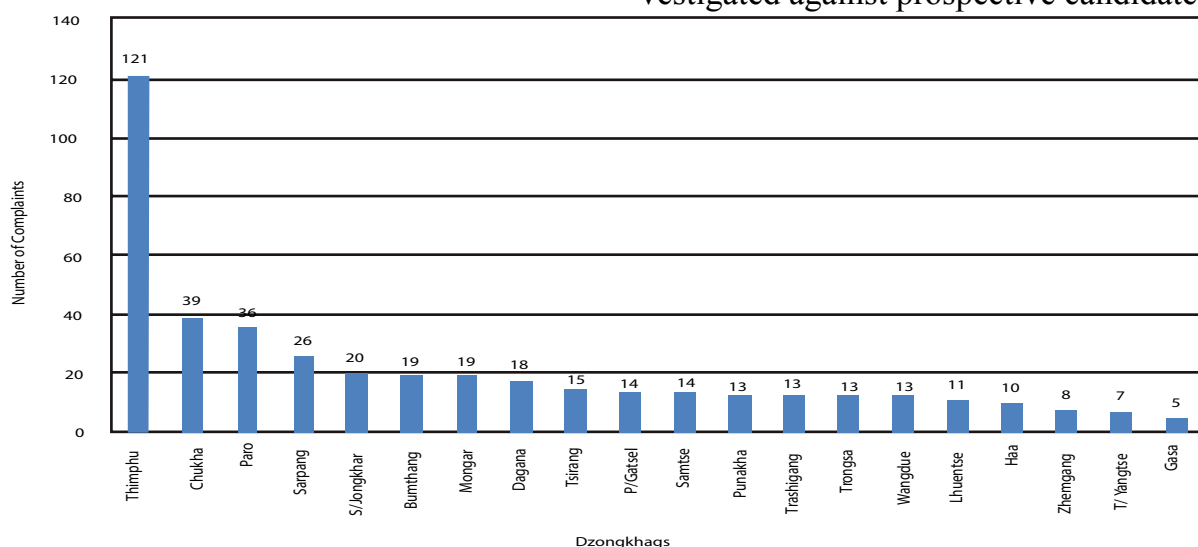


Figure 3.30: *Complaints by Dzongkhag (geography)*

In accordance with section 78 (2) of ACA 2011, the ACC entertains anonymous complaints. During the period of reporting, the ACC received 212 anonymous complaints (47.2% of the total complaints) an increase from last year (43.2%). Anonymous complaints have remained steady at above 40% over the last five years.

Table 3.9: *Anonymous versus Known Complaints*

Sources	2008	2009	2010	Apr. 2011-Feb. 2012	Apr. 2012 – Apr. 2013
Known	201 (55%)	215 (45%)	170 (45.3%)	260 (56.8%)	237 (52.78%)
Anonymous	165 (45%)	262 (55%)	205 (54.7%)	198 (43.2%)	212 (47.22%)

Processing of Complaints

Complaints are received and registered in the Investigation Management System (IMS) and evaluated weekly by the Complaint Evaluation Committee (CEC) on the IMS itself based on the pursuability evaluation factors (P-Value scoring). The P-Value scoring rates the complaints based on the available details, financial and social implication. CEC's evaluation is reviewed weekly by the Commission and takes the final decision.

Under the new sector-based structure of the ACC, the CEC members have been reconstituted. The CEC now comprises one director and 2 division chiefs who rotate quarterly, chief of surveillance & intelligence, chief legal officer and head of complaint management & follow-up service as the member secretary.

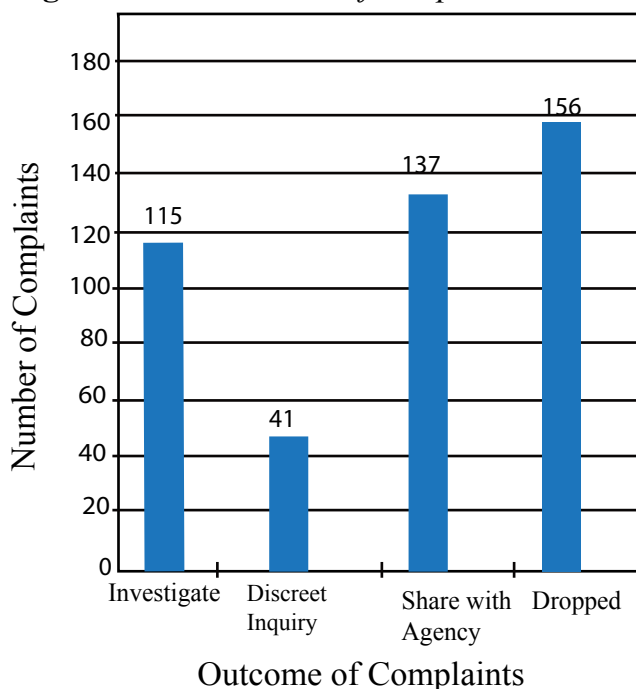
Outcomes of complaints

The P-Value scoring, as evaluated by the CEC and decided by the Commission, determines

the outcomes of the complaints. The outcomes are classified into four categories, namely (i) Investigate, (ii) Discreet Enquiry, (iii) Share with agencies and (iv) Drop. Figure 3.31 shows the outcomes of complaints for April 2012 – April 2013.

During the reporting period, majority of the complaints (156, 34.74%) were dropped, re-

Figure 3.31: *Outcomes of complaints*



flecting poorly on the quality of complaints. These dropped complaints either did not relate to corruption offences or were not substantive. 137 complaints (30.51%) were shared with various agencies either for sensitization or for action. Out of the 137 shared complaints, actions have been taken on 46 complaints by the

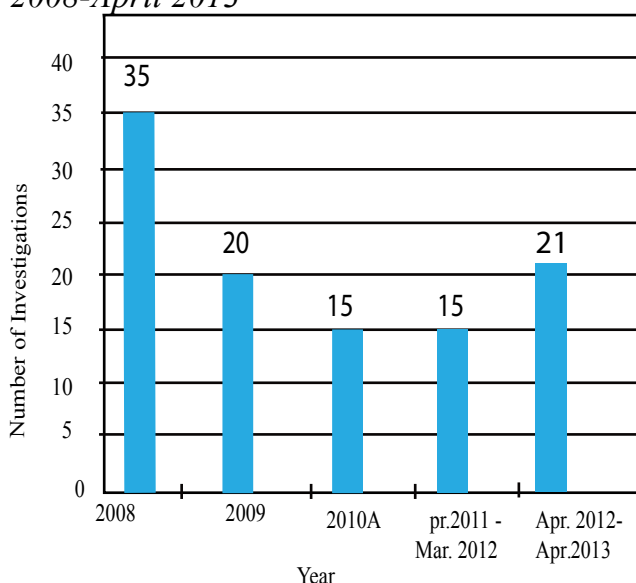
concerned agencies. 115 complaints (25.61%) qualified for investigation, of which only investigation on 6 complaints could be started because of other ongoing cases.

Investigation of cases

The investigation of cases is guided by the Operations Manual, 2009, which is under revision. The new manual outlines the principles of investigation, its policies and procedures, roles and responsibilities of the management and standard operating procedures for effective and efficient delivery of professional investigation services.

During the reporting period, 21 new cases were opened for investigation in addition to the cases in hand carried forward from the previous year. Number of cases opened in the last five years, since 2008 is shown in Figure 3.32.

Figure 3.32: *Number of Investigations from 2008-April 2013*



On an average, 21 cases have been investigated annually in the last five years. Big and

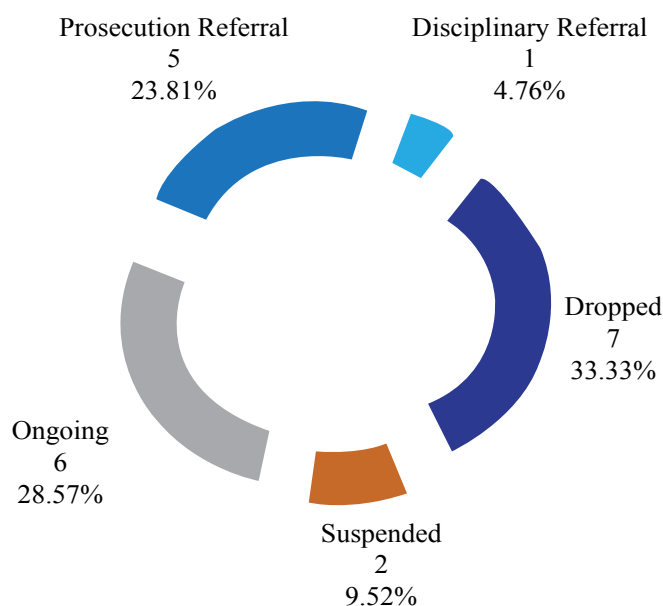
complex cases take longer duration and are not completed within a year and spill over to the following year. For instance, from the health case alone emerged eleven discrete cases involving over Nu.55 million. New demands and changing priorities of the cases with changing circumstances lead to temporary suspension of some cases. Further, cases also take long because of challenges in accessing documents, among others. For these reasons, not many new cases can be taken up for investigations in the subsequent years.

Out of the twenty one cases opened for investigation in the reporting year, twelve (57.14%) were related to corrupt practices in land, five (23.81%) in resources (funds & property) and four (19.05%) in construction.

Outcomes of Investigation

The outcomes of the twenty one cases that were investigated in the reporting period are shown in Figure 3.33.

Figure 3.33: *Outcomes of Investigation during the Reporting Period*



Majority of the cases (7, 33.33%) opened for investigations in the reporting year were dropped after preliminary investigation since the allegations could not be substantiated. These cases were related to alleged corrupt practices in land. Investigation of 6 cases (28.57%) could not be completed during the reporting year and have been carried forward. Six cases have been successfully investigated, out of which five were referred to OAG for prosecution and one for administrative action. Out of the five cases that have been referred to the OAG, one has been returned since OAG found no legal basis for prosecution, which the ACC is reviewing and the rest are still under review. One disciplinary referral to the agency pertains to financial mismanagement in the Dungkhag Administration, Nganglam.

Restitution

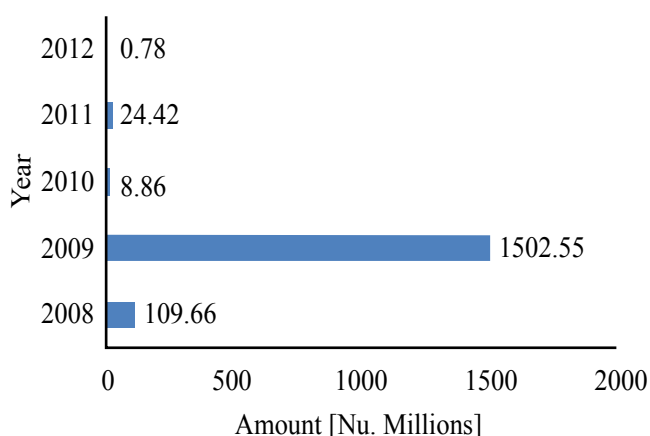
An important outcome of an investigation is the restitution of the ill-gotten wealth, proceeds of corruption, either to the State or the aggrieved party through due process of law. Confiscation and subsequent restitution aims to incapacitate, by removing from a person the physical or financial ability, power, or opportunity to continue to engage in corrupt conduct, to prevent offenders from unjustly enriching themselves, by eliminating the advantages and benefits which the offender has gained through his or her illegality and to deter the offender and others from being corrupt by undermining the ultimate profitability of the venture. Corruption offence has to be made risky and costly.

During the reporting period, following proceeds of corruption have been established by the ACC:

- 2.13 acres of government land and Nu. 22,200 from the Tongchekha land case, Punakha;
- Nu. 754,132.00 from corrupt practices in Yongla Goenpa construction, Pemagatshel; and
- 46.08 acres of government land from the Nganglam land cases (2).

The restitutions have been prayed for in the prosecution referral and will be affected as per the court orders.

Figure 3.34: *Restitution in last Five Years since 2008*



Maximum restitution is from the 2009 cases during which one of the major cases investigated was suspected corrupt practices in the mining operations of M/s SD Eastern Bhutan Coal Company Ltd. (SDEBCCL) (uncovered during Samste mining case). The investigation found the company liable for restitution of Nu. 1,441,827,719.30 to the government from illegal operation of the Reshore coal mine in Samdrup Jongkhar. The case is currently under trial in the Dzongkhag Court. In the same year, other major restitutions were from the investigation of the Health Ministry, Construction Development Corporation Ltd. (CDCL) and Rangjung Vocational Train-

ing Institute cases which are currently under various stages of trials. From the 2008 cases, major restitution was from the Samtse mining case amounting to Nu. 107,283,412.20. Judgment was passed in December, 2011 but the restitution is yet to be fully effected.

In the last five years (2008 – 2012), the total restitution established from the investigation of corruption offences amounts to Nu. 1.65 billion, which is about 1.11% of the total budget outlay of the 10th FYP (Nu. 148.074 billion) and about thirteen times more than the total budget estimate of the ACC for the 10th FYP (Nu. 125.37 million). The country has lost huge resources to corruption. What the ACC uncovers or restitutes may be far too small than what actually is stolen. Therefore, it is patently critical that the Government takes aggressive measures to contain corruption, lending meaning to its eloquent and unequivocal intolerant anti-corruption policy.

Apart from the restitution shown in Fig...., there are also restitutions in terms of land. In the last five years (2008–2012), the investigation has established the restitution of 61.531 acres of government land mostly from the Nganglam and Gyelpozhing land cases (this also may be just the tip of the ice). 61.531 acres of government land lost to corruption could mean depriving twelve households of their right to genuine landholdings of five acres each.

Highlights of Some Cases

The cases presented below are either typical cases such as the departmentally executed works or bear larger national significance such as the Constituency Development Grant and land.

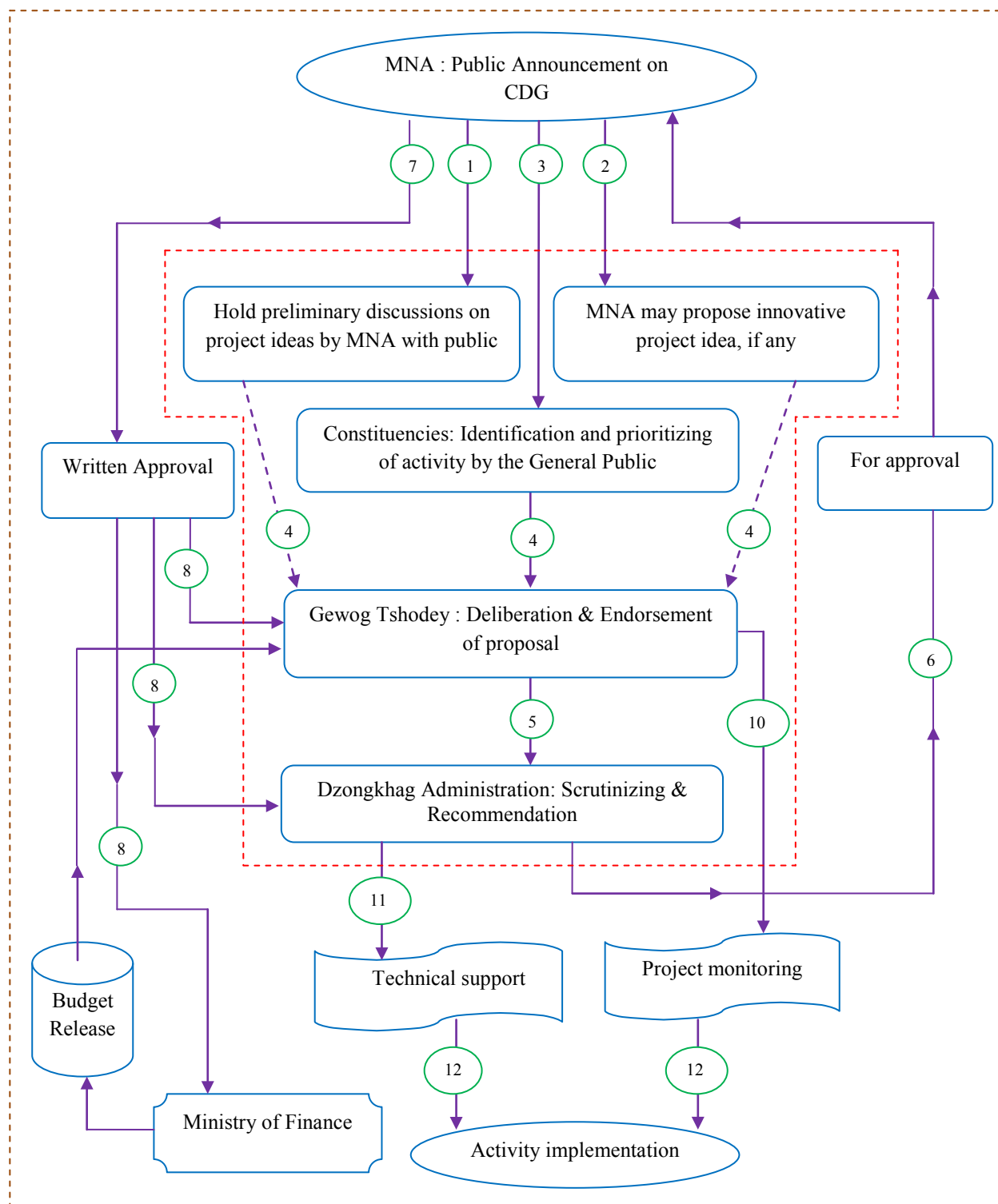
Case 1 Constituency Development Grant (CDG)

In 2009, the Government created the CDG of Nu.10.00 million per constituency for a period of five years as a separate budget head in the annual budget placed at the discretion of the Members of the National Assembly (MNA), who were expected to be imaginative and judicious while giving the voters the opportunity to assess the merit of their representatives. Its goal was to help promote the highest level of good governance within the parliamentary democratic system by MNAs who are directly accountable to the voters. The CDG was also expected to promote innovation, community vitality and self help.

The CDG Rules 2009 clearly outlines the criteria, scope of applications and administrative procedures to be followed by the MNA during CDG execution (see Figure 3.35). The actual implementation of CDG in various constituencies started from mid 2009.

The investigation into the use of CDG in a village by an MNA from Chukha Dzongkhag established non-transparency in project conceptualization process and nexus between the MNA, party coordinator and local government officials, a serious departure from the intent of CDG and its rules. On 14 October 2010, the MNA had instructed his party coordinator to select around 17 to 18 households from a village in his constituency and propose for the distribution of jersey cows to them from the CDG and to process it through the Gewog Tshogdey. The instruction had a specific caveat, “To be very careful in choosing the right people from the community (Debauw dha, nathae tayi tayi baygo mey, tayi tayi jingo).” Fol-

Figure 3.35: Flow chart: General CDG implementation process



lowing the instruction, the party coordinator prepared a list of beneficiaries which included only the party supporters. However, the list of beneficiaries proposed by the party coordinator was rejected by the Gup on grounds that the proposal was not prepared in consultation with the public and the Chiwog Tshogpa.

A public meeting on the purchase of jersey cows from the CDG was convened in the village by the Chiwog Tshogpa at the behest of the party coordinator. The representatives of the village were briefed on the grant and asked to register their names if they were interested. However, complete information on whether the grant would cover the full cost or would be on a cost-sharing basis was not disclosed. The Chupoen and Mangmi of the area prepared a list of people who did not want jersey cows. This list was not available in the local office; instead it was traced in the Mangmi's house. This list had names of eleven individuals with signatures. An ex-Chupoen was part of this group who did not want the jersey cows. The name list of fifteen people (the village had 26 households) who would have been interested in getting the jersey cows could not be found. The list along with the written proposal had to be submitted to the Gewog Administration for further action.

The Chiwog Tshogpa, instead of submitting the list of interested households along with the written proposal to the Gewog Office, fabricated a new list of interested households in connivance with the Gewog clerk at the behest of the party coordinator. The fabricated list along with the application for the proposal was submitted to the Gup on 6 November 2010. The proposal was deliberated during the 23rd Gewog Tshogdey (GT) meeting on 15 November 2010. The GT resolved to forward a proposal

for Nu. 0.1 million for the procurement and establishment of a jersey farm in a community and Nu. 0.5 million for barbed wire fencing for a community temple to the MNA. The GT proposal was duly endorsed by the Dzongda and forwarded to the MNA.

The proposal did not conform to the MNA's plan of distributing jersey cows to 17/18 households. Subsequent to the receipt of the proposal, the MNA in a private meeting with the Gup had informed the latter that community temple would not qualify for CDG as religious and cultural institutions may not be financed by CDG. On the contrary, in the same constituency, but in other gewogs, the MNA had approved a number of CDG projects on construction and renovation of temples in the past.

After being informed of the rejection of the proposal by the MNA, the Gup resubmitted the issue to the 24th GT meeting convened on 18 May 2011 as an urgent matter. The meeting resolved to revise the original project proposal and a new proposal was prepared, which had a budget of Nu.0.500 million for the purchase and distribution of jersey cows to the households in the community just as what the MNA originally had in mind.

On 26 January 2012, the Chupoen and Mangmi, who was also the officiating Gup followed up with the MNA on the proposal. The Mangmi was instructed to re-submit the proposal and to obtain the list of beneficiaries from the party coordinator. In accordance with the instruction, the Mangmi consulted the party coordinator for the list of beneficiaries. The Mangmi was given the names of beneficiaries over telephone by the party coordinator. The Mangmi re-submitted the list of beneficiaries

along with the proposal through the Dzongkhag Administration and it was finally approved by the MNA on 12 March 2012. The list had names of 14 households, which included the Mangmi, party coordinator, Tshogpa and some of the households who had signed up as “not interested” during the Zomdue convened in 2010. These beneficiaries were given a jersey cow each from the CDG.

The MNA, knowing the CDG Rules 2009, manipulated the rules of procedure using his party coordinator who connived with a few local government officials. He had already decided how the CDG fund would be administered in the community.

This is, however, not a lone case. The audit reports on CDG also reveal similar violation of the CDG Rules 2009 in administering the projects across the country. The reports categorize the problems of CDG projects as (A) CDG used in contravention to CDG Rules 2009: (i) Nu. 0.935 million used benefitting less than ten households, (ii) Nu. 13.142 million used benefitting individual households - distribution of cash, hybrid jersey cows, barbed wires, citrus seedlings, chicks, butter churner and CGI sheets, awarding of scholarships, construction of cow sheds and funding of house wirings, (iii) Nu. 9.91m used for prohibited activities such as recurring expenditure, purchase of vehicle, supplemented activities and construction and renovation of government quarters and (iv) inventory of assets created not maintained, as distributed to individuals/community households; (B) Irregular payments : (i) Nu. 1.05 million paid for unexecuted works, (ii) Nu. 0.84m paid for unsupplied goods and (iii) excess payment of Nu. 0.109 million either made or claimed and (C) others: (i) community asset (backhoe pay

loader) purchased for four gewogs, registered as BP-2A-5215 in the name of ex-gup; the loader was hired to the ex-gup for a period of five years and hire charge of Nu. 0.385 million was not collected for period of seven months.

The larger implication of the case and RAA’s findings is that vote bank and money politics would divide communities along party lines. CDG fund has been misused in different ways to favour party supporters and may be also to cultivate new supporters. In communities where people believe and support anyone who brings development or freebies to them, CDG fund has the great potential to create advantages for the Government in power.

While the intentions of instruments such as CDG or any special fund may be noble, they can potentially be subjected to abuse especially in a pervasive culture of impunity, weak accountability, weak monitoring and deep politicking. The RAA findings and the ACC’s investigation confirm the potential risks of the CDG. Instead of deepening democracy and promoting community vitality, it may deepen community disharmony and distrust besides losing huge public resources.

Case 2

Departmental Execution of Works

Renovation of sacred institutions and places of cultural heritage are generally not contracted out but executed departmentally. This genre of work has ample problems of its own, like the normal construction works. Corruption spares no institutions, not even works which refurbishes religious and cultural institutions of common heritage. The general problems and their symptoms are: (A) Bench-marking in terms of preparing estimates and informa-

tion gathering – (i) poor data for planning and preparing cost estimates, (ii) analysis of rates (outside BSR) not done, (iii) unreasonable cost estimates, (iv) no technical and administrative sanctions for check and balance and (v) general lack of due diligence; (B) Misuse/fraud in muster roll – (i) fictitious/ghost names in muster rolls, (ii) workers employed elsewhere on government payroll (simultaneous private constructions), (iii) fraud in muster roll payments, (iv) person who takes attendance of workers also receives money from absentees, (v) high labour consumption per unit of work (labor coefficients), (vi) general lack of check and balance in labor management; (C) Misuse/pilferage of construction/dismantled materials –(i) poor record keeping on materials, (ii) stock entry register, materials at site register and materials issue register not maintained and compared periodically, (iii) materials “lent” to “people” never returned if not detected, (iv) CGI sheet, cement, pipe, timber, sand and stone “disappear,” (v) dismantled materials not accounted for and (vi) general lack of transparency in materials management; and (D) Rampant conflict of interests –(i) relatives recruited as lower level staff, (ii) small/supply contracts given to relatives and friends without quotations, (iii) spouse running business in project sites, (iv) dismantled materials used to construct make-shift shops to run business and (v) no notion of conflict of interests.

The overriding problem, however, is weak oversight, as is demonstrated by the following two construction cases.

Case 2(ii) Renovation of Yongla Goenpa

Investigation into renovation works at Yongla Goenpa, Pemagatshel detected muster roll

fraud. Out of the total muster roll payment of Nu. 1.182 million, only Nu. 0.448 was genuine. The quantity of work done at site revealed much lower labour consumption, when computed based on labor coefficients. The district engineer, who was the overall supervisor, had used the skilled labourers to construct his house on government payroll. In total, he had defrauded Nu. 382,504.00 through fictitious muster roll claims and use of skilled labourers for his house construction. Further, he had diverted sawn timber worth Nu. 59,500.00 for his house construction. When the superior is corrupt, the subordinate takes the cue. The site engineer, who supervised the site, had defrauded a sum of Nu. 368,755.00 through fictitious muster roll claims and had bought a car from the proceeds and advances.

The check and balance from oversight was “hand-in-glove” with respect to the district engineer and the site engineer. What was more appalling was that the Dzongkhag Administration through its accounts section had disbursed about Nu. 359,428/- to the site engineer through six advances within just over five months. Such uncontrolled financial advances without due adjustments was unprecedented and difficult to rationalize. The first adjustment of Nu. 136,490/- was done only after an advance accumulation of Nu. 1,620,000/- in May 2012. Yet, there was another advance of Nu. 500,000/- released in the same month leaving a total accumulation of advances of Nu. 1,974,289/- in the hands of the site engineer.

Under normal management practice, labour payments are never released as advance. In fact, payments should be made by the accounts personnel based on the muster roll attendance register. Given this scenario, young officers

were free to indulge in corrupt acts without a controlling oversight. While the corrupt officers may not be condoned of their corrupt acts, the management failed to perform its duty. Greater accountability has to be fixed on the head of the agency. As will also be further demonstrated by the subsequent case, oversight failure is one of the important reasons for corruption to prevail in any agency.

Case 2(ii) Reconstruction of Lhaxhang Karpo, Haa Dzongkhag

Reconstruction of Lhaxhang Karpo was a Command work. Investigation into the reconstruction work detected similar frauds as in Yongla Goenpa, may be on a larger scale. As of October 2012, the total expenditure incurred was Nu. 14.390 million out of which, Nu. 4.70 million was against muster roll payments. The quantity of work done at site as computed from the labour coefficients point to huge fictitious muster roll payments. Some households had paid Nu. 3000/- in lieu of the monthly labour contribution. There was also a corresponding daily per head labour payment of Nu. 165.00 from the Government.

Mild steel rods and cement had been diverted to the project staff's friends, either contractors or Dzongkhag officials. The project engineer had received gratifications for accepting sub-standard construction materials from the suppliers. Construction materials "lent" to friends did not come back until detected by the investigation team. A truck load of cement was brought to the store after a few days of the shortage being detected by the investigation team, in the guise of return of borrowed cement. When a Command work is fraught with fraud and corruption, the state of affairs

of other works can be gauged easily.

The investigations revealed that project staff considers departmental execution as an opportunity to make illicit gains. The self-enrichment program takes place through fraudulent muster roll claims/payments, pilferage of construction materials and gratification from suppliers under a corrupt, non-existent or weak oversight and weak project review system. As a result, time and cost overruns are normal with poor quality of works. The past investigations had revealed that some corrupt proceeds were offered to religious institutions or personalities, to atone their actions.

These two investigations reveal that people have no qualms of siphoning money meant for renovations of religious and cultural sites of great renown, like Yongla Goenpa and Lhaxhang Karpo.

Case 3 Land

Land is the single most important immovable asset to every citizen. It is an asset, whose value has been appreciating over the years, albeit at different rates depending on its proximity to urban and peri-urban centres. Land as a productive asset has not appreciated as much as its real-estate value. The rush for land is increasing, spurred by the increasing purchasing power in the country and imminent lucrative development projects. This rush is associated with encroachment, illegal transfer of ownership, forgery, misrepresentation, gratification and bribery.

Nganglam is becoming growth centre, given its favorable location with the on-going con-

struction of Gyelpozhing-Nganglam road, which would connect the border town to mainland eastern Bhutan. Given this escalation in potential of the area, the ACC has received several complaints on land encroachment. Investigation into illegal encroachment of government land at Nganglam revealed that few influential local residents in collusion with the land record officials had registered government land in their Thrams during the New Sathram Compilation (NSC) in 2005-06 and during National Cadastral Resurvey Program (NCRP) in 2010. “Expansion” of land during every survey is a norm as is demonstrated by the following cases.

Case 3 (i)

In 2005, a gup had registered 10 decimal land in his Thram on completing the transfer formalities. During the NSC, the Gup had surveyed 2.49 acres of government land and this was added to his land holding. To avoid payment for the excess land, he colluded with the land record officer of the National Land Commission Secretariat (NLCS) who was the team leader stationed in Nganglam for the survey.

The land record officer had tampered the Chazha Thram and land transfer document to change the initial land holding of the Gup to 2.59 acres from 10 decimal showing no excess land. The officer had prepared the Kappa Form showing the initial land holding as 2.59 acres. As the standard procedure, the Kappa Form must be signed by the local government officials, sai tshogpa and the surveyor. But in this case the form was not signed, a departure from the standard procedure, which led to illegal registration of government land. The unsigned Kappa Form with the supporting docu-

ments was then submitted to the Dzongkhag coordinator who accepted it and forwarded it to the NLCS for processing the Thram without verification of the completeness of the forms. The NLCS officials also failed to perform their duty with due diligence and Lag Thram for 2.59 acres of land was issued to the Gup based on the incomplete forms.

This case may appear to be small when compared other numerous cases where land has expanded by multiple folds. It typifies illegal land transfers facilitated by local government officials, sai tshogpas, land record officials and surveyors.

Case 2 (ii)

One private businessman based in Nganglam had 22 acres of land registered in his father’s Thram which was distributed amongst the four siblings. The businessman had represented his siblings during the two surveys conducted in 2005 (NLS) and in 2010 (NCRP) and was accompanied by his brother-in-law, a survey engineer working in the NLCS. It was found that government land was encroached during the two surveys (ref Tab....)

Table 3.10: *Expansion of Land during Successive Surveys*

Land owner	Inherited land (acres)	NLS (2006) (acres)	NCRP (2010) (acres)
Businessman	6	15.8	27.447
Younger brother	4.43	8.53	14.122
Sister	6	12.73	14.267
Elder brother	5.57	5.57	9.788
Total	22	42.63	65.524

Twenty two acres of land had expanded to over 65 acres with the illegal regularization of over 42 acres of government land.

The businessman shifted the plots registered in his name (6 acres) and that of his younger brother's (4.43 acres) from the original location to a government land during the 2006 NSC survey. After having shifted the location, the businessman and his younger brother were able to measure the government land as shown in Tab..... Their original plots were measured as their sister's land holding, which increased from 6 acres to 12.73 acres.

During the 2010 NCRP, the businessman transferred 7.23 acres from his new land holding of 15.8 acres to his daughter excess land of 5.61 acres was measured in his daughter's Thram making her total land holding as 12.387 acres. Further, 6.49 acres of excess land was also measured in the businessman's Thram, totaling his land holding to 15.06 acres. In effect, the sum total of the father's and the daughter's land holdings was 27.447 acres. Transfer of land to the daughter is was to maintain the father's land holding within the legally permissible ceiling of 25 acres. The businessman had shown his land boundary on the government land where he had cleared the trees in 2009, just before the survey. He claimed to have cultivated the excess land. Accordingly, it was marked as GY, which means that land actually belongs to the Government but is cultivated. Excess land of 5.59 acres was also surveyed in the already expanded Thram of his younger brother, totaling his land holding to as 14.12 acres.

The businessman was successful in encroaching into the government land during both the surveys as the surveyors and the local gov-

ernment official present did not exercise due diligence in performing their duties. Land surveys and transfer or registration processes are done through either blatant collusion or through exchange of good will at a huge cost to the State with a very limited habitable and cultivable area.

The two cases generally typify land cases. Fraud and corruption in land administration, which may exist in most dzongkhags is generally perceived to be perpetrated by a nexus of local elite, corrupt or/and lazy local officials, land administration officials, court officials (in the past, courts were responsible for land transaction) and rich and powerful people.

Case 3(iii) Gyelpozhing Plot Allotment

Introduction

The case attracted unprecedented public attention, speculation and raised important issues of constitutionality, application of laws, conflict of interest, trust and accountability. The institutions of check and balance were subjected to their ultimate test, testing their credibility, will and resilience and competence in fulfilling the supreme mandate bestowed upon them by the Constitution of the Kingdom of Bhutan. It also provided a vital opportunity to these institutions to set the right precedence in the larger framework of establishing a strong foundation for a vibrant democracy.

Land Allotment: A Serious Concern from the Highest Level

His Majesty, the Fourth King had issued nine Commands and Kashos on land during the pe-

riod of 29 August 1980 to 27 January 2003. All these Commands and Kashos consistently repeated His Majesty's serious concerns on land issues. His Majesty commanded with the sense of urgency that land being a scarce resource be safeguarded for all times for future generations. All His Commands repeated that only His Majesty the King shall grant land to His subjects.

The Command issued on 31 March 1987 was specifically on commercial plots allotment in townships. The Command circulated by the Secretary to His Majesty the King, vide order HMS/03(05)87/1498, stipulated that all plots allotment in townships be done in accordance with a rule. The circular further specified that the Government should prepare a separate rule on plots allotment in townships and circulate it to all for dissemination. The Kasho put an embargo on commercial plots allotment by Dzongkhag Committees till such a rule or a procedure was put in place.

Criteria for Plots Allotment Established by the Administration

Drawing authority from the Kasho, the then Zonal Administrator, Eastern Zone vide his letter of 6 June 1991 promulgated the criteria for allotment of commercial plots. As per the letter, plots were to be allotted firstly to those who were conducting business in the concerned urban areas, secondly to the local residents and thirdly to the rest. The letter specifically mentioned, "No command was given to give plots to all and any interested parties."

Similarly, drawing authority from the Kasho, the circular issued by the then Secretary, Department of Works and Housing, erstwhile Ministry of Social Services on 24 July 1991,

set two basic criteria for plots allotment in townships. The circular stated, "As per the recent directives received from the Government, the following guidelines are to be followed throughout the Kingdom for Township Development." The circular, among other post allotment terms and conditions, specified the following two criteria:

1. "Preference for the allotment of commercial plots within a township should be given only to those persons who own and operate legal shops in the given township;" and
2. "Should there be more than one competitor for a particular plot, the allotment of such plot to any of the individual should be decided on lottery basis."

The first criterion described the determining basis for plots allotment and the second described the procedure for plots with preference or competition. The two criteria eliminate individuals from outside the townships in general and those individuals who do not possess legal businesses and who do not operate the businesses by themselves in the township, in particular.

The intention of the Royal Government, as conveyed by the Kasho, the Zonal Administrator's letter and the circular from the erstwhile Ministry of Social Services was to prevent illegal plots allotment by providing clear criteria and procedures. The Government was cognizant that land being a scarce resource, was highly vulnerable to corrupt practices. The important task of plots allotment was to be performed by the Dzongkhag Committee represented by the sector heads to bring check and balance through collective responsibility.

Modus Operandi of Illegal Plots Allotment

Plots allotment at Gyelpozhing was carried out in phases during 1999 to 2006. During the tenure of former Dzongdag Jigme Tsultrim, 93 plots were allotted in three phases. In addition to the plots allotment, some recipients were also allotted 'kidu' timber to construct buildings on the plots allotted.

The first modus operandi embraced by the Dzongkhag Committee for illegal plots allotment was to adopt lucky draw as the standard procedure for plots allotment. As per the government criteria and procedures, for the lucky draw to be a standard procedure, applicants had to first fulfill the determining criteria of owning a legal business and operating it themselves in the township. This first requirement of fulfilling the determining criteria was not adhered to by the Dzongkhag Committee by design. Lucky draw had become the standalone criterion for plots allotments.

Plots were also allotted to people who picked blank slips without plot numbers. Similarly, influential people who neither attended the lucky draw nor authorized anyone to attend it on their behalf were also allotted plots. In general, bigger plots were allotted to influential people on grounds that they could afford to pay the cost. Lucky draw was the pretext for plots allotment to influential people who neither owned legal businesses nor operated them in the township. On the contrary, ordinary people who could not attend the lucky draws or who had picked blank slips were not allotted plots. Some of these ordinary people had lost their land to the township and had made repeated requests for plots to the Chairman, Dzongkhag Committee.

The second modus operandi of the Dzongkhag Committee was introducing and imposing additional criterion, which stated, "Preference will be given to the applicants who have submitted their applications over the last three years." Contrary to the Government established criteria, the additional criterion had become the standalone criterion for plots allotment, setting the condition for misuse of privileged information on plots allotment.

Plots allotment was done based on applications that were 'supposed' to have been submitted three years ago. Taking advantage of this criterion, some applications without dates were allotted plots. Several influential people had filed their applications based on the Dzongdag's advice and obtained plots. For some influential people the three-year timeframe was null and void as they had obtained plots without or even before filing their applications.

The third modus operandi was removing the check and balance, which was the sole responsibility of the members of the Dzongkhag Committee. As civil servants most of the committee members were ineligible for plots but obtained the plots by filing applications through their spouses and relatives. Being members of the Dzongkhag Committee they had access to privileged information on plots allotment.

The members of the Dzongkhag Committee could not object to illegal plots allotment since they were also the beneficiaries of a manipulated system.

In accordance with the established criteria and procedures, the Dzongkhag Committee had authority only to process, examine and

prepare the eligible list for plots allotment for submission to the competent authority. The erstwhile Ministry of Communications as the competent oversight authority would examine the eligible list submitted by the Dzongkhag Committee for further action.

In accordance with the procedures, the Director General then, Department of Urban Development and Housing (DUDH) had written five letters to the Chairman, Dzongkhag Committee, informing him that plots allotment was not done in adherence to the established criteria and procedures. The Director General had asked specific additional information from the Dzongkhag Committee on the criteria and procedures for plots allotment. The Dzongkhag Committee was informed explicitly that they had no authority to allot plots. It was made clear that the Dzongkhag Committee could only prepare and submit the eligible list, which had to be approved by the Government before plots could be allotted.

The Chairman, Dzongkhag Committee did not heed to the directives of the competent oversight authority. He just kept sending the lists of plots allotment and went ahead with the registration of the Thrams and collection of the cost of plots, without the oversight ministry's approval. Subsequently, the minister of this very ministry also applied for a plot on behalf of his daughter. He was allotted a plot from the government land on the right bank of Kurichu (which was not acquired as part of the township) as did many influential people.

Of the 93 plots allotted in the first two phases (14.54 acres), 75 were illegal (10.96 acres). Further, 15254.96 cft of kidu timber was also misused.

Further, former Dzongdag Minjur Dorji as the Chairman of the Plot Allotment Committee, allotted six residential plots in 2005 and 2006. Two residential plots of 4,648.32 square feet each were allotted in 2005; three residential plots of 4,647.62 square feet each and one plot of 87,120.00 square feet were allotted in 2006. All the allotments breached the Government's established criteria.

The total area allotted was 2.43 acres. A plot was allotted from the Government land on the right bank of Kurichu. The Plot Allotment Committee members failed to exercise due diligence required by the important mandate entrusted upon them.

Issues Raised by the Case

Land Issues (broad)

The case raises few larger land administration and policy related issues, which may have to be further reviewed. They are:

- Allotment/release of land, State asset, is His Majesty's prerogative. Release of land for general development and allotment is an executive function but may have to be issued under a Kasho to maintain check and balance. A clear procedure may have to be developed to establish the hierarchy of responsibilities in releasing the State asset for development activities and managing it.
- Plots are allotted at a highly subsidized rate, which are subsequently sold by the allottees at very high prices (e.g. plots in Bajo and Gyelpozhing fetched over Nu. 2.0 million). For example, for the Bajo town development, Government acquired 35.18 acres of private land at a cost of Nu. 7.662 million, 5.08 acres of government land

(from the Renewable Natural Resource Research Centre) and invested Nu.93.94 million for site development (World Bank loan). The average cost per plot was Nu. 0.606 million (cost of government land not added) but the plots were sold at a subsidized rate of about Nu. 0.160 million per plot (cost of 3012.80 square feet, 3238.76 square feet and 3464.72 square feet plot size was Nu. 0.121 million, 0.130 million and Nu.0.139 million). The real beneficiaries are the second generation owners of the plots and not the land owners, who are simply paid a nominal price, as determined by the Government, for their precious land.

- Clear and consistent policy on plots allotment to land owners is necessary, if the Government continues to acquire private land for urban development. For example, in Khuruthang land owners were given a plot each free of cost, in Gyelpozhing land owners who lost land to the school received a plot each but had to pay and in Bajo there was no such consideration except in one case where a land owner was rendered landless following the acquisition of land by the Government (given a free plot).
- The intention of the ten year bar on the sale of plots may also have to be revisited as it does not bear any meaning since its compliance is not monitored and besides it may not be practicable.
- More plausible alternatives to acquisition of private land for urban development may have to be explored. Under the prevailing situation it may be unfair to the land owners and besides it has the potential for abuse by people in positions of power.
- Land allotment to business community based on trade license and its definition of “being operational” may have to be reviewed in light of its potential abuse. Bajo town plot allotment amply demonstrates it. An open system of auctioning plots, primarily in the commercial area by the Government may promote transparency. It may minimize disgruntlement amongst the license holders. However, the flip side of it is people with purchasing power will gain, large land ownership remaining in the hands of few people.
- To promote optimization of land use and to control speculations on land, vacant land and betterment taxes may be introduced for urban areas and underdevelopment tax if the land is not used in rural areas. Introduction of inheritance and progressive taxes are considered as effective mechanisms to discourage land speculation and also to promote the intended use. Such taxes may also reduce the present nature of demand for land which has entailed in complex management challenges.
- The haphazard development, which mostly occurs on the periphery of economically active areas (urban fringe), has to be managed. To promote good governance there, clear policies and procedures for approval of land allotment/release, construction approvals, inspection, subsidies, etc. may have to be put in place for a planned development.
- A national land use policy and plan is imperative for ensuring sustainable settlements (both rural and urban), balanced economic growth, food security, optimization of limited land resource and reduction of poverty. Such an instrument will minimize misuse of land use zones, protect agricultural and environmental zones and save the country from possible natural disasters. Rules/procedures have to be

developed for conversion of one zone to another in the national land use plan.

There is a national consultative committee comprising the Secretaries of MHCA, MEA, MWHS, MoAF, NLCS, GNHC and NEC and Secretary General BCCI on human settlement (appointed by the former Cabinet). The committee could study the issue of urban development within the larger framework of human settlement and review existing policies, introduce new policies, strategies, rules and guidelines and governance issues.

Long Term Implications of the Gyelpozhing Case

OAG's Refusal to Prosecute the Case

The Office of the Attorney General's (OAG) letter OAG/PLD/2057, September 19, 2012 and its nine-page report titled, "Opinion of the Office of the Attorney General on the Report of the Anti-Corruption Commission on the Investigation into Gyelpozhing Plots Allotment, Mongar" among others declared that the case would not be prosecuted since there was "no legal basis." The communication was a total departure from the established practice. The OAG going beyond the normal procedure to refute Gyelpozhing Land Case, questioning the ACC's integrity and persistently challenging the course of actions (suspension and prosecution) taken by the ACC set a new precedence in the long term ACC's and OAG's professional conduct. Under normal circumstances, rationale prevails over professional differences, which has been the case with OAG-ACC dialogues in many instances.

The OAG's stand raises many questions. Can the Attorney General take a prejudicial deci-

sion not to prosecute? Did the Attorney General act in public interest required by laws? Did the Attorney General attempt to delay or derail justice to insulate individuals and institutions? How will the Attorney General's commission or omission to act affect public trust in such a high office? Should the Attorney General get away without any accountability?

What is at the core is how independent is the Attorney General? Can s/he be independent? How can the Government assure independent conduct of the Attorney General especially when it involves prosecution of high profile public officials as in the case of Gyelpozhing plots allotment? Can there be a check and balance between the Government and the Attorney General?

As provided under sections 36 to 40 of the Office of the Attorney General Act of Bhutan 2006, the Attorney General must undertake and seen to undertake criminal prosecutions strictly based on objective and legal criteria. Such decisions must be based on the merit of the case at hand and not on the face of individuals or any other influence, political or otherwise. Further, while the Attorney General may be an appointee of the Prime Minister, whether to initiate criminal proceedings is not an issue of government policy or decision. Under delineation of functions, criminal prosecutions must be based on legal criteria provided by relevant laws. Hence, the Attorney General has to be accountable to the laws under which s/he performs her/his duties and ultimately to the people, as a functionally independent office.

Beyond Refusal to Prosecute: Breach of Trust

Contrary to the established practice, the OAG refuted and rebutted the findings of the investigation. The report from the OAG refuted facts, which were not even mentioned in the investigation report. Such facts and views were privileged information of the accused. This unfolding of the new trend pointed to “other reasons” for refusal to prosecute.

In further departure from the established norm, the OAG posted the report on its website. When the case was still under active consideration for logical alternatives by the ACC, information reached the public domain via the OAG report. The probable charges were also posted with the report without ACC’s consent. The investigation report of such a nature is highly confidential and the OAG had no authority to either post it on their website or share with anyone. Information leakage from the law enforcement partner like the OAG undermined the trust built over the years.

Undermining the trust and separation of authority, the OAG questioned the intention and the integrity of the ACC’s investigation. The OAG’s report made specific connection to the investigation being triggered by the Opposition Leader and the media, the stand taken by the Government.

Prosecution of the Case by ACC

The OAG’s refusal to prosecute the case resulted in the ACC invoking section 128 (3) of the ACA, 2011 to prosecute the case and take it to its logical conclusion. This is the first case to be prosecuted by the ACC since its establishment in 2006. The case was registered

in the Mongar Dzongkhag Court and was accepted.

The OAG filed a petition in the High Court challenging the ACC’s locus standi to prosecute the case in the Mongar Dzongkhag Court. This petition was dismissed by the High Court, upholding the ACC’s stand that under Section 128 (3) of the ACA 2011, it could prosecute cases when refused by the OAG.

An important corollary is, will the ACC prosecute every case that the OAG rejects? The ACC believes that it should not become a norm. As reported under the legal services, its Prosecution Referral Guideline will be revised to include clear criteria in exercising the prosecutorial power.

The flip side of the issue is what if ACC also does not take up such cases, especially if they involved powerful and influential people?

Repression of the Suspension Orders for Home Minister and Speaker by High Court
As per procedure, when a public official is charged for a criminal offence in a court of law, the ACC suspends the public official. Hence, the ACC suspended the Speaker and the Home Minister. However, in an unprecedented move again, the OAG filed a petition in the High Court challenging the suspension of the two public officials. This action from the OAG was in contrast to the mutual agreement reached to suspend public officials when charged in a court of law. Ordinarily, the OAG would inform the ACC to suspend officials. The High Court stayed the suspension order citing it to be not within the purview and scope of ACA 2011.

Retroactive application of law was made the scapegoat to stay the suspension of the public

officials. This issue always came under scrutiny only when people with power or authority were involved. The ACC's power to suspend in the ACA 2011 is included in the procedural part of the Act (all the ten chapters except chapter 4 are procedural). In legal principle, procedural provisions of laws are applicable retrospectively unless it is otherwise stated. Substantive laws with penalty provisions are forward looking and are not applied retroactively. The accused were charged under the Thrimzhung Chenmo and the Penal Code of Bhutan 2004 and not under ACA 2011.

The ACC has appealed against the High Court's verdict to the Supreme Court.

OAG Representing Individuals in the Court of Law

The state prosecutor, who declined to prosecute the case, was acting as a legal counsel of the Speaker and the Home Minister in its appeal and petition to the High Court to quash the suspension orders and challenge the ACC's locus standi to prosecute the case.

The High Court ruled that as per sections 31.2 and 125 of the Civil and Criminal Procedure Code, the OAG has the locus standi to invoke Article 21 section 10 of the Constitution to initiate a petition before this Court as mandated by Article 29 section 3 of the Constitution as a legal representative of the Government to test the legality of suspension order involving critical questions concerning the interpretation of laws and the Constitution. Further, the High Court established that OAG is mandated to represent the Government to protect the interest of the State but OAG shall not have locus standi to defend the Speaker and the Minister for the alleged offence in the Court.

A corollary issue here is public officials attending court proceedings at the cost of the State. The matter will be taken up at an appropriate time.

In a democracy, rule of law must prevail. Institutions that provide vertical and horizontal check and balance must function with utmost objectivity and impartiality. The foundation of democracy would be shaken if the delicate check and balance is undermined.

The judgments from the courts have set case laws. The first case law is that collective responsibility of a committee has to be exercised within the framework of laws, criteria and procedure set by the Government. Failure to exercise check and balance entrusted to the members of the committees for collective decision-making would attract appropriate penalties. The notion that the committee's decisions would be upheld irrespective of whether right or wrong is put to rest. Public officials entrusted with responsibility must have the courage to do the right thing to uphold truth and justice. The judgment has confirmed that it is not necessary for the accused to accrue an immediate tangible benefit to be convicted under section 294 of the Penal Code of Bhutan.

The ACC as an independent constitutional body is fully committed to fulfill its mandates entrusted by the Constitution of the Kingdom of Bhutan. However, in a society where public interest is not in the order of priority, vendetta has its prominent place. Reprisal for action taken in the line of duty is a reality.

The physical and professional demand on the scarce human resource, especially without qualified legal professionals, during the prosecution was huge. Every step was a learning

experience as prosecution is not ACC's normal mandate. The prosecuting team spent sleepless nights in fearlessly and professionally discharging their sacred duties in the larger public interest, despite the challenges.

The ACC and the OAG continue to work together. Sincere efforts have to be made by both the institutions in building mutual trust and confidence, which is the key to healthy and productive collaboration.

Challenges in Investigation

Investigation of corruption, unlike other conventional crimes, is highly challenging because it is a clandestine crime between willing parties. There is no perceptible victim, no crime scene and no witness or even if there was one, s/he would not divulge any information for fear of retribution. Besides, in a small and cohesive society, it is easy for the perpetrators to hide or launder the proceeds of corruption. Conventional investigation methods and understanding of certain legal principles may not be adequate in the fight against corruption.

Modern information and telecommunications technology, financial investigation of trails of money from proceeds of corruption, asset and liabilities tracing and lifestyle checks not only of the accused but also of other people have become necessary tools for effective investigations, while also being mindful of the importance of striking an appropriate balance between effective law enforcement and protection of human rights and privacy. The surveillance and intelligence infrastructure are capital intensive and resources have to be made available by the Government, if larger resources are to be saved from corruption.

Further, effective investigations without effective prosecution and adjudication bear no value. Since inception, it has been ACC's desire to engage the prosecutors during investigations (not necessarily in the investigation per se), especially in complex cases, to ensure deeper understanding of cases and hence effective prosecution. However, this cannot be materialized as long as OAG's capacity remains limited. As reported in the past, an aggressive action plan has to be developed to build OAG's capacity.

Judges and prosecutors must also have sound insight into how corruption occurs, social dynamics of the crime and fair knowledge on accounting, financial transactions, money laundering and construction. Dismissal of cases based on varying interpretation of laws, not having proven offences beyond (whose) reasonable doubt, accused not having benefitted from the act, acceptance of formalization of corrupt act, perception of bribery/gratuity as normal transaction between two individuals undermining the issue of conflict of interest also place greater burden on the investigators. Corruption does not necessarily reveal immediate and tangible benefit; it often is a long term cultivation of relations for future favours.

The challenges of social cohesion, public apathy, weak enforcement, poor accountability, fear of retribution, varying interpretation of laws, poor record keeping, bureaucracy in accessing documents, involvement of foreign nationals, inadequacies of investigators themselves and lack of surveillance and intelligence infrastructure highlighted in the last report continue to fraught the investigations in varying degree. Another potential challenge is managing people's right to information

and effective of law enforcement. The ACC is mindful of the fact and as confirmed from its own experience of over seven years, challenges will become bigger when big people and custodians of information are involved as they and their relatives, consciously or inadvertently, will place “official” hurdles in the name of following due process of law.

The ACC, however, will continue to engage various arms of the government and their agencies in addressing the challenges. Equally important is that the government has to ensure protection to witnesses and whistleblowers from any retribution and build their confidence to come forward with information. This will call for sincere and conscious action.

“

The challenges of social cohesion, public apathy, weak enforcement, poor accountability, fear of retribution, varying interpretation of laws, poor record keeping, bureaucracy in accessing documents, involvement of foreign nationals, inadequacies of investigators themselves and lack of surveillance and intelligence infrastructure highlighted in the last report continue to fraught the investigations in varying degree.

”



Pledge signing campaign
against Corruption



Poster
Competition

Youth performing at Clock Tower Square



SECTION 4:

A Challenge: Corruption in Recruitment and Selection

SECTION 4:

A Challenge: Corruption in Recruitment and Selection

In every annual report, an important challenge is highlighted for review, deliberation and action. The 2010 report discussed the high level of societal tolerance for corruption and also the failure at system's level to address it. Last year, the challenge of mainstreaming anti-corruption measures (NACS) in the larger governance system was highlighted. This year, it is corruption in recruitment and selection.

From the complaints that the ACC has received over the last five years (2008-2012), under type of corruption, abuse of function is the highest with 33%. It largely manifests in the form of favouritism and nepotism (inherent conflict of interest), which is perceived to be the most prevalent in the country (55.5% respondents, Corruption Perception Survey 2007). Further in the area of corruption, complaints related to personnel action is the third highest (14%) (2008-2012) and is largely to do with recruitment. Although it may appear to be small and declining, corruption in personnel actions has to be recognized as having an overarching impact on an agency's health. As highlighted in Section 3, the spirit of an agency depends on personnel management, which impacts on the productivity and integrity of the agency.

Further, there is a general perception that vacancy announcements and selection processes are only to complete formalities as the favoured or recommended candidates are already identified. It is also a frequently asked question, particularly by the youth. Another pervasive perception is that public servants

who allow inefficiency or/and corruption to perpetrate in their agencies (e.g. RAA reports and ACC investigations) are promoted and nurtured by the system while the perpetrators are penalized. Such unhealthy perceptions demoralize and disenchant public servants, impacting on the delivery and quality of public service. Perhaps this may also be a reason for poor responses to vacancy announcements, especially of senior positions in the public sector. Also, when hundreds of unemployed youth have to aggressively compete for the limited number of jobs, frustration naturally builds up over not getting a job not because of incompetence but because of corruption in the recruitment and selection. It makes the youth distrustful of the system, disillusioned by the gaps and explores ways to express themselves.

A corruption risk assessment of recruitment and selection typically identifies risks such as (i) manipulation of selection procedures to secure the appointment of a close friend or his/her child or a family member (favoured) or a person recommended by people in positions of power and influence (recommended), (ii) not declaring conflict of interest to advance the interests of the favoured candidate, (iii) appointing members to the selection panel to ensure the selection of favoured/recommended candidate, (iv) determining selection criteria to suit the favoured/recommended candidate, (v) leakage of information to the favoured/recommended candidate on the tests and interview content, (vi) restricting/changing notification or timeframes, (vii) falsification of qualifications or employment history by the candidates

and (viii) long-term temporary appointment of favoured/recommended candidates to evade selection procedures.

There are sufficient guidelines, rules and regulations to ensure that recruitment and selection is based on sound objectives, fairness (non discriminatory) and transparent systems (one knows what one is going to be tested on and decisions are made openly as opposed to being secretive). While sometimes they are flouted to suit favoured/recommended candidates, other times selection and recruitment processes are well intentioned but lack transparency, which generates perception of corruption. Given the small and hierarchical society and the importance of building strong integrity systems, corruption in selection and recruitment has to be dealt firmly and quickly. If recruitment selection processes are questionable or corrupt, agencies are unlikely to be able to recruit or keep people who will improve their ethical climate. Corruption-free recruitment and selection helps to set the tone for the agency.

The principle that positions are filled on the basis of merit is fundamental to the recruitment and selection of employees in an agency. Merit based selection should be designed to ensure that all eligible candidates have a fair opportunity to participate in the selection, which is based only on a candidate's ability to perform the work and not on his or her social connections. Effective redressal systems also should be put in place for timely action on the aggrieved parties' grievances. Favouritism, nepotism and conflicts of interest should not influence recruitment and selection processes.

Recruitment and selection of people with good track record (educational and employ-

ment history), high integrity standard, leadership qualities and sound competency level is addressing issues of organizational health at source. The head of an agency and its human resource officer, who is generally the conveyor of the recruitment and selection processes have a critical role in ensuring an ethical recruitment and selection system.

“

If you have integrity, nothing else matters. If you don't have integrity, nothing else matters.

”

Alan K. Simpson



Coalition Building in the fight against Corruption



In-Dialogue session with Ministries



SECTION 5:

Conclusion

SECTION 5:

Conclusion

Corruption reduction has become a national and a global priority. The fight against it, however, remains ever daunting and the trend is far from being satisfactory. Bhutan seems to be doing well as per some statistics. 66% of the respondents of the 2013 NIA survey perceive corruption to have decreased in the past five years as against 16.4% in 2007 and the global perception of 16 %, the national integrity score has increased from 7.44 in 2009 to 8.37 now (proximate), from the 38th least corrupt country in the world in 2011 she has moved to the 33rd rank with a score of 63 and 6th in Asia-Pacific in 2012 and 62% of the respondents perceive ACC as being very effective as against 31% in 2009.

The positive trend in the country, however, is largely because of the external stimuli of growing public voice channeled through the media and the ACC. This perception is supported by the telling facts of the absence of conscious systems approach to fight corruption as elicited by the general weakness in institutionalizing NACS in the overall governance system (not just the executive but also the legislature, judiciary, constitutional bodies, armed forces, religious and civil society organizations, private sector and the media), people's reluctance to speak up for fear of retribution and apathy due to the pervasive culture of tolerance and impunity, relatively low scores in anti-corruption systems, effectiveness of whistle blowing and effect of gratuities and entertainment (NIA) and low risk of getting caught and high dividends for being corrupt. Anti-corruption and integrity promotion measures are generally perceived as an ad-

ditional bureaucratic imposition by the ACC requiring bureaucratic measures. Further, the youth's tolerance for unethical behavior and their perception of direct relations between being unethical and success in life mirrors the pervasive culture of the system and the society's character.

Further, as democracy unfolds in Bhutan, political transparency is becoming vital. The transition to democracy has certainly created new opportunities for civic engagement and demanding greater accountability from the political leaders. However, it has also created new avenues for potential corruption such as political and electoral corruption, which seriously undermine democracy. Strengthening the transparency and accountability of political parties has become imperative. Globally, political parties is perceived to be the most corrupt institution. Such a perception spells lack of public trust in political parties, which potentially threatens the democratic process. A strong democracy and fair elections depend on transparency in political financing and articulation of code of conduct, stringent oversight and accountability mechanisms. Increased public awareness in civic participation, transparency and better public knowledge about the flow of money in politics can help eliminate corrupt practices. They can also bolster democratic processes by offering citizens the opportunity to make informed voting decisions.

Electoral corruption entails in vote buying and selling through various means including coercion. Its transaction may not always be in cash

but may include food, clothes, transportation during voting time, mobiles and vouchers, household goods, infrastructure, construction material, agricultural inputs, scholarships, jobs, contracts and other services. Voters may also be threatened with deprivation of benefits if they do not vote as “paid” or “advised.” As vote buying and selling becomes entrenched in the political culture of a country, the buyer is encouraged to look for more resources and misuse public funds to buy votes and the seller is encouraged to exploit the opportunity. This can potentially create undesirable tension and disharmony in small communities.

There can be no clean government without clean politics since Government largely holds monopoly power in the provision of public goods and the public officials possess the discretion to determine the quality and quantity of services to be provided to the people. Risks such as legitimization of corruption (legal corruption) through state capture where businesses, politicians and public servants collaborate to shape and manipulate laws, policies, regulations and administrative processes to benefit their political supporters, relatives and proxies, money politics, “lobbying” and influence will dominate the governance system.

Institutions, public and private, have to depart from empty sloganeering. Anti-corruption programs with effective implementation and monitoring schemes constitute an institutions first line of defense against corruption. Only full and transparent disclosure of such programs underscores an institution and its leadership’s commitment to countering corruption and enhances ethical conduct among its management, employees, partners, agents and other relevant parties up and down the value chain of its business and services. Such an in-

stitution is characterized by ethical and motivational leadership, culture of strong sense of public duty and accountability, effective integrity systems and future leadership at all levels tracked, nurtured and developed. Leadership is crucial. If leaders are less than incorruptible and do not demand high standards of conduct and performance from their employees the structure of administrative integrity will weaken and eventually crumble (from a great leader’s conviction).

Further, the ACC’s sectoral approach is expected to not only offer the opportunity to understand sectors’ mandate, policies and strategies better but also pave the way for more effective communications leading to establishing dynamic partnerships in promoting integrity, efficiency, transparency and accountability in the sectors. This will prompt proactive interventions in a more systematic manner. (does it fit here??? If not delete)

The Government has to take the lead role in strengthening the national integrity system, a holistic approach to countering corruption. It promotes better governance across all parts of society and ultimately contributes to a more strong system of governance built on a just, responsible, empowered and harmonious society. Agencies should develop integrity action plan core to which are ethical leadership, staff integrity, system integrity and effective monitoring and implementation plan. Leaders have to be committed to corruption prevention and detection through resource (not only funds but also time and people) allocation to bring about behavioural change in themselves first and their employees, organizational values as drivers of work ethics should be defined and promoted in wider scale for personnel, especially those occupying high-risk positions,

minimize corruption by de-monopolizing power, discretion and enhancing accountability, minimize opportunities for corrupt transactions and corresponding gains, increase risk of being caught and impose hard sanctions. Integrity has to be embedded in the internal governance system through institutionalization of tools such as corruption risk management, integrity diagnosis, asset declaration and life style watch, national integrity assessment and reward systems.

The Government should not wait for full blown scandals, loss of huge resources in-

cluding people in whom it has invested and deepening of public distrust. Corruption not only has destructive effects on the economic growth, investment, human development and environmental policies but it seriously erodes public trust in the governance system and engenders deep sense of injustice and inequity, which will have pernicious impact on social harmony and security. The emerging challenges in the country is also a clarion call for the citizens to fulfill their fundamental duties in upholding justice and fighting against corruption.

“

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.

”

Excerpt from His Majesty's Kasho (Royal Decree)
Issued on 31st December, 2005
by His Majesty the 4th Druk Gyalpo



Anti-Corruption Commission

www.acc.org.bt



Lead by example

Thimphu
Post Box No. 113
Tel: +975-2-334863 /64/66/67/68
Fax: 334865