

ANNUAL REPORT 2019



**SAY NO TO
CORRUPTION**



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ACC
ANTI-CORRUPTION COMMISSION



"One of the key attributes that will set us apart from others is the value of integrity. We must be a nation of honest, reliable and trustworthy people."

His Majesty's Address on the 14th RUB Convocation, 2019

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.

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Introduction

Introduction

The year 2019 saw greater impetus for concerted and collective effort against corruption in the country. The political will to fight corruption has been reaffirmed in adopting ‘Corruption Reduced’ as one of the National Key Result Areas (NKRA) in the 12th Five Year Plan (FYP). The Government adopted the National Integrity and Anti-Corruption Strategy (NIACS) 2019-2023 wherein, unlike in the past, a national level committee, namely, the National Integrity Committee (NIC) Chaired by Hon’ble Lyonchhen will ensure its effective implementation. The NIACS aims to promote DAMTSI: Developing Accountable, Moral and Transparent Systems and Individuals and foster collective alliance in the fight against corruption in the 12th FYP. The year 2019 marked the first year of NIACS implementation.

In the reporting year, the collective effort for fighting corruption has been enhanced with the signing of the Memorandum of Understanding (MoU) with the Royal Education Council (REC) and collaboration with the Ministry of Labour and Human Resources (MoLHR) in promoting ethics and integrity and integrating it into the school and Technical and Vocational Education and Training (TVET) curriculum; up-scaling integrity clubs in schools; and initiating the development of a Strategic Youth Integrity Program (YIP) to cater to the youth of Bhutan, both in-school and out-of-school youth.

The ACC, through its multidisciplinary approach in the fight against corruption has made sustained efforts to build corruption resilient systems, policies & procedures and an awakened citizenry. In the reporting year, the second round of Gewog Advocacy Program which started in November 2016 concluded, covering all the 205 gewogs. Additionally, to build ethical competence and promote anti-corruption principles, the ACC has stepped up its interactive sessions and thematic sessions for different target groups. Further, to mainstream risk-based integrity measures in the agencies and strengthen the internal governance systems to reduce corruption opportunities, Corruption Risk Management (CRM) has been integrated into the functions of Internal Auditors. The ACC conducted a reactive system study on Driver Training, Assessment and Licensing System and made recommendations to the relevant agencies for system improvements. The ACC also conducted the survey part of the National Integrity Assessment (NIA) 2019 covering 150 agencies and 272 services. Considering long-term adverse impacts of corruption in the policy-making process and also in line with the

resolution of the 17th Session of the National Council, the ACC initiated research work on Corruption in Policy-Making Process in Bhutan including legislation and regulation enactment processes to identify risks and loopholes, and recommend interventions.

In terms of investigation, the reporting year saw a total caseload of 50 which is an increase of 28.2 % from the previous year. Of the total caseload, 38 were new cases and 12 carried over from the past. Investigation of 25 cases has been completed, of which 13 were forwarded to the Office of the Attorney General (OAG) for prosecution achieving prosecution referral rate of 52.0 %; six cases referred to agencies for administrative actions; and six cases dropped due to lack of evidence. Various courts have awarded judgments on 60 cases including De-Suung and Trongsa Land cases prosecuted by the ACC of which 19 were under appeal.

Recognizing that enhancing the skills/knowledge of the ACC staff in diverse fields is critical for preventing and combating corruption effectively, in-house Task Force developed a Competency based Human Resource Development (HRD) Plan for the entire 23 positions of the ACC. The Plan provides a strategic framework to build competent, qualified and resilient anti-corruption cadre through the provision of relevant, goal-oriented, effective and dynamic professional development programs.

In terms of international standing in the fight against corruption, Bhutan in 2019 maintained its rank and score of 25th and 68 respectively as in the year 2018. Bhutan's score is above the global average score of 43 and slightly improved average score of the Asia-Pacific region of 45. Bhutan has also maintained its sixth position in the Asia-Pacific region for the last five years and stands as the cleanest country in the South Asian Association for Regional Cooperation (SAARC) region.

The Annual Report 2019 is the 13th report being submitted to His Majesty the Druk Gyalpo, Prime Minister and Parliament in accordance with Article 27 (4) of the Constitution of the Kingdom of Bhutan and Section 169 (1) of the Anti-Corruption Act of Bhutan (ACAB) 2011. This is the last Annual Report of the second Commission, specifically, the two Commission Members (Chairperson Kinley Yangzom and Commissioner Jamtsho) who complete their five-year term on 30 July 2020. Therefore, the report, besides covering the period from January to December 2019, also takes stock of its performance in the last five years from April 2015 (Annual Report 2014 covered up to March 2015).

The report has four sections, excluding the introduction and conclusion, as follows:

SECTION 1: The ACC AS AN INSTITUTION

The section highlights the update on Commission's priorities to further strengthen the ACC as a trustworthy, credible, strong and effective institution.

SECTION 2: The ACC's PERFORMANCE

The section presents the ACC's performance in delivering its core mandate - education, prevention and investigation including management of complaints and referrals, and Bhutan's international standing in the TI-CPI 2019.

SECTION 3: THE RESOLUTIONS OF PARLIAMENT

The section reports on the resolutions passed by the Parliament pertaining to the ACC and its implementation status.

SECTION 4: CHALLENGES AND RECOMMENDATIONS

The section highlights challenges facing the ACC in carrying out its investigative mandate which besides affecting the delivery of justice also affects physical and psychological wellbeing of the staff. It also recommends interventions thereof.

Section

1

The ACC as an Institution

The ACC as an Institution

This section highlights the endeavors of the Commission to further strengthen the ACC as a trustworthy, credible, strong and effective institution through inward as well as outward looking strategies.

1.1. The Commission's Priorities: An Update

The Commission had identified certain priorities in the Annual Report 2015, and updates on it have been presented in the subsequent annual reports. For the reporting period, the updates are as given below:

1.1.1. *Organizational Restructuring & Staffing*

Based on the experiences and insights gained, the revised organizational structure and staffing implemented on 1 April 2016 were further streamlined with minor restructuring and staff enhancement to improve its services, relevance and utility of the resources as follows:

- ***Upgraded the Asset Declaration (AD) Unit to Division:*** Asset, Liability and Conflict of Interest Management services in the ACC is one of the important corruption prevention tools to enhance transparency and accountability of public servants. To lend true meaning to it, the AD Unit under the Prevention Division, Department of Prevention & Education (DoPE) has been upgraded to Asset Declaration Management Division (ADMD) as endorsed by the Royal Civil Service Commission (RCSC) in March 2019.
- ***Renaming the Document Management Division (DMD) as Follow-up & Documentation Division (FDD) with enhanced mandate and staffing:*** As per sections 128, 137, 24 (1) (j) and 25 (1) (b) & (h) of ACAB 2011, cases investigated gets referred for prosecution, disciplinary/administrative action, and/or systemic improvement based on the findings of investigation. All these three referrals require coordination and follow-up with relevant agencies and review of decisions/actions taken for logical closure of cases. However, timely and effective coordination and follow-up on referrals by the ACC on actions by agencies has been weak.

Fight Against Corruption



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ACC
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Sustaining the momentum to secure the future...



Recognizing the need to consolidate coordination and follow-up on post investigation referrals for prosecution, administrative action, systemic improvement and/or judgment implementation necessitates a dedicated division. However, instead of proliferating divisions, existing DMD under the Department of Professional Support (DoPS) to be renamed as FDD with enhanced staff has been proposed to the RCSC in August 2019. Pending the RCSC's endorsement, interim arrangement has been made to carry out the above functions. Further, the division is also responsible for managing Integrity Vetting System as corruption prevention mechanism and a programmed activity in the 12th FYP.

- ***Strengthening the Complaints Management Division (CMD):*** As per the recommendation of the 11th Session of the Second Parliament to enhance the capacity of the ACC to deal with complaints of administrative nature, capacity of the CMD is being continuously enhanced with additional staffing. Further, Information Enrichment Section has been created under the CMD with additional manpower. However, the proposal forwarded to the RCSC in August 2019 is yet to be considered by the RCSC.
- ***Restructuring Branch V, Department of Investigation (DoI):*** To enhance practicality and the need to provide support and professional development services to the DoI, which is the largest department, the ACC initiated reorganization of Branch V comprising of three units namely, Business & Professional Development Unit, Digital Forensic Unit (to be transferred from the Technical Support Division), and Operational Support Unit. The proposal will be submitted to the RCSC for endorsement.

In the reporting year, the projected staff strength for the ACC was revised from 150 to 152 (excluding Commission, Drivers & GSP/ESP) due to upgrading of the AD Unit to Division.

In terms of meeting the Human Resource (HR) requirement, the ACC was expected to recruit 34 additional staff in 2019, including the 22 unsuccessful recruitment carried over from 2016 - 2018. However, given the challenges in attracting professionals with diverse work experience, the ACC could recruit only 22. Considering the five internal recruitment and five resignations, the net gain was 12 for 2019.

As of December 2019, the staff strength was 118 as shown in **Table 1.1**:

Table 1.1: Recruitment Status

Department	Revised staff strength	Staff strength (Dec 2018)	Recruited	Separated	Total staff strength (Dec 2019)
Secretariat Services					
Secretariat	1	0	0	0	0
Policy & Planning Services	6	5	1	1	5
ICT & Media Services	4	2	2	0	4
HR & Training Services	3	3	0	0	3
Admin.& Finance Services:					
<i>Administration</i>	2	2	0	2	0
<i>Accounts</i>	2	2	0	0	2
<i>Library</i>	1	1	0	0	1
<i>Pool (including PS/PAs)</i>	8	4	4	1	7
Technical Support Division	17	7	1	0	9
Legal Division	15	9	2	0	11
Dept. of Investigation	60	45	4	5	43
Dept. of Prevention & Education	23	14	5	0	19
Dept. of Professional Support	10	12	3	1	14
Total	152	106	22	10	118
Total staff including (3 Commission Members, 12 Drivers, 1 GSP & 3 ESP)					137

In the last four years, the perennial HR challenges faced by the ACC has been mitigated significantly through restructuring and rigorous recruitment. The total staff strength has increased from 66 in 2015 to 118 as of December 2019.

The three core functions of the ACC – investigation, prevention and education have been strengthened for greater reach and impact towards a corruption-free society. Facilitated by the RCSC, Bhutan Civil Service Examination (BCSE) selected university graduates (20) and teachers (21), were the main sources of recruitment in the Professional & Management Category. However, challenges remain in retaining people in the agency, which is a general trend across the civil service, as more and more Bhutanese are seeking better paying employment abroad. In the last five years (2015 -2019), a total of 32 staff were separated from the ACC as shown in **Table 1.2**.

Table 1.2: Staffing Summary

Year	Recruited (new/transfers)	Separated (resigned/transferred)	Net Gained	Achieved staff strength	Planned staff strength	Gap against planned staff strength	Approved Staff Strength
2015	9	1	8	66	-	-	-
2016	23	4	19	85	94	9	147
2017	16	5	11	96	113	17	147
2018	27	17	10	106	128	22	150
2019	17	5	12	118	140	22	152
Total	92	32	60	118 (84.3%)	140	22 (15.7%)	152

Note: Against the planned staff strength of 147 by July 2020, 14 recruited and one resigned in January 2020.

1.1.2. Professionalizing Internal Operations

In an effort to make the ACC a system-driven organization, policies, procedures, protocols, manuals and guidelines have been put in place. In the reporting period, the following activities have been carried out:

Adoption of manuals: Following manuals/guidelines were adopted:

- **Corruption Risk Management (CRM) Manual:** CRM is a self-assessment and management tool to facilitate identification of potential fraud and corruption risks in an organization and prevent them proactively through strengthening its internal control systems. CRM is one of the primary corruption prevention tools pursued by the ACC since 2010. Its overall methodology was developed and adapted based on the international standards of risk management such as COSO Enterprise Risk Management

Framework and ISO 31000:2009 Risk Management Principles. The CRM manual provides a step-by-step guide for CRM facilitators in conducting CRM in respective organizations. The manual highlights the fundamental principles that can be used to identify, evaluate and mitigate corruption risks.

- Information Enrichment (IE) Guideline:*** IE is one of the four major decisions taken on a complaint. The other three decisions are Drop, Share and Investigate. IE is decided when none of the other three decisions can be taken on a complaint as certain facts/information contained in the complaint need to be verified and/or additional information needs to be obtained to further validate the complaint. Responsibility to conduct IE has been entrusted to DoPS since December 2017. To facilitate and ensure proper conduct of IE, the Commission adopted the IE Guideline in June 2019. The guideline outlines important aspects of IE like policy, objectives, roles and responsibilities, procedures and turnaround time. With this guideline in place, Commission aspires to professionalize the conduct of IE and also reduce the number of complaints being shared with agencies for action.
- Guideline for Auction of Seized Property:*** The Penal Code of Bhutan provides for the restitution of proceeds of crime prohibiting the perpetrator from enjoying the illegal fruits of an offense. Sections 103 and 107 of ACAB 2011 also empowers the Commission to seize and freeze any property that is a subject matter of an offence. And Section 103(6) of ACAB 2011 empowers the Commission to auction any movable property seized during investigation, which is liable to speedy decay or deterioration, or is a property which cannot be maintained without difficulty, or which is not practicable to be maintained upon order from the Court. Therefore, in pursuit of implementing such measures effectively and in the best interest of both the state and the defending parties, whether impending court judgement or otherwise, the Commission developed the guideline that sets out clear policy and procedures in facilitating the administration of auctions in a consistent, objective and professional manner.
- Standard Operating Procedures (SoP) related to functions of Policy and Planning Services (PPS):*** To further enhance the overall functions of the PPS, SoPs related to 1) Coordination and facilitation of regular internal communications; 2) Management of national & international relations;

3) Mobilization and management of project funds; and 4) Formulation, monitoring and evaluation of plans and programs were developed. The SoPs outline general service standards and processes for coordination, collaboration and consolidation of plans and programs. This was one of the recommendations of the third CRM conducted in September 2017.

In addition, during 2015-2018, 22 manuals/guidelines/SoPs have been developed related to investigation and complaints management, integrity assessment, system studies and integrity promotion in the private sector. These documents are meant to ensure consistency in the processes, improve quality and further enhance efficiency in the service delivery.

Compliance Auditing: In March and April 2019, the Commission conducted compliance auditing on the 12 operation manuals and its forms and templates related to management of complaints and investigation to strengthen the internal functional processes and to address the risks identified in the third CRM and the fifth Integrity Diagnostic Test (IDT) conducted in 2017.

The compliance auditing found that most of the policies, and procedures and practices adopted are in compliance with ACAB 2011 and other relevant laws, and the requirements set out in the manuals. However, it also revealed a few inconsistencies i.e. inconsistency of few clauses in the operation manuals with the provision of ACAB 2011 and other relevant laws; few conflicting provisions within the operation manuals; and practical discrepancies and deviations while implementing some requirements under the operational manuals, its forms and templates. The DoI and DoPS are reviewing these operation manuals, forms and templates to address the issues and recommendations of the compliance audit.

Development of Data Repository System: Storing and managing accurate information systematically using appropriate tools and technologies is essential to building efficient business processes within an organization. The DoI developed a database to store and manage historical information of more than 260 cases, including details of over 1000 individuals, investigated by the Commission (2006 – 2016), which is prior to adoption of the web-based Complaints & Investigation Management System (CIMS) and therefore not captured in the CIMS. This legacy database was conceived and developed to address the need to have more efficient and reliable information repository to support the Commission for informed decision-making. With appropriate enhancements, this database is also expected to facilitate background check and integrity vetting mechanism for supporting value-added HR interventions in the overall governance system.

NATIONAL NETWORKING

for enhanced collaboration
& coordination



1.1.3. Reducing Backlog of complaints qualified for investigation

One of the key priorities of the Commission is to reduce the backlog of 555 complaints qualified for investigation (2006 -2015) to at least 40% by July 2020. In the reporting period, it has been reduced to 6.7%, leaving only 37 backlog complaints. The detail update on the backlog complaints is presented in Section 2.3.3 of this report.

1.1.4. Enhancing partnership and networking with critical partners

National Networking

Royal Education Council (REC): The ACC signed an MoU with the REC towards promoting ethics and integrity in the school education. Broadly, the MoU provides a framework for cooperation and collaboration between the two agencies to enrich the existing curricula on value education, develop capacity of teachers in delivering the curricula effectively, and conduct joint programs to prevent corruption.

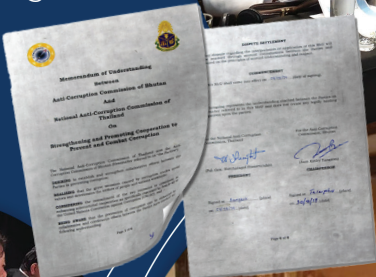
Bhutan Transparency Initiative (BTI): The BTI is one of the critical national counterparts of the ACC. It has substantially complemented the roles of the ACC to advocate and foster systems of integrity in the country. The ACC renewed its commitment to partner and collaborate with the BTI in promoting integrity, transparency and accountability, and constructively engage citizens to fight corruption collectively. The first MoU signed in April 2015 was renewed on 13 September 2019. This renewed MoU is expected to facilitate the implementation of NIACS 2019-2023.

The ACC, during 2015-2018, has signed MoUs with the Construction Development Board, Royal Bhutan Police & OAG, RCSC and the Institute of Science of Mind.

Media: Recognizing the important role of media in fighting corruption, the ACC has been making conscious efforts to enhance the ACC – Media collaboration. With the appointment of Information and Media Officer in January 2019, works are underway to finalize and adopt the draft Media and Communication Strategy. The Strategy aims to actively engage and further strengthen collaboration and cooperation with media to tackle corruption in the country.

REGIONAL & INTERNATIONAL NETWORKING:

Building & enhancing partnership in the fight against corruption.



In the reporting year, the ACC closely interacted with the media fraternity to further disseminate and educate the general mass about corruption and anti-corruption measures. The ACC organized a meeting on 17 July 2019 to reconnect and build stronger relationship/cooperation with the media fraternity. Following the meeting with the representatives from the media firms, the ACC reinstituted the forum for interaction with the media through “Press Meeting” to disseminate information on completed investigations. Two “Press Meetings” have been organized in the last quarter of 2019.

Civil Society Organizations (CSOs): Fighting corruption requires multifaceted approach with diverse stakeholders. One of the priorities of the Commission is to engage the CSOs, given their reach and proximity to the citizens. NIACS 2019-2023 categorically emphasizes the importance of empowering CSOs as one of the primary actors in taking up anti-corruption agenda alongside their primary responsibilities.

While there are 46 CSOs as of date, majority of them are focused on their primary mandate, which does not necessarily contribute to strengthening good governance and reducing corruption. Acknowledging the difficulty in taking all the CSOs on board to drive such roles because of their mandate, the CSOs at the least are expected to and must promote anti-corruption and integrity measures in their respective institutions, which would contribute in controlling corruption. Building institutional credibility, will garner greater public trust and confidence. Therefore, it is imperative that the public agencies create a conducive environment for CSOs through enhanced legal and strategic partnership to enable them to participate in promoting integrity and anti-corruption agenda. It is equally important to provide the required resources to take up integrity promotion and anti-corruption functions. For effective engagement of the CSOs in fighting corruption and promoting good governance, the ACC with support of the United Nations Development Programme (UNDP) Country Office has fielded a national consultant to develop “CSO Engagement strategy on Justice, Governance & Anti-Corruption”. The strategy will provide a framework for the CSOs and public agencies to proactively collaborate and engage in strengthening Good Governance and promote systems of integrity.

Regional and International Networking

Hosted a delegation from the Independent Commission Against Corruption (ICAC) of Hong Kong: As a follow-up of the ACC Chairperson’s meeting with the Commissioner (Head) and senior officials of the ICAC, Hong Kong on the

sidelines of the 7th ICAC Symposium in May 2019 in Hong Kong, the ACC hosted a two-member delegation from the ICAC from 8-12 September 2019. The main objective of the visit was to reinforce the cooperation between the two anti-corruption agencies and in particular, facilitate the ICAC to study the competency needs of the ACC. Accordingly, capacity needs and broad possible areas of cooperation were discussed during the visit. The representatives also exchanged experiences and best practices of the respective institutions.

Fielded a delegation to the Commission to Investigate Allegations of Bribery or Corruption (CIABOC) of Sri Lanka: Upon the request of CIABOC of Sri Lanka, the ACC fielded a five-member delegation on an experience-sharing visit from 14-18 October 2019. During the week-long exchange program, the ACC shared its experiences on anti-corruption tools, techniques, programs and strategies to prevent and detect corruption offences. The delegation conducted sessions on education & awareness strategy and the programs; prevention and mainstreaming strategy with focus on NIACS; prevention tools such as declaration and management of Gifts, declaration of assets, liabilities and Conflicts of Interest; complaints management and disposal system; and techniques on investigation and case management, among others. The interactive sessions engaged officials of CIABOC as well as other senior public officials from various ministries, departments, universities and regulatory agencies of Sri Lanka. Besides, the ACC delegates called-on the Hon'ble Chief Justice, President of the Court of Appeal and the Attorney General of Sri Lanka.

Renewed the MoU with the National Anti-Corruption Commission (NACC) of Thailand: The MoU has come into effect from 8 August 2019 and will be valid for three years. In renewing the MoU, the ACC and NACC reconfirmed the joint effort to prevent corruption through exchange of expertise, experiences/best practices, information and intelligence. The parties are also committed to help each other in developing and enhancing institutional capacities.

Besides, the ACC has signed MoUs with the Malaysian Anti-Corruption Commission, Basel Institute on Governance and Anti-Corruption Commission of Bangladesh. Further, the ACC is collaborating with other leading Anti-Corruption Agencies and law enforcement agencies in the region and abroad such as the Corrupt Practices Investigation Bureau of Singapore, Central Bureau of Investigation of India and Federal Bureau of Investigation of USA.

1.1.5. Branding the ACC as an ‘Employer of Choice’

As part of branding the ACC as an ‘Employer of Choice’ some of the initiatives undertaken during the reporting period are:

Institutional Motivation and Social Security Fund for the ACC Cadre (the Fund): The Fund designed to motivate and secure long-term commitment of professionals in the ACC by addressing their key social and economic security needs will be implemented phase wise. For the first phase, the work on ACC housing project has been initiated.

Staff Welfare Scheme: The scheme was revised in February 2019, taking into considerations the need to address certain unforeseen emergency needs, practical implementation challenges and sustainability of the scheme.

Child Care Facility: The facility has been operational from January 2019 with 15 children and three Care-Givers. The facility is managed by a committee comprising parents and the ACC administration. The parents availing the services bear the expenses related to management of the Centre.

Organization Climate Index (OCI) study: The ACC for the first time conducted a survey to assess the organizational climate. The OCI of the ACC was measured by assessing employees’ perceptions and experiences on 14 different domains/dimensions of the organization.

The survey revealed that the ACC’s OCI is 3.95, on the scale of 0-5, which shows that the ACC has “good” organizational environment. Among the 14 domains assessed, “Clarity of Roles” was the highest rated domain indicating that the employees are very clear on their roles and responsibilities. On the other hand, the lowest rated domain from a comparative perspective was “Training and career development” indicating low satisfaction of the staff on trainings and capacity programs. Comparison by seniority in service showed that the employees with less than one year of experience in the ACC are the most satisfied while employees who have been with the ACC for six to nine years are the least satisfied.

The study benchmarked the organizational climate and also recommended strategies to enhance perception, satisfaction and engagement of the staff for greater organizational performance.

Construction of Office building, Phuntsholing: The construction which started in January 2018 to facilitate the ACC in enhancing its institutional capacity as well as minimize recurrent administrative cost was planned to be completed by September 2019. However, as of December 2019, the physical progress was 85.0% with 81.0% payment completed from the initial contract price of Nu. 43.35 million. The delay has been mainly due to certain major work items missed out in the Bills of Quantities, amendments to certain work items and other additional works that was not foreseen during the conceptualization stage. The team consisting of senior officials has been regularly assessing the progress and quality of the works. Those items of work which did not meet the expected quality standard have been identified and rectified during the construction phase itself rather than doing the same during the defective liability period.

1.1.6. Financial Security

The ACC received a total of Nu. 142.03 million (Current: Nu. 91.02 million and Capital: Nu. 51.01 million) for implementation of the activities in the second year of the 12th FYP. The budget is an increase of 6.2% as compared to the previous financial year (Nu. 133.29 million). To complement the Royal Government of Bhutan (RGoB) funding, as reported in the Annual Report 2018, ‘*Justice Sector Strategic Plan 2018-2023*’ has been adopted for the justice institutions with the objective to “provide more accessible, inclusive, accountable, responsive and quality services”.

The strategy was developed with financial support of the Austrian Development Agency (ADA) and technical assistance from UNDP. The core justice providing institutions comprising of the Royal Court of Justice, ACC, Royal Bhutan Police (RBP) and Bhutan National Legal Institute, led by the OAG, and with the support of ADA, UNDP, National Commission For Women and Children, Jigme Singye Wangchuck School of Law, Bar Council, Bhutan Alternative Dispute Resolution Centre and Gross National Happiness Commission Secretariat (GNHCS) developed the program document titled *Implementation of the Justice Sector Strategic Plan of Bhutan (2019-2023)*. This program document defines implementation approaches and activities to realize the objectives of the Strategic Plan and strengthen the justice institutions and services to achieve the NKRA 16.

The total projected budget to implement the program over five years is Nu. 1,368.12 million (approximately EUR 17.44 million or USD 19.54 million). The ADA has committed a total of Nu. 337.27 million (EUR 4.50 million) of

which Nu. 31.29 million (EUR 0.42 million) is apportioned to the ACC. The ADA's support primarily focuses on enhancing institutional capacities of justice sector institutions through infrastructure strengthening and institutional capacity development. The Grant Contract between ADA and GNHCS was signed on 15 November 2019 and the project is being implemented by the justice institutions under the stewardship of the GNHCS.

In the first Financial Year (FY) 2019-2020, the ACC is expecting to utilize Nu. 7.67 million (EUR 0.10 million) which is about 24.5% of the total allocated budget to the ACC.

Anti-corruption programs being capital intensive, the ACC has been highly dependent on the assistance of development partners to complement the support of the RGoB. The details of the support received from various development partners from 2015 to 2019 are given in **Table 1.3**.

Table 1.3: Detail on Projects

SN	Development Partners	Title of the project	Period	Total amount	Outcome
1	SDC	Democratic Governance Program (DG +)	September 2013 – June 2017 (Closed)	Nu. 189.77 million (<i>Nu. 67.47 million from July 2015 – June 2017</i>)	ACC remains a credible and effective institution; build strong and lasting integrity systems in the public and private sectors; and increase civil society engagement in anti-corruption efforts.
2	UNDP	ACPIS (UNDP Singapore)	July 2017 – June 2019	Nu. 16.15 million	Strengthen institutional capacity of the ACC; and Institutionalize anti-corruption and integrity measures (BIIB, youth integrity).
		Good Governance (UNDP Country Office, Bhutan)	Jan 2019-Dec 2019	Nu. 1.62 million	Strengthen parliament and justice sector capacities and approaches with increased inclusion, transparency and accountability (BIIB, CSO engagement strategy)



Strengthening **Internal**
Communication & Teamspirit



1.2. Embedding Integrity in the ACC

In an effort to build the ACC as a strong, credible and effective institution and to 'Lead by Example' with the moral authority to advocate, some of the activities carried out are:

1.2.1. Implementation of the Organizational Integrity Plan (OIP)

The ACC formulated the OIP with 16 activities to be implemented in the 12th FYP to manage corruption risks. The first review of the OIP implementation in the ACC was conducted in January 2019. Following are some of the initiatives implemented under the aegis of the OIP:

- Developed Guidelines/Manuals/SoPs/as reflected in Section 1.1.2;
- Instituted weekly Gift Administration Committee (GAC) meetings to facilitate timely administration of gifts;
- Enhanced check and balance system in compilation of scores during recruitment and long term training selection; and
- Sensitized staff on the ACC's Ethical Code of Conduct and values in every quarterly meetings.

The OIP will be revised in 2020 to further align with NIACS 2019-2023.

Management and administration of gifts: As reported in the annual reports 2017 and 2018, the ACC's constant effort in building a strong, effective and system-driven institution through institutionalizing various integrity measures in its internal governance system, management and administration of gifts is one of such measures that has been strictly implemented. In the reporting year, 73 gifts had been received by the employees and most were souvenirs and plaques received from foreign governmental agencies during institutional visits/ training/meetings, and visiting delegations, while some were from public agencies, officials and private individuals received during sessions, presentations and on the new-year occasion. These gifts were mostly permissible under the Gift Rules 2017 and accordingly retained by recipients. However, four gifts received as institutional gifts and four which exceeded the nominal value (i.e. more than ten days national minimum wage/more than Nu. 1,250.00) were deposited in the office as presented in **Table 1.4**. No gifts were received from prohibited sources.

ZERO WASTE HOUR



Inculcating a sense of responsibility for a *Clean Society*



Table 1.4: Status of gifts declared and actions taken

Total No. of gifts declared	Source of gifts			Actions taken on gifts declared		
	Public agency/ Officials/	Foreign Govt.	Prohibited source	Retained by the recipient	Returned to the giver	Disposed of/ used for official purpose
73	32	41	0	65	0	8

Implementation status of CRM: The third CRM conducted in September 2017 had identified 21 corruption risks under seven broad offences. Accordingly, 25 mitigation measures were adopted to address the potential corruption risks and vulnerabilities. The ACC reviewed its implementation status in March 2019. Of the 25 recommendations, 40.0% had been fully implemented, 40.0% were on-going, and 20.0% not yet implemented with an 80.0% overall compliance rate. By the end of the reporting year, the overall compliance rate had increased to 92.0%.

Enhancing Grievance Redressal Mechanism (GRM): The revised GRM Guideline has been adopted and accordingly grievance on HR management has been included as one of the Success Indicators (SI) in the Annual Performance Target (APT) for FY 2019-2020 to ensure timely, transparent, consistent and effective response to grievances lodged. As of December 2019, no grievance has been lodged.

1.3. Annual Performance Target (APT)

1.3.1. Annual Review of the APT 2018-2019

Towards realizing the set targets and setting priorities for the subsequent year, the APT 2018-2019 was reviewed in-house like in the previous years. The review scored the ACC's performance at 89.9 for the achievement of its APT, which falls under the "Very Good" category of the Government Performance Management System (GPMS). Compared to the APT 2017-2018 achievement score, the APT 2018-2019 score has improved by 2.9.

1.3.2. Brief on the APT 2019-2020

Considering the lessons learnt from the past plans and towards further enhancing the efficiency of the ACC and mainstreaming the anti-corruption agenda, following objectives were adopted:



STRENGTHENING INSTITUTIONAL CAPACITY



- i. Credibility, Effectiveness and Public satisfaction in the ACC services enhanced;
- ii. Timely Justice Services delivered;
- iii. Disaster resilience enhanced;
- iv. Transparent, accountable and integrity system strengthened; and
- v. Integrity consciousness enhanced.

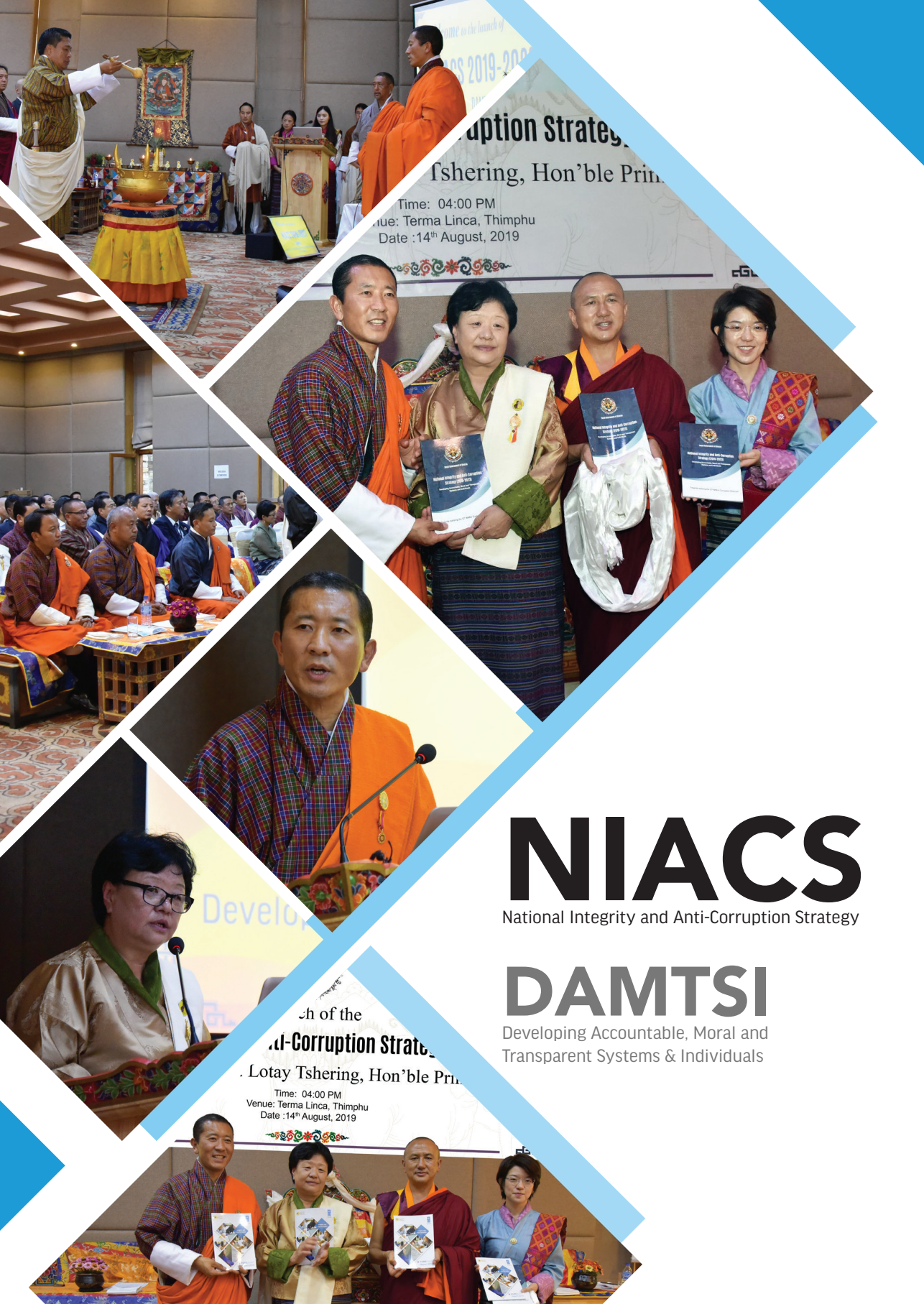
The first three objectives' focus is "to enhance efficiency, effectiveness & credibility of the ACC towards achieving excellence in preventing and combating corruption" with a weightage of 40 out of 100. And the latter two are "to deter acts of corruption through effective investigation and enhance mainstreaming of integrity and anti-corruption measures through prevention & education" with the remaining weightage of 60. There are 63 SIs for the five objectives, which also include the three mandatory indicators. The mid-term review of the plan was conducted in December 2019 and validated by the management and Commission.

1.4. Human Resource Development

1.4.1. Human Capital Development

The ACC has been constantly promoting continuous learning at different proficiency levels, be it a fresh recruit or an experienced staff, by exposing them to various trainings and capacity development programs. However, the employee turnover in the past years has widened the skills gap, especially with new recruits having to replace experienced officials who left the organization. Moreover, rapidly evolving corruption and its forms necessitates the organization to adapt itself to be relevant and effective. However, most of the trainings are invitation based and/or ad-hoc offers.

In the reporting year, 38 short-term capacity development programs were availed of which 47 staff availed ex-country programs including the 22 staff who availed the mandatory training at the Malaysian Anti-Corruption Academy and one Chief who attended the Chief Investigators Command Course at the ICAC, Hong Kong. The total investment in Human Capital Development in 2019 was Nu. 9.50 million. In addition, 25 staff attended 21 different in-country forums such as workshops, seminars, conferences and trainings conducted by the national stakeholders including six officers who attended leadership courses at the Royal Institute for Governance and Strategic Studies (RIGSS).



Corruption Strategy

Tshering, Hon'ble Prime Minister

Time: 04:00 PM
Venue: Terma Linca, Thimphu
Date :14th August, 2019

NIACS

National Integrity and Anti-Corruption Strategy

DAMTSI

Developing Accountable, Moral and
Transparent Systems & Individuals

Anti-Corruption Strategy

Lotay Tshering, Hon'ble Prime Minister

Time: 04:00 PM
Venue: Terma Linca, Thimphu
Date :14th August, 2019

1.4.2. Competency Framework based Human Resource Development (HRD)

The ACC has initiated various reforms to enhance its institutional and human resource capacity. The Human Resource Master Plan (HRMP) 2020 was adopted in 2015. Since then, one of the strategic focuses of the ACC has been to brand itself as an ‘Employer of Choice’ and a ‘Learning Organization’. Moreover, given the complex phenomenon of corruption, the overriding HRD principles of the ACC has been to remain relevant and conversant with the advancement in the specialized skills/knowledge and techniques. However, as highlighted in Section 1.1.5, as per the recent OCI Survey 2019, one of the lowest rated domains was ‘*Training and career development*’.

Therefore, the ACC Task Force developed the Competency Framework based HRD Plan for 23 positions in the ACC. This is expected to guide the ACC in initiating strategic human capital investment based on competency needs and proficiency levels. This is also in line with the RCSC’s initiative to bring a paradigm shift towards “more structured and exhaustive approach of capacity development”. This will facilitate mobilization of HRD budget from the RCSC and the relevant agencies.

1.5. Anti-Corruption agenda in the 12th FYP: NIACS 2019-2023

As reported in the past two annual reports, NKRA on ‘Corruption Reduced’ has been retained in the 12th FYP as one of the mandatory indicators, providing greater opportunity and responsibility for all the stakeholders to reinforce the anti-corruption drive. To ensure that this national target is realized by the end of the plan period, NIACS 2019-2023, an operative framework to foster collective alliance in the fight against corruption was developed and finalized in the reporting year.

NIACS 2019-2023 has been built on the experiences and lessons learnt from the previous two strategies namely, National Anti-Corruption Framework 2009-2013 and NIACS 2014-2018. The strategy is an outcome of review by an external consultant, consultation with more than 1,190 representatives from diverse sectors such as the Parliament, Judiciary, Constitutional Bodies, Ministries, Autonomous agencies, Corporations, Media, Civil Societies and youth groups and validation using Foresight Workshop. It was the first time in the country that a foresight methodology was used in anti-corruption and integrity field, with the support of the UNDP.

The drafts were presented to the Committee of Secretaries and Lhengye Zhuntshog. Accordingly, the strategy was adopted by the Government as a national strategy on 8 August 2019 and launched by the Hon'ble Lyonchhen on 14 August 2019.

The NIACS 2019-2023 aims to promote DAMTSI: Developing Accountable, Moral and Transparent Systems and Individuals. The strategy has three strategic objectives namely (i) Transparent, accountable and integrity systems strengthened; (ii) Integrity consciousness enhanced; and (iii) Credibility and effectiveness of the Law Enforcement and Regulatory Agencies enhanced.

To ensure effective implementation of the strategy, a one-day Training of Trainers (ToT) workshop was conducted in six batches from 4 to 13 November 2019 to facilitate agencies in mainstreaming and institutionalizing integrity and anti-corruption measures. A total of 239 officials, mostly, Planning officers, Human Resource Officers and Internal Auditors from 134 public agencies attended the training. The workshop focused on sensitizing the participants on NIACS 2019-2023 and Debarment Rules 2019, and developing draft OIPs. The participants were given timeline till 10 January 2020 to submit their agency's OIP on endorsement by the management of their respective agencies.

The monitoring and evaluation mechanism has also been improved and designed with greater synergy with the annual and five year planning framework, whereby, the implementation will be guided by the National Integrity Committee (NIC) annually. It is the first time in the history of fight against corruption in Bhutan where a national level committee is formed. The NIC is unique as it comprises members not only from the government agencies but also from the Judiciary, Constitutional Offices, CSO and Private Sector thus establishing a strong alliance against corruption. The NIC, chaired by the Hon'ble Lyonchhen is expected to champion integrity drive in the country and initiate policy interventions as and when required to promote integrity. The NIC will be supported by the Integrity Committee (IC) comprising members from the Government Performance Management Division, GNHCS and ACC.

While these oversight committees are expected to promote greater ownership from the agencies, it is important that all the public and private agencies implement NIACS 2019-2023 in letter and spirit. All budgetary agencies are expected to implement activities as part of the GPMS in the form of APA and APT, and accordingly report annually using GPMS. For those agencies which do not sign agreement, the ACC will coordinate implementation of NIACS activities in the form of OIPs in consultation with the respective agencies.

1.6. Civil Service Award for Dedicated Service

In recognition of their dedicated service to the Tsawa-Sum, 10 officials received the Civil Service Award (six bronze, two silver and two gold) bringing the total to 52 staff having received the award since 2013.

Section

2

The ACC's Performance

This section presents the ACC's performance in delivering its core mandate - education, prevention, and investigation including management of complaints and referrals, and Bhutan's international standing in the TI-CPI 2019.

2.1. Public Education- *Building an informed and awakened citizenry*

2.1.1. *General Advocacy and Interactive Sessions*

Towards building an informed and awakened citizenry, and to enhance their integrity consciousness, the ACC has targeted a minimum of 35 general advocacy and interactive sessions and 24 thematic sessions for different target groups in the 12th FYP.

In the reporting period, the ACC continued with the Gewog Advocacy Program and conducted 14 sessions, attended by 1,386 participants (655 females and 731 males) from the six Gewogs of Haa and eight Gewogs of Thimphu. This second round of Gewog Advocacy, initiated in November 2016, has now covered all the 205 Gewogs of the 20 Dzongkhags. A total of 33,404 participants attended the program. The advocacy sessions covered areas such as corruption offences, corruption reporting, complaint management and the role of each individual in creating a happy, harmonious and corruption free society.

Further, interactive and thematic sessions were conducted with different target groups to build their ethical competence and promote anti-corruption principles as shown in **Table 2.1**.

Table 2.1: General advocacy and interactive sessions conducted in 2019

Target Group	No. of Sessions	No. of Participants	Places/ Institutes Covered
GENERAL ADVOCACY AND AWARENESS			
General public and Local Government officials	14	1,386	6 Gewogs of Haa Dzongkhag and 8 Gewogs of Thimphu Dzongkhag

INTERACTIVE SESSIONS:



reaching out
Anti-Corruption
measures



Target Group	No. of Sessions	No. of Participants	Places/ Institutes Covered
INTERACTIVE SESSIONS			
Students and Staff in schools	11	2,943	Dechenchholing HSS, Chumithang MSS, Lingzhi PS, Yangchen Gatshel MSS, Genekha LSS and participants of Dharma Camp (students of 14 schools under Thimphu Thromde)
Trainees and Instructors			Royal Institute of Management (PGDFM, PGDPA, PGDNL and Induction for technical graduates) and Technical Training Institute of Chumey & Khuruthang
Government Agencies	29	2,130	National Land Commission Secretariat (staff, Integrated Training for NLC officials, & Certified Cadastral Surveyors), Ministry of Finance (Annual Financial Management Workshop), Royal Monetary Authority, Royal Bhutan Army, Royal Bhutan Police, Dept. of Local Governance, Construction Development Board (Induction Course for new contractors) and Central Regional Referral Hospital, (Gelephu)
Corporate Sector			Bhutan Board Product Limited and Druk Green Power Corporation (Security Personnel)
Civil Society Organizations			Construction Association of Bhutan (Annual General Meeting of Contractors) and Bhutan Media & Communications Institute
			RIGSS Leadership Program participants (BEST-7, LPP-3, SELP-10, FLP-4, YPLP-8 & FLP-5)
			De-Suung (32 nd , 34 th , 35 th & 36 th Batches)
THEMATIC SESSIONS			
Bench Clerks, Gups, Gewog Administrative Officers, Asset Declaration Administrators, and Human Resource Officers	6	588	Supreme Court of Bhutan, RCSC & Local Government

Enhancing ethical competence



The consolidated figures of advocacy and interactive sessions from 2015-2019 are given in **Table 2.2**

Table 2.2: Sessions conducted from 2015-2019

Year	No. of Sessions and Participants	Target Group			Total
		General Public and Gewog Officials	University Graduates, Students & Staff in Schools and Trainees & Instructors	Government agencies and Corporate Sector	
2015	Sessions	2	2	8	12
	Participants	202	2,778	512	3,492
2016	Sessions	27	8	1	36
	Participants	4,690	4,892	33	9,615
2017	Sessions	102	26	21	149
	Participants	16,073	9,134	1,174	26,381
2018	Sessions	62	10	29	101
	Participants	11,265	9,057	1,724	22,046
2019	Sessions	14	11	35	60
	Participants	1,386	2,943	2,718	7,047
Total	Sessions	207	57	94	358
	Participants	33,616	28,804	6,161	68,581

As evident from the table, the ACC has stepped up its education efforts over the years, and is also more target-focussed.

2.1.2. Panel Discussion on Anti-Corruption Legislations

The ACC strives to use mainstream media and social media forums in spreading anti-corruption awareness to a larger audience and one such initiatives was the panel discussion in collaboration with the Bhutan Broadcasting Service (BBS). The discussion was conducted twice a month (every alternate Thursdays) starting from September 2019 to disseminate information on legal framework (ACAB 2011, Gift Rules, and AD Rules) with the purpose to:

- Educate general public on the anti-corruption laws and sensitize them on the importance of these laws;
- Promote fighting corruption as a fundamental responsibility so as to fight corruption collectively; and
- Enhance the ACC-Media collaboration in fighting corruption.

ཀྲུལ་སྤྱི་འཇུག་ལྷན་ཁག་གི་ཉེན་མཁའ་

INTERNATIONAL ANTI-CORRUPTION DAY

9 December 2019

Venue: Clock Tower,
Thimphu



UNITED
AGAINST
CORRUPTION



ཀྲུལ་ལབ་གྱི་གོང་འཕེལ་དང་ ཁི་བདེ་ ཉེན་སྲུང་གི་དོན་ལཱ།
FOR DEVELOPMENT, PEACE AND SECURITY

2.1.3. Information, Education and Communication (IEC) Materials

In the reporting year, two video infographics were developed. The infographic on ‘Corruption Offences’ was developed with the aim of educating the public on the types of corruption offences as per the ACAB 2011, and to reduce unsubstantiated complaints. The infographic on Asset Declaration was developed to improve compliance and quality of AD filed.

Over the years (2015-2019), 21 IEC materials have been developed to supplement the advocacy programs and the ACC continues to strengthen the publication and dissemination of IEC materials.

2.1.4. Commemorating the 16th International Anti-Corruption Day (IACD)

Every year the ACC joins the international community in commemorating the IACD on 9 December. The day serves as a global call for action against corruption individually, collectively and institutionally. IACD is an opportunity to reflect and ponder on what corruption can do to a small society like ours, and to reaffirm our commitment to act against it.

The 16th IACD was observed at the Clock Tower Square in Thimphu on the theme “*Corruption: An impediment to the Sustainable Development Goals*”. The event was graced by the Hon’ble Lyonchhen with over 500 representatives from the Zhung Dratshang, Parliament, Government Agencies, Corporations, CSOs, Business Entities, students and teachers, and general citizens.

The focus of the IACD in 2019 was on the business community to create awareness and promote ethical business. The ACC called for enhancing sustained ethical business practices in the country for sustainable socio-economic development of our economy and achievement of the collective long-term goal of GNH. The Resident Representative of the UNDP joined the Chairperson of the ACC in highlighting the importance of the Day and promoting the importance of adopting the Business Integrity Initiative of Bhutan (BIIB) by the business entities in Bhutan.

As part of the program for the day, Yarkay Group Private Limited signed the Corporate Integrity Pledge, one of the components of the BIIB. It is the first private company to join the 15 DHI portfolio and listed companies in adopting the BIIB and committing to conduct its businesses ethically. Students and artists also disseminated important anti-corruption messages to the public through entertainment programs. Panel discussion on the theme “United against Corruption for a Clean Society” was also broadcast live on the national television.

2.1.5. Behavioral Change Programs

Up-scaling Integrity Clubs in Schools

Towards bringing a shift in the attitudes of students and youth to uphold ethical behavior and good character, the ACC in collaboration with the Ministry of Education (MoE) piloted Integrity Clubs in 10 schools. A total of 647 students (285 boys and 362 girls) have enrolled as club members as of December 2019.

As reported in the Annual Report 2018, the review of the Integrity Clubs indicated that Integrity Clubs had created awareness among the students on anti-corruption measures and moral values, reduced disciplinary issues, improved the sense of responsibility and ownership, and promoted transparency and accountability in school management system.

Considering the positive outcome of the existing Integrity Clubs, the ACC and MoE have agreed to institute an Integrity Club each in ten more schools. So by 2020, all 20 Dzongkhags will have one Integrity Club each.

Enriching School Value Education Curriculum

The on-going Values Education Enrichment Project, spearheaded by the REC, aims to develop a vibrant values education curriculum founded on the age-old Bhutanese ideologies and practices of Tha Damtsi, Ley Judrey, Driglam Choesum and Tsawa-Sum befitting contemporary Bhutanese youth. The ACC focal person as a member of the Subject Committee participated in developing the values education curriculum framework for classes PP to XII. Further, the focal person will be engaged in the development of the curriculum materials, capacity building of the stakeholders, and other initiatives as and when required. This collaboration of promoting ethics and integrity in the youth through education of moral and fundamental values as part of curricula, co-curricular and extra-curricular activities in primary, secondary, and tertiary institutes is expected to be most sustainable in building an ethical future generation and preventing corruption.

Curriculum Module on Ethics, Integrity and Professionalism for Technical and Vocational Education and Training (TVET) Institutions

The ACC in partnership with the MoLHR developed a curriculum module on Ethics, Integrity and Professionalism for TVET institutions. The aim of instituting this curriculum is to enhance credibility, positive work culture and to build a

strong value-laden social fence against corruption. With the implementation of this curriculum in the TVET institutions, the ACC is optimistic that the trainees and the graduates of the institutes will become the “change agent” to renounce unethical behaviors, uphold justice and to act against corruption at all times.

Developing Strategic Youth Integrity Program (YIP)

Given that 45 percent of the Bhutanese population are youth (aged 24 years and less), engaging youth is an essential and sustainable strategy to successfully curb corruption in the country. In pursuit of producing honest generations, in addition to the current initiatives of establishing Integrity Clubs in schools and integrating moral values in the school and TVET curriculum, the ACC has initiated the development of a Strategic YIP to cater to the entire youth of Bhutan including the out-of-school youth. A national consultant will be recruited in early 2020 to develop the Strategic YIP.

The strategic YIP will aim to educate and instill values (Ethics, Integrity and Professionalism) in youth as anti-corruption advocates through wide-ranging activities and capitalize on their potential, creativity and innovative ideas to promote integrity and good governance. It is expected to have far-reaching impact on youth in becoming responsible citizens and leaders.

2.2. Prevention - Mainstreaming anti-corruption measures in sectoral plans and public/private institutions

2.2.1. Corruption Risk Management (CRM) - Mainstreaming risk based integrity measures in public sector

CRM is one of the most pursued self-assessment and management tool to identify potential corruption risks in an organization, assess those risks in terms of its severity to the organizational performance/goals, analyze its causes and develop mitigation measures/action plan. The tool was revamped in 2018 and 2019.

In the reporting year, the ACC with the respective agency assessed the implementation status of the action plan to mitigate the corruption risks identified by the CRM exercise conducted in the Department of Immigration (DoI), Ministry of Home and Cultural Affairs and the REC. For the DoI, both mid-term and final reviews were conducted. In the final assessment, DoI had implemented 65.0% of its action plan. For the REC, only the mid-term assessment was conducted wherein it had achieved 58.8% of the plan. The final review is due in January 2020.

CRM in the Local Government (Gewogs)

In the 12th FYP, the ACC has prioritized 15 CRMs to be conducted in vulnerable sectors such as the Local Government, Hydropower Plants and Financial Institutions. In the reporting year, CRM was conducted in three regions for the 205 Gewogs in January 2019. A total of 202 Gups/Mangmis, 162 Gewog Administrative Officers (GAOs) and seven Planning Officers participated in the CRM exercise.

A total of 20 potential corruption risks were identified against eight common functions/services (*planning & prioritization of gewog plans/programs, procurement & construction, collection of taxes/revenue, land transactions, approval of permits/clearances, supply of agriculture/livestock inputs, dispute settlement & AFD services*) in Gewog Administration that could impede achievement of its overall strategic goal of providing democratic, accountable government and quality services to citizens at grass root level. Of the 20 potential corruption risks identified, six were assessed as High risks, eight as Significant, four as Moderate and two as Low risks.

Abuse of functions pertaining to favoritism/nepotism in delivery of Gewog services, collusion & fabrication of information/document, conflict of interest, false claims/embezzlement, solicitation of bribes in the form gifts/gratifications were some of the common potential corruption risks identified as critical to Gewog Administration.

While there are some external factors and challenges such as lack of adequate human resource capacities and political pressure that trigger corruption risks, almost all the identified risks were found to be inherent to its services. High discretion at individual level (performing end-to-end roles) with weak accountability, inadequate check and balance mechanisms within/between Gewog Administration, and Gewog Extension Offices/Dzongkhag Sectors and non-compliance to the existing rules and standards were the common root causes for those identified risks.

To enhance check and balance systems and effectiveness of its internal control mechanisms, 22 mitigation measures were adopted to mitigate the identified risks. Gewog Administration of all 205 Gewogs are expected to implement these measures during the FY 2019-2020. The implementation status of these measures will be reported through GPMS.

From 2015 – 2019, 28 CRMs for 230 agencies and 40 IDTs in 39 agencies have been conducted as shown in **Table 2.3** as part of the NKRA, ‘Corruption Reduced’ implementation in the 11th FYP and 12th FYP. The APA signatory agencies led by their respective focal persons conducted sensitization sessions on various Ethics and Integrity Management tools for a total of 6,412 civil servants.

Table 2.3: CRM and IDT conducted from 2015-2019

Year	CRM		IDT	
	No. of Sessions	Agencies	No. of Sessions	Agencies
2015	4	4 agencies (Bhutan Council for School Examinations and Assessment, State Trading Corporation of Bhutan, Gasa & Punakha Dzongkhag Administration)	2	STCBL and ACC

Year	CRM		IDT	
	No. of Sessions	Agencies	No. of Sessions	Agencies
2016	17	Gelephu Thromde and 16 Dzongkhag Administrations (Bumthang, Chukha, Haa, Lhuntse, Mongar, P/gatshel, Paro, Thimphu, T/gang, T/ yangtse, Tsirang, Sarpang, S/ jongkhar, Samtse, W/phodrang & Zhemgang)	34	Gelephu Thromde, 16 Dzongkhag Administrations (Bumthang, Chukha, Haa, Lhuntse, Mongar, P/gatshel, Paro, Thimphu, T/gang, T/ yangtse, Tsirang, Sarpang, S/ jongkhar, Samtse, W/phodrang & Zhemgang), 9 Ministries (Ministry of Economic Affairs, MoWHS, Ministry of Health (MoH), MoLHR, Ministry of Foreign Affairs, MoE, Ministry of Agriculture and Forests (MoAF), Ministry of Information and Communication (MoIC) & MoHCA) & 8 Autonomous Agencies (National Statistics Bureau, Bhutan Narcotics Control Authority, Tourism Council of Bhutan, Drug Regulatory Authority, NCWC, Jigme Dorji Wangchuck National Referral Hospital, GNHCS & National Environment Commission Secretariat)
2017	1	ACC	1	ACC
2018	3	Dept. of Forest and Park Services, Dept. of Immigration and REC	3	Dept. of Forest and Park Services, Dept. of Immigration and REC
2019	3	205 Gewogs	None	

As a result of the CRM and IDT exercises in agencies, some notable measures such as institution of Grievance Redress Mechanisms with operating procedures, online feedback forum for employees, gift register and suggestion box have been initiated by the respective agencies.

Integration of CRM as a function of Internal Auditors

CRM has been integrated with the functions of Internal Auditors with support from the Ministry of Finance (MoF). The main objective is to enrich internal control services and strengthen internal governance systems to reduce corruption opportunities. In taking the initiative forward, a Task Force comprising of three Internal Auditors and four ACC officials developed a Terms of Reference (ToR). The draft ToR was further enhanced with comments and feedback from the Internal Auditors and endorsed by the MoF and ACC in September 2019.

This mainstreaming effort to enhance ownership of corruption prevention tools by agencies will be reinforced with capacity building of the Internal Auditors through Training of Trainers on CRM scheduled in January 2020. Further, to guide CRM facilitators on the approaches and scientific steps in the CRM proceedings, a manual on CRM has been developed as highlighted in Section 1.1.2.

2.2.2. System Studies: Facilitating evidence based systemic improvement

Driver Training, Assessment and Licensing System

Emanating from the investigation related to issuance of driving license, a reactive system study on Driver Training, Assessment and Licensing System was conducted.

The study identified three broad systemic issues related to non-enforcement of rules and regulations, weak internal control system, and poor coordination amongst the stakeholders as presented in **Table 2.4**.

Table 2.4: Key Findings of the System Study

Non-enforcement of rules and regulations	Weak internal control system	Poor coordination and capacity amongst the stakeholders
<ul style="list-style-type: none"> • Lack of monitoring by the Department of Occupational Standards (DOS), MoLHR as required by the Regulation for Registration of Training Providers (revised 2014). • Issuance of license to people going abroad without following due process. • Lack of uniformity in driving training courses provided by different institutes. 	<ul style="list-style-type: none"> • No proper system of documentation and its safe custody. • Lack of due diligence in document verifications • Performing end-to-end job. • Discretionary powers in assessing and evaluating practical driving tests. • Inadequate check and balance in Professional Driving License (PDL) assessment system. 	<ul style="list-style-type: none"> • Inadequate practical driving test facilities, both in the Road Safety & Transport Authority of Bhutan (RSTA) and private driving schools (PDS). • Weak coordination amongst RSTA, DOS and PDS to ensure quality of driving training and smooth exchange of information.

To address the above systemic loopholes, the study report provided 32 recommendations which were shared with the RSTA, DoS, and PDS in October 2019. The agencies are required to submit respective action plan for implementation of the recommendations within three months from the date of sharing the recommendations. Subsequently, the ACC will follow up on the implementation of the recommendations after six months from the date of sharing the action plan.

Drawing and Building Construction Approvals

Given the complaints on issues related to drawing and building construction approvals, the ACC has initiated a proactive system study on “Drawing and building construction approval” in November 2019. The study will cover the Department of Engineering Services under the Ministry of Works and Human Settlement (MoWHS), five Dzongkhags (Mongar, Samtse, Tsirang, Paro & Wangdue) and three Thromdes (Samdrup Jongkhar, Phuentsholing & Gelephu).

The other major studies conducted during the period (2015-2018) were in the area of Human Resource Management in the Civil Service; Mining Sector; Trade, Tax & Customs; and Public Road Construction.

National Integrity Assessment (NIA)

NIA is conducted every third year in collaboration with the National Statistics Bureau. It assesses the condition of services delivered by the public agencies. The fourth NIA started from October 2019 with 51 enumerators, six supervisors and three researchers. The NIA 2019 covered 150 agencies including Ministries, Constitutional Offices, Autonomous Agencies, Corporations, Financial Institutions, Thromdes, Dzongkhags and Gewogs and 272 services. As of 31 December 2019, a total of 15,673 respondents have been interviewed comprising of 11,634 service users and 4,039 service providers - public officials. The NIA 2019 will be completed by June 2020.

Research on Corruption in Policy-Making Process

Corruption in the policy-making process including legislative and regulation enactment processes costs the society in terms of economics, health and even life in addition to the obvious outcome of adopting a policy which reflects the preferences of few groups rather than the general public. Unlike corruption in other areas, the adverse impact of corruption in policy-making is long term and affects either the State or majority of the society for the benefit of a few.

Therefore, considering these risks and as per the resolution of the 17th Session of the National Council, the ACC has initiated the research on corruption in Policy-Making in Bhutan including legislation and regulation enactment processes to identify risks, loopholes and recommend interventions for prevention of corruption risks. The research is being carried out by a team of researchers from the ACC, RIM, GNHCS and an International Expert hired through a local consultancy firm (APECS).

The research will attempt to answer the overarching research question, “*Are current systems and processes in public policy formulation adequate to prevent corrupt practices?*” and the three empirical research questions:

1. *What is the scale and characteristics of policy corruption in Bhutan?*
2. *What weaknesses exist in the policy-making processes (policy, legislation, regulation) that enable corruption to take hold?*
3. *What mitigation strategies against policy corruption exist, their effectiveness and how can they be strengthened?*

As of 31 December 2019, the team has completed a concept paper on “Policy Corruption”, a research methodology paper and final research proposal including survey questionnaires, which was presented to the Research Committee on 6 December 2019. The research is scheduled to be completed by June 2020.

2.2.3. Business Integrity Initiative of Bhutan (BIIB) – Promoting ethical businesses

The ACC introduced BIIB in 2017, which was initially known as Private Sector Integrity Programme, first developed in 2015. The objective of BIIB is to promote ethical businesses and to ensure level playing field for healthy competition among business entities. The program is being spearheaded by the Task Force comprising of members from the Ministry of Economic Affairs, MoF, MoLHR, Royal Monetary Authority, and Bhutan Chamber of Commerce and Industry.

15 DHI portfolio and Listed Companies have signed the CIP to formalize their commitment to promote ethical businesses in the country. Using the Self-Assessment Tool (SET), integrity health of these 15 companies have been assessed, and accordingly briefed the companies on the assessment results with the recommendations for further improvement. Bhutan Telecom Ltd. and Bank of Bhutan Ltd. developed their respective Business Code of Conduct (BCoC) in 2018.

Prominent private companies like Tashi InfoComm Ltd. and Karma Group of Companies were also sensitized on the program given the importance of taking on board the private companies to provide level playing field and eliminate possible competitive disadvantages to the signatory companies.

In the reporting period:

- Five signatory companies developed its respective BCoC (Kuensel Corporation Ltd., State Trading Corporation of Bhutan Ltd., Bhutan National Bank Ltd., and Natural Resources Development Corporation Ltd.).
- Conducted the second round of integrity infrastructure assessment of five signatory companies using SET (Bank of Bhutan Ltd., Bhutan Telecom Ltd., GIC-Bhutan Reinsurance Co. Ltd., Bhutan Board Product Ltd. and Kuensel Corporation Ltd.).

- Sensitized and encouraged prominent private companies like Yarkay Group Private Ltd., Singye Group of companies, Jigme Mining and Lhaki Cement to join the BIIB.
- Yarkay Group Private Ltd. signed the Corporate Integrity Pledge (CIP), the first private company to commit to operating its business ethically as mentioned in Section 2.1.4.
- The Task Force members, with financial support from the Anti-Corruption for Peaceful and Inclusive Societies (ACPIS) and UNDP Bhutan, visited Hong Kong in June 2019 to gain insights into anti-corruption best practices of Hong Kong.
- The Task Force finalized the Concept Paper for incentivizing the initiative after conducting several rounds of consultations with the private companies.

The Task Force will meet the relevant lead authorities to discuss the incentives proposal and way forward. Further, the Task Force will continue to encourage more companies to join the BIIB.

2.2.4. Ethics and Integrity Management

Development of Ethics and Integrity Management Handbook

Ethics and Integrity Management Handbook was initially developed in 2017 to build, improve and sustain a culture of integrity in public institutions that is rooted in accepted values, principles and standards of good governance. To enrich and make the handbook more holistic, spiritual aspect of Ethics and Integrity is being incorporated for which a team consisting of four Lopens from the Institute of Science of Mind has been engaged since September 2019. The handbook is expected to be finalized in the next reporting year.

The handbook can also be used as a reference model guideline while developing curriculum module/s for various institutes.

Integration of Ethics & Integrity Module in the courses

Developing a standardized module on Ethical Leadership and institutionalizing it in all the existing leadership courses has been identified as one of the success indicators for the FY 2019-2020. The consultancy firm, Royal Thimphu College Professional Services developed a module on Ethical Leadership which also covers the spiritual aspect.

The ACC has initiated discussion with the Royal Institute of Management (RIM) on incorporating Ethics and Integrity Management as a module in the existing Post Graduate Diploma courses offered by the Institute. The two agencies expect to hold further consultations in the following year to finalize and adopt the module. Furthermore, the integration of the module with other leadership programs offered by institutes is being explored.

Development of Integrity Vetting System (IVS)

Towards creating a conducive environment for promoting values of integrity, transparency, and accountability and promoting individuals with highest standards of integrity, a concept paper on IVS, initiated in 2018, has been adopted. The scope of the IVS, for now, will be based on the ACC record on corruption of public and private individuals to facilitate decision-making on recruitment and promotion to senior positions, awarding contracts and elections. A web-based system will be developed in-house and is expected to be completed by April 2020.

2.2.5. United Nations Convention against Corruption (UNCAC)

Bhutan as State under review

As reported in the previous annual reports, Bhutan was under the first cycle of the Review Mechanism. Under this cycle, Bhutan's compliance on *Chapter III: Criminalization and Law Enforcement* and *Chapter IV: International Cooperation* of UNCAC was assessed by the reviewing States, Tajikistan and Cook Islands and was facilitated by the United Nations Office on Drugs and Crime (UNODC).

The reviewers and UNODC finalized the Country Report in February 2019 and submitted it to the Implementation Review Group (IRG). The IRG adopted the Country Report of Bhutan in its 10th Session held from 27 – 29 May 2019 in Vienna, Austria. While the reviewers commended Bhutan's compliance with UNCAC, it also highlighted major deficiencies in the field of mutual legal assistance and extradition as well as minor shortcomings in the area of criminalization with specific reference to bribery of witnesses.

The IRG submitted its thematic implementation report to the CoSP in its 8th Session held in Abu Dhabi, from 16 – 20 December 2019. The thematic implementation report was prepared in accordance with paragraph 35 of the ToR of the Review Mechanism of Implementation which consists of a set of non-binding recommendations and conclusions based on lessons learned regarding the implementation of Chapters III and IV of UNCAC. This report also includes recommendations and conclusions related to Bhutan.

Bhutan, as and when in the second cycle of the Review Mechanism (UNODC is yet to inform), is required to submit a comprehensive self-assessment checklist on the progress achieved on the observations contained in the Country Report.

Bhutan as reviewing State

As a State Party to UNCAC, Bhutan is required to peer review a maximum of three States Parties. Of the three countries that Bhutan was selected to review, Bhutan with Iran completed the review of Thailand while the review of Japan is underway. Bhutan is yet to receive the self-assessment checklist of Latvia for the review.

2.2.6. Adoption and dissemination of Debarment Rules 2019

The Commission drafted and adopted the Debarment Rules in August 2019 and disseminated it to the representatives from Ministries, Dzongkhags, Thromdes, DHI companies, CSOs, Media, and other relevant agencies as part of NIACS sensitization. The Rule aims to promote integrity in the contractual works, primarily in construction and supply of goods & services for clean public procurement. Other objectives are to promote sound stewardship of public funds as well as safeguard firms and individuals from engaging in fraud, corruption and unethical behavior in public financed projects.

The Rule, amongst others, provides for the establishment of a Debarment Committee (DC) and its rules of procedures; complaint management and its referral to the DC; cause for sanctionable practices and its effect, scope, period and extension; and creation of a debarment information system, which is an online information repository system, part of e-GP system containing information related to debarment sanctions, and access thereto. The Government Procurement and Property Management Division under the Department of National Property, MoF is the secretariat for implementing the Rule.

2.2.7. Amendment of Anti-Corruption Act of Bhutan 2011

In pursuance to the directives of Good Governance Committee (GGC) of the National Assembly, the Commission submitted its proposal for the amendment of ACAB 2011 in October 2019.

The proposed amendments are based on the findings of the National Law Review Taskforce (NLRT) Report, gaps and recommendations highlighted in the Country Report of Bhutan (UNCAC) and practical experiences of the Commission.

2.2.8. Asset Declaration and Management - Strengthening Accountability Culture

Asset Declaration (AD) is an important corruption prevention and a public accountability tool aimed at promoting transparency and accountability of public officials who are the custodians of public resources. Towards this, the AD Rules (ADR) 2012 was revised and updated in 2017 to provide greater clarity on the frequency of declarations; declaration contents; penalties; and the roles and responsibilities of the administrator and Head of the agency.

Conducted sensitization and refresher trainings for both covered persons and Asset Declaration Administrators (ADAs) covering 1,261 public servants from 22 agencies and 244 ADAs from 158 agencies. They were also sensitized on the common declaration errors.

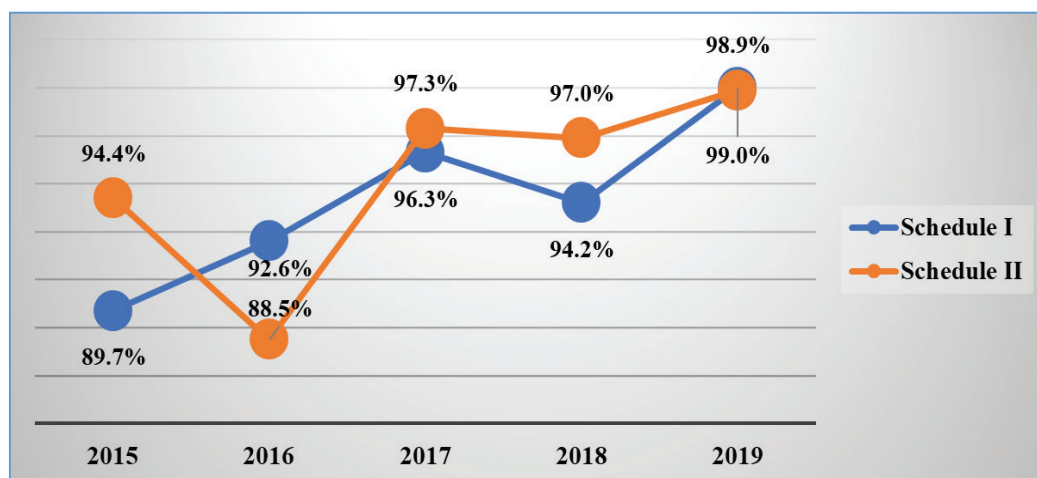
AD Compliance

The number of covered persons increased from 672 in 2018 to 675 in 2019 for Schedule I and 21,578 in 2018 to 23,409 in 2019 for Schedule II. AD compliance for both Schedules I and II increased in the declaration year 2019. There was 100% compliance for Schedule I from the Cabinet Members; the Speaker and Member of National Assembly; the Chairperson & Members of National Council; Heads of Armed Forces; Holders & Members of the Constitutional Offices; Secretaries to the Government; Ambassadors and Consul Generals; Dzongdags; Drangpons; Thrompons; Gups; Heads of Autonomous Agencies, Heads of Financial Institutions; and Presidents of the registered Political Parties. AD compliance of the reporting period by total number of covered persons, late declarations and non-declarations is shown in **Table 2.5**.

Table 2.5: AD Compliance

	Schedule I		Schedule II		Total	
	No	%	No	%	No	%
Declaration on time	668	99.0	23,152	98.9	23,820	98.9
Late declaration	6	0.9	176	0.8	182	0.8
Non declaration	1	0.1	81	0.3	82	0.3
Total covered person	675	100	23,409	100	24,084	100

Of the total covered persons under schedule I, 99.0% declared on time compared to 94.2 % in 2018, increasing the compliance rate for Schedule I by 4.8%. Under Schedule II, as per the report submitted by the agencies, 98.9% of the total covered persons declared on time as compared to 97.0 % in 2018. The compliance rate for both Schedules I and II since 2015 is shown in **Figure 2.1**.

**Figure 2.1 : Compliance Rate of Schedules I and II (2015-2019)**

The increase in compliance over the years may be attributed to strict enforcement of the Rules and rigorous sensitization efforts.

The ACC stepped up its efforts to bring the Zhung Dratshang on board on the AD System and to get its covered persons to file AD as required (AD Rules 2017). Besides several rounds of meetings and consultations, the ACC conducted a session during the 8th Annual Conference of Zhung Dratshang, attended by Rabdey Lam Netens, Drungchens, and Heads of Shedras and Lobdras. Covered persons under Zhung Dratshang are expected to start filing their AD from the declaration year 2020 onwards.

Actions on Non-Compliance

In accordance with Section 38 (4) & (5) of ACAB 2011 and Sections 53 and 54 of the ADR 2017, actions have been taken on the Late Declarants and Non-Declarants as shown in **Table 2.6**. Penalties were waived off where justifications for non-compliance were found reasonable.

Table 2.6: Action on Late Declarants of Schedule I and Non-Declarants of Schedules I & II

Action Taken	Late Declarants	Non Declarants		Total
	Schedule I	Schedule I	Schedule II	
Penalty Waived	0	0	42	42
Penalty Imposed	6	1	39	46
Total	6	1	81	88

As of 31 December 2019, 28 out of the 46 who have been imposed penalty (all six Late Declarants & 22 Non-Declarants) have paid the penalties amounting to a total of Nu.1.01million (Schedule I – Nu. 0.01 million & Schedule II – Nu. 1.00 million). Non-payment of the penalty will be dealt with as per Section 113 (1 c) of ACAB 2011.

Disproportionate Asset (DA)

The system flagged 125 and 6,404 DA cases under Schedules I and II respectively. All Schedule I DA cases were verified as the covered persons under this Schedule are more vulnerable owing to their position and greater authority in decision making. Similarly, for Schedule II, DA cases of Executives, Specialists and other equivalent position holders from corporations (218 cases) were verified. For the remaining DA cases under Schedule II, those with DA value of Nu. 0.30 million and above (3,202) were verified.

In total, 3,545 DA cases (54.3%) were verified to determine the existence of actual DA out of which 3,537 were dropped since it was due to declaration errors. Of the remaining eight DA cases, one was forwarded as additional information on the complaint against the individual which qualified for investigation and seven were recorded for future reference. Declaration errors were mostly due to declaring the same properties repeatedly; declaring inherited properties with cost; declaring utility cost (which is no longer required as per the ADR 2017); not declaring income earned from sale of properties, and savings from abroad; typographical errors, etc. Such errors could be avoided if declarants file their declaration with sincerity, seriousness and due diligence.

2.3. Complaints and Referrals – Reporting corruption

2.3.1. Analysis of Complaints

During the reporting period, the ACC received 396 complaints, which is an increase of 63 complaints as compared to 2018.

Figure 2.2 depicts the number of complaints received in the last 5 years.

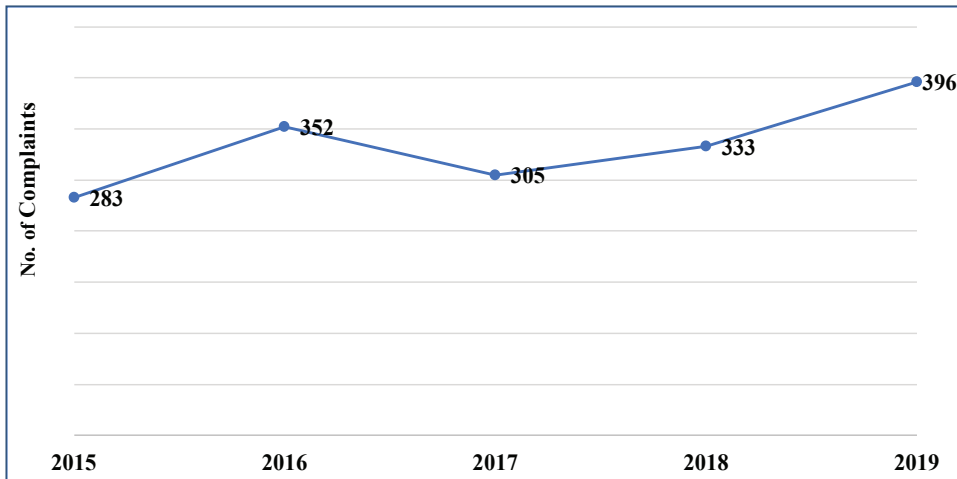


Figure 2.2: Complaints received from April 2015 - December 2019

Modes of Complaints

Webmail continued to be the predominant mode of lodging complaints. *Telephone* was the least preferred mode as shown in **Figure 2.3**

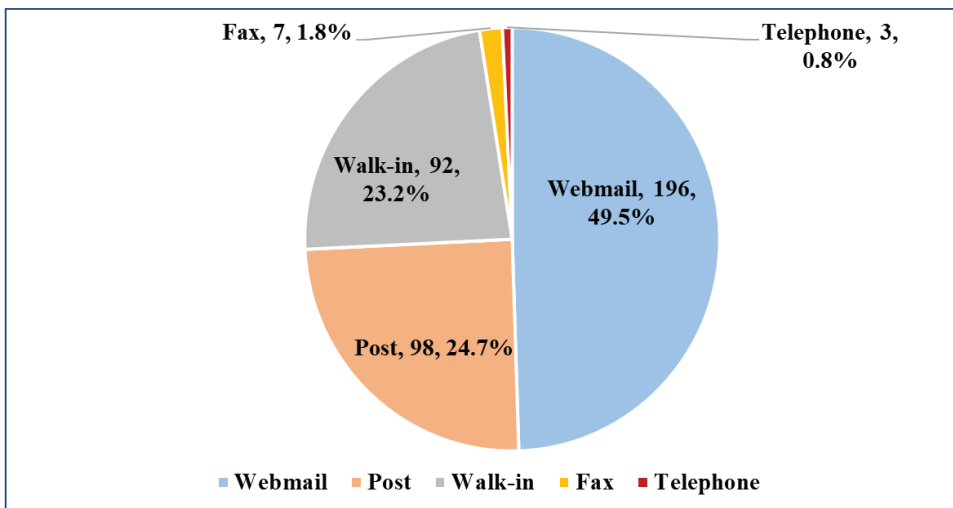


Figure 2.3: Complaints received by modes

Comparative analysis over the last five years, 2015–2019 (**Figure 2.4**) also shows that *Webmail* is the most preferred mode of lodging complaints. The second most used mode of lodging complaints i.e. *Post* has been decreasing. The *Walk-in* has consistently remained the third popular mode of lodging complaint. Complaints lodged through *Fax* and *Phone* have been minimal with *Phone* as the least preferred mode of lodging complaints to the ACC.

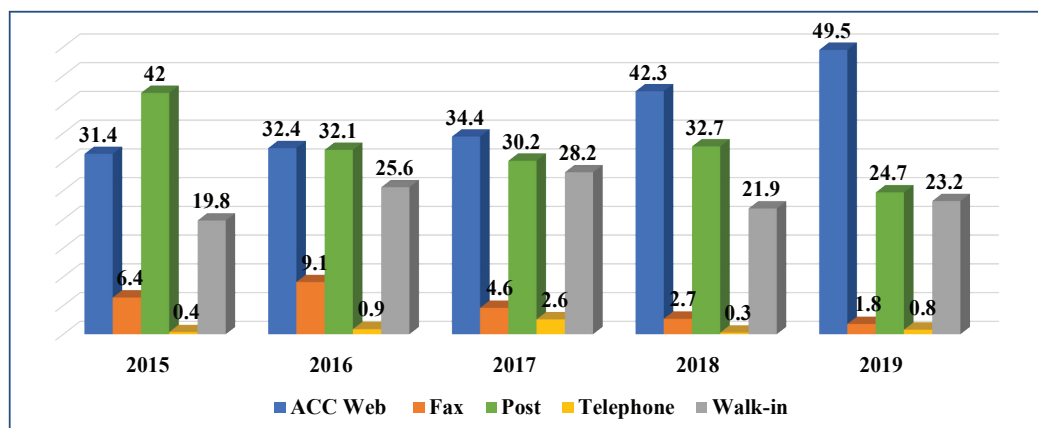


Figure 2.4: Percentage of complaints received by modes from 2015–2019

Webmail being the most predominate mode of lodging complaints may be attributed to increased access to internet and convenience.

Known vs Anonymous sources of Complaints

Of the 396 complaints received, 138 complaints (34.8%) were from *Known* sources including the 16 complaints referred by agencies, and 258 complaints (65.1%) were from *Anonymous* sources.

Figure 2.5 shows that complaints from *Known* sources have decreased while complaints from *Anonymous* sources have increased over the years. This increasing trend of maintaining anonymity may be due to fear of reprisals and therefore the need to strengthen protection of witnesses and informers.

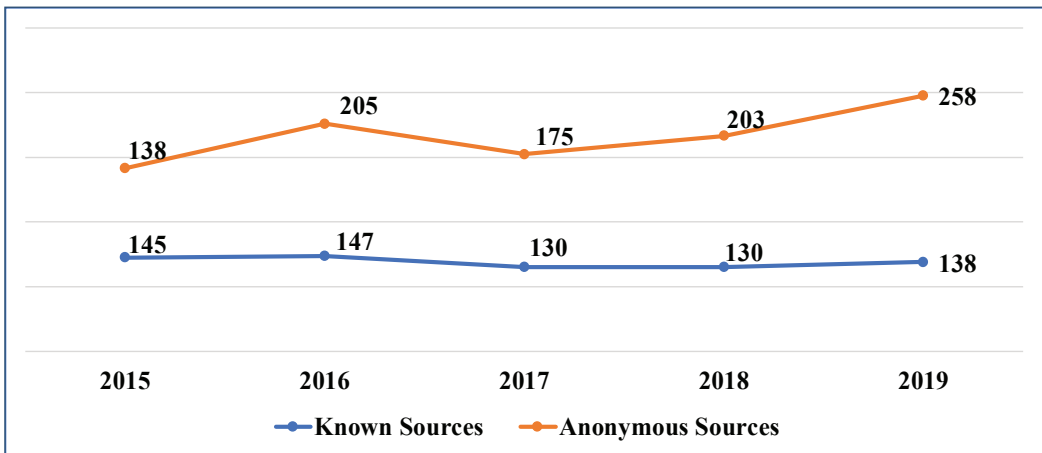


Figure 2.5: Complaints received by sources from 2015 – 2019

In terms of gender, 17 (12.3%) complaints out of the 138 complaints from *Known* sources (excluding the 16 referred by agencies) were lodged by female complainants compared to 13 (11.5%) in 2018.

Complaints by area of alleged corruption

As shown in **Figure 2.6**, the highest number of complaints was in the area of *Resources* followed by *Contract* and *Personnel*. *Resources* includes funds and properties other than natural resources and HR.

205 complaints in the *Others* category are those that do not fall in any of the identified areas.

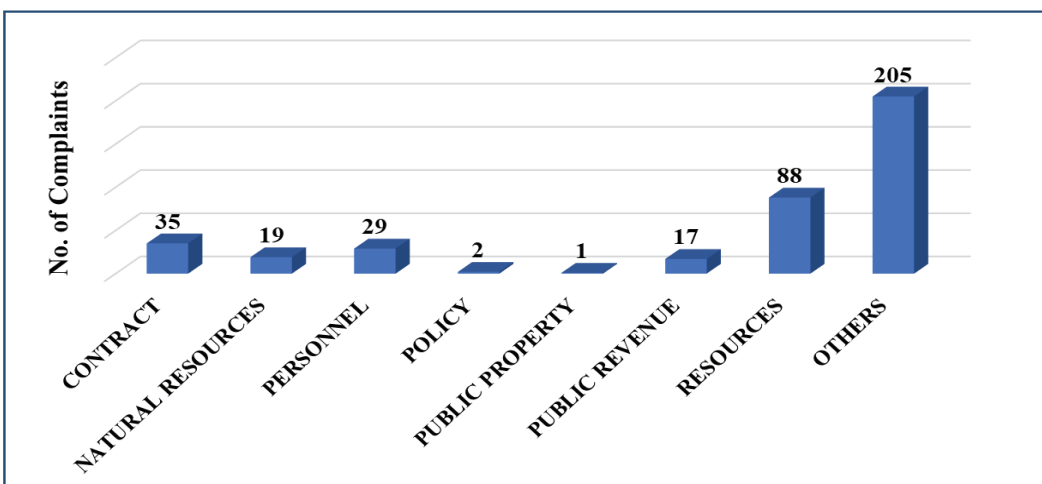


Figure 2.6: Complaints by area of allegations

Complaints by type of alleged corruption offences

Of the 11 broad areas of corruption offences under ACAB 2011, maximum complaints were on the *Abuse of Functions* as shown in **Figure 2.7**. This indicates that public servants are either committing or omitting to perform act/s amounting to favouritism or patronage in violation of laws, rules and regulations in discharging their functions to obtain advantage either for themselves or others. *Abuse of Functions* has been consistently the highest alleged corruption offence, indicating the need to enhance ethics, integrity and professionalism of public servants, particularly, integrity in leadership.

Complaints on *Embezzlement* continued to be the second highest. However, it has been decreasing over the years from 58 in 2015 to 45 in 2016, 30 in 2017, 23 in 2018 and 16 in 2019.

Others category includes grievances and complaints not related to corruption offences.

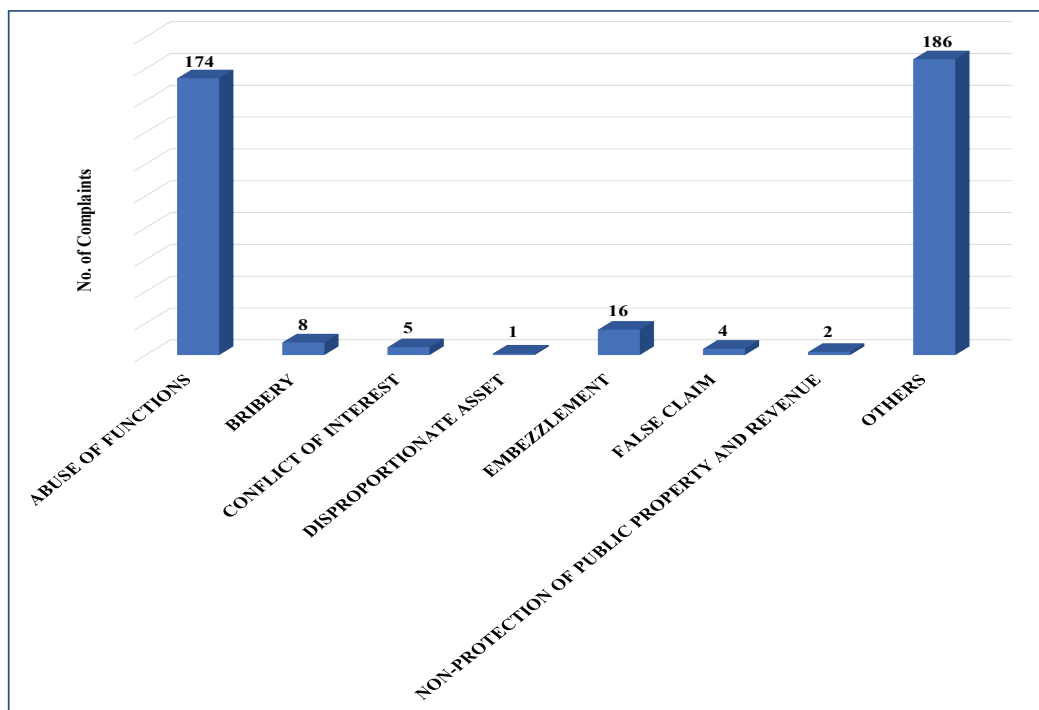


Figure 2.7: Complaints by type of alleged corruption offences

Majority of the complaints on *Abuse of Functions* was in the area of Resources with 70 complaints as depicted in **Figure 2.8** of which 36 were against the Local Government.

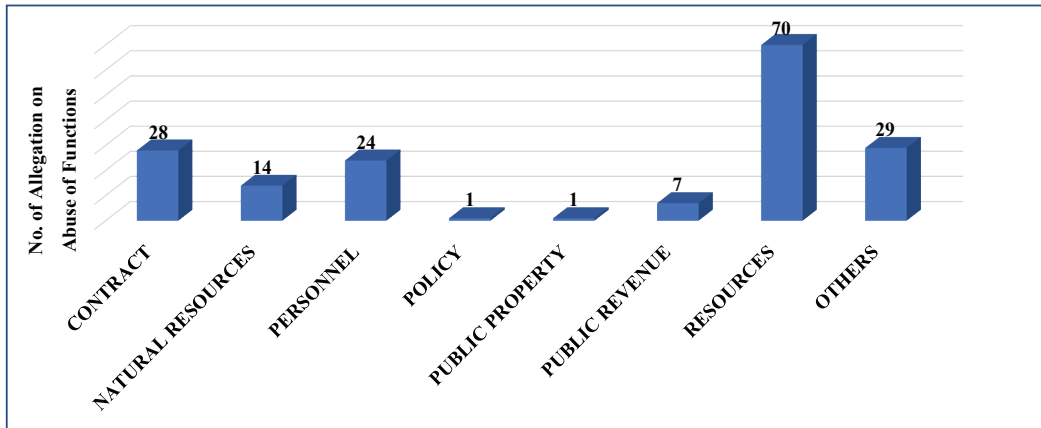


Figure 2.8: Allegations of Abuse of Functions by area of alleged corruption offences

Complaints by place of occurrence

In terms of complaints by place of occurrence, maximum pertained to Thimphu as in the past. Lhuntse Dzongkhag had the least number of complaints as shown in **Figure 2.9**.

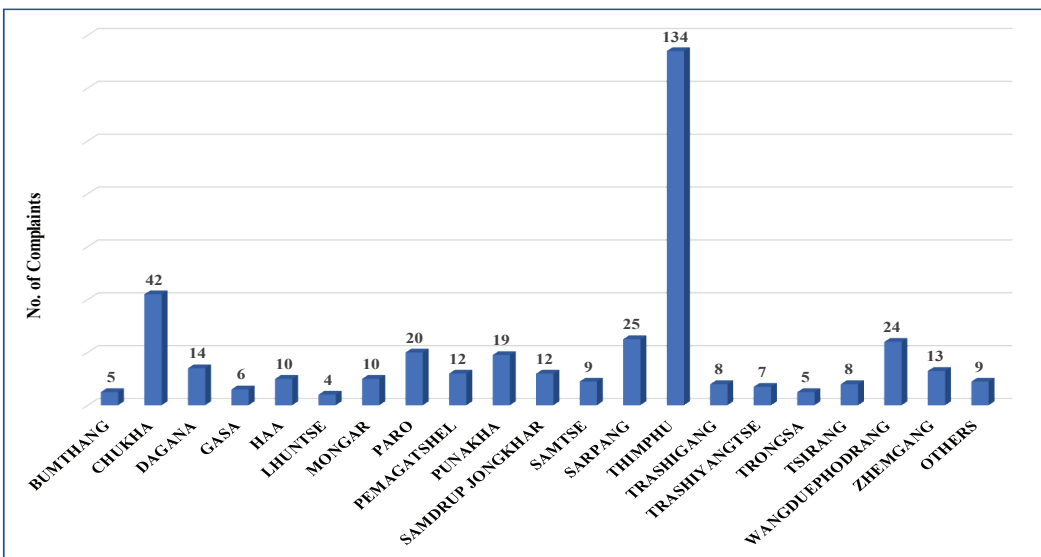


Figure 2.9: Complaints by place of occurrence

Of the 134 complaints against Thimphu, 53 complaints were on *Abuse of Functions* followed by *Embezzlement* (7), *Conflicts of Interest* (3), *Bribery* (3), and *False Claim* (1). 67 complaints categorized under *Others* include those complaints that do not fall under any of the specified offences.

Further, most of the allegations on *Abuse of Functions* in Thimphu were in the area of *Resources*, followed by *Personnel* and *Contract* as shown in **Figure 2.10**.

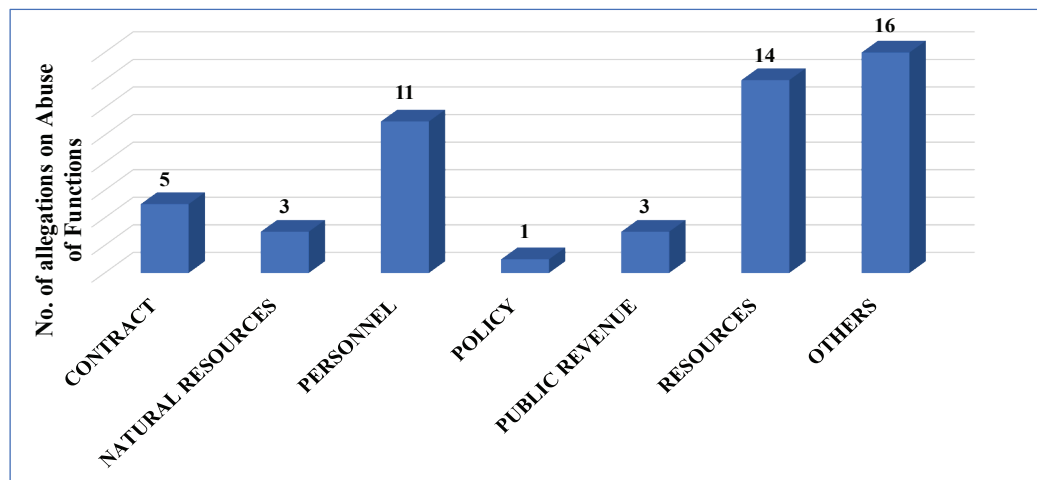


Figure 2.10: Allegations on Abuse of Functions in Thimphu by area of alleged corruption

Thimphu with the highest number of complaints may be attributed to complainants' proximity to the ACC office, comparatively greater level of awareness, higher density of population, more economic activities and being the hub of public offices.

Complaints received Agency-wise

The highest number of complaints was against the Local Government (LG) as in the past, followed by Ministries as illustrated in **Figure 2.11**.

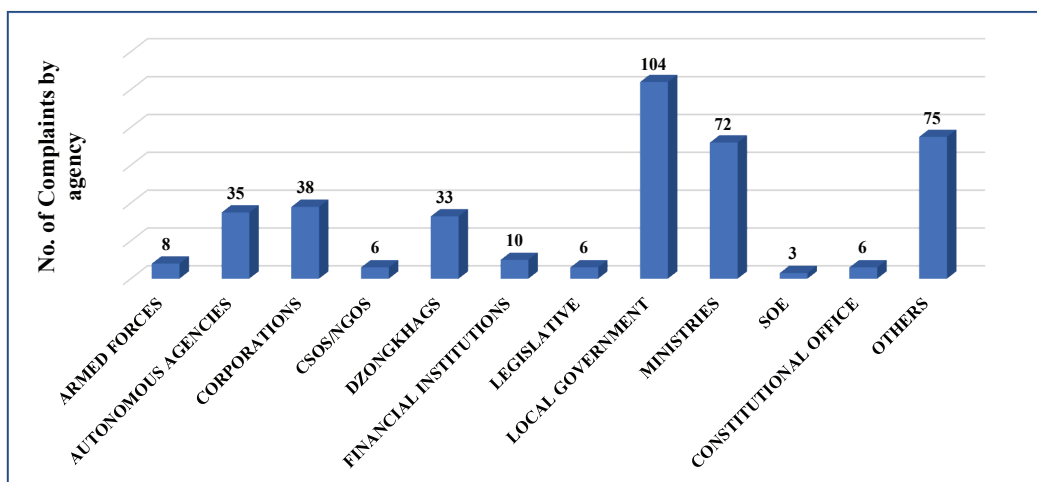


Figure 2.11: Complaints received Agency-wise

The 104 complaints against the LG (Gewogs & Thromdes) are further segregated by Dzongkhag as shown in **Figure 2.12**. Complaints against the Gewogs of Thimphu and Punakha Dzongkhags were the highest followed by Chukha and Wangdiphodrang. There were no complaints against the Gewogs of Trongsa and Bumthang.

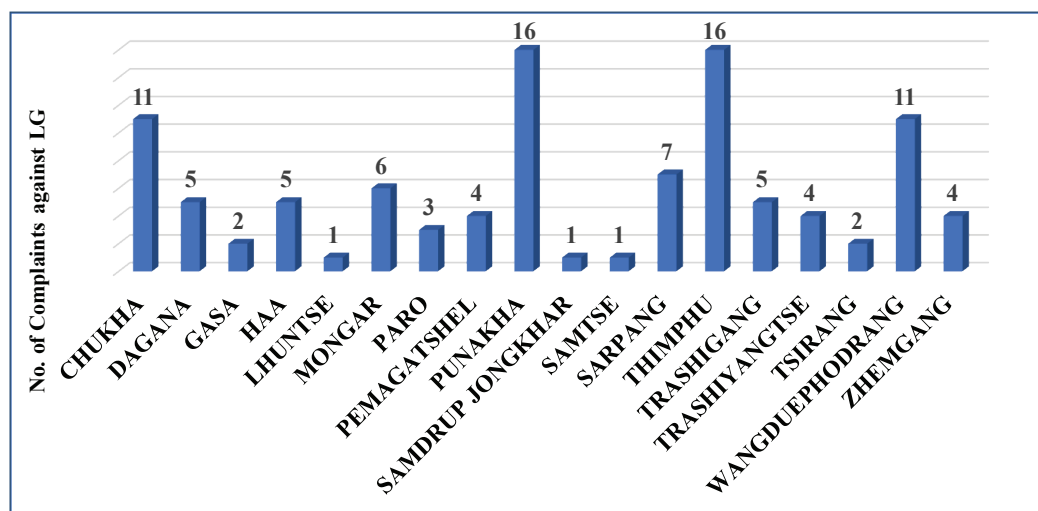


Figure 2.12: Complaints against LG

Of the 104 complaints against the LG, 66 complaints pertained to *Abuse of Functions*, three on *Embezzlement* and one on *Bribery*. The remaining 34 were not related to corruption.

With regard to areas of allegation, a majority of the complaints (39) were related to *Resources*, followed by *Contract* (12) and *Natural Resources* (7).

LG is more vulnerable to corruption with the enhanced delegation of responsibility and resources without commensurate capacity, transparency and accountability. Therefore, enhancing check and balance and promoting transparency, accountability and integrity in LG is absolutely critical in furthering democratic governance.

Further, details of the 33 complaints against 18 Dzongkhag Administrations are given in **Figure 2.13**. There were no complaints against the Trongsa and Trashigang Dzongkhag Administrations.

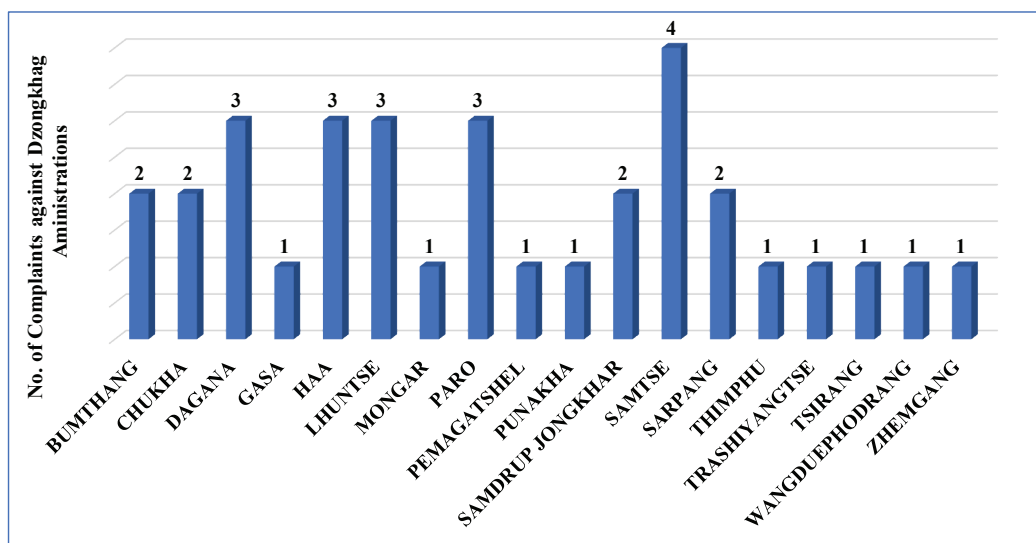


Figure 2.13: Complaints against the Dzongkhag Administrations

Among the Ministries, the MoAF had the maximum complaints followed by MoIC, MoE and MoH as shown in **Figure 2.14**.

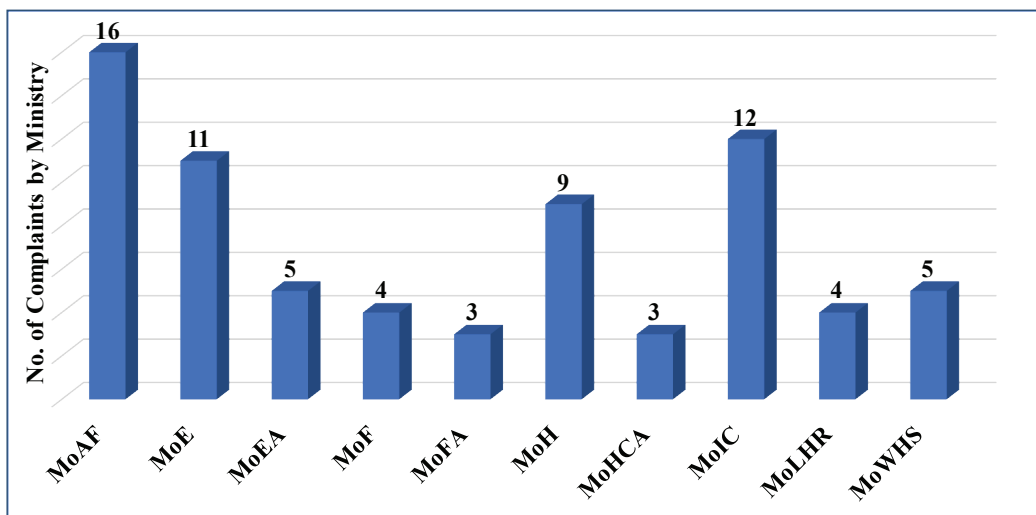


Figure 2.14: Complaints against Ministries

2.3.2. Actions on Complaints

Decisions on the 396 complaints received are depicted in **Figure 2.15**.

The dropped complaints which were mostly from *Anonymous* sources have increased over the years. The complaints were either general, vague, personal grievances or complaints that the ACC had already acted upon. These indicate the need to reinforce awareness on corruption

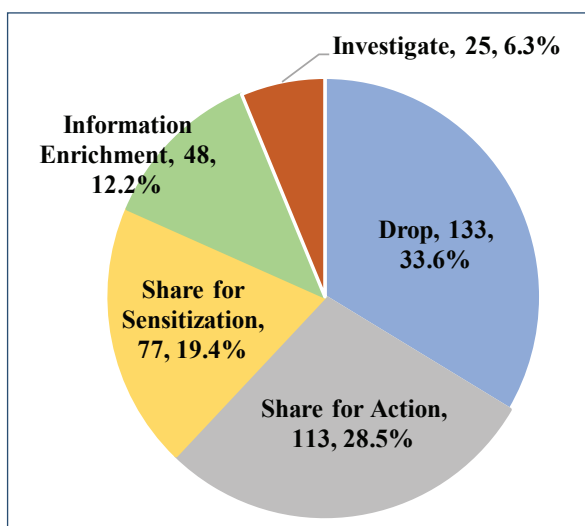


Figure 2.15: Actions on complaints

offences as well as strengthen the ACC complaints system for reporting of quality complaints. It also calls for complainants to report corruption responsibly.

25 complaints qualified for investigation of which 13 were from *Known* sources and 12 from *Anonymous* sources. Decisions taken on the complaints by mode and source is given in **Table 2.7**.

Table 2.7: Decisions on the Complaints by source and mode

Mode of Complaints	Total Number of Complaints	Qualified for investigation		Shared with agency for:				Information Enrichment		Dropped		Total	
				Adm. Action		Sensitization							
		Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown
Walk-in	92	6	1	24	5	11	2	13	3	25	2	79	13
Telephone	3	0	0	2	0	0	1	0	0	0	0	2	1
Post	98	6	7	6	22	5	18	0	9	4	21	21	77
Fax	7	0	0	1	2	1	0	1	1	1	0	4	3
ACC Webmail	196	1	4	11	40	7	32	4	17	9	71	32	164
Total	396	13	12	44	69	24	53	18	30	39	94	138	258
		25		113		77		48		133		396	
		6.3%		28.5%		19.4%		12.2%		33.6%		100%	
		396											

Information Enrichment (IE) on Complaints

Status of the 2019 and pending IE on 2018 complaints assigned for IE in the reporting year are as shown in **Table 2.8**.

Table 2.8: Status of Complaints assigned for IE

Complaints assigned for IE	Decisions on IE findings					
	Closed	Upgraded for Investigation	Shared for Action	Shared for Sensitization	On-going	Pending
80	35	9	6	1	9	20

Complaints shared with Agencies

Status of the complaints shared for action in the reporting year are as shown in **Table 2.9**.

Table 2.9: Status of complaints shared with agencies for administrative actions

Year	Total complaints shared for action	Decisions on ATRs				Under review	Shared with RCSC	Total	ATR not received
		Closed	Upgraded for investigation	Upgraded for IE	Deferred for further action/ information				
2019	119	38	0	2	2	10	20	72	47
2018 and before	99	34	6	2	7	0	0	49	50
Total	218	72	6	4	9	10	20	121	97
		91							

ATRs on those complaints shared with the RCSC are not expected as agreed between the two agencies with the understanding that the RCSC will report in its annual reports.

On an average, the time taken for the ATRs received from the agencies is 180 days.

Of the 91 ATRs received and reviewed, 69 complaints were found to be True and remaining 22 were baseless. Agencies have taken administrative actions including reprimanding, imposing fines/penalties for deviations in construction work, revoking appointment, withholding payment, withhold training, suspending license, refunding, etc

The details of the 97 ATRs not received from the agencies are given in **Table 2.10**.

Table 2.10: Pending ATRs of 2017, 2018 and 2019 by agency

Agency	2017	2018	2019	Total
Civil Society Organization Authority	0	0	1	1
Druk Holding & Investments	1	0	3	4
National Land Commission Secretariat	4	2	2	8
Natural Resources Development Corporation Ltd.	0	0	2	2
Punatshangchu Hydroelectric Power Authority	0	1	0	1
Royal Audit Authority	1	15	10	26
Royal Bhutan Army	1	0	1	2
Royal Bhutan Police	1	4	1	6
Royal Monetary Authority	0	1	0	1
Royal University of Bhutan	0	0	1	1
Thimphu Thromde	1	1	1	3
Zhung Dratshang	0	1	0	1
Dzongkhag Administration:				
Chukha	2	1	1	4
Dagana	0	0	1	1
Haa	0	0	2	2
Mongar	1	0	2	3
Punakha	0	2	6	8
Samtse	0	0	1	1
Sarpang	0	0	1	1
Thimphu	1	0	1	2
Trashiyangtse	1	0	1	2
Trongsa	1	0	0	1
Wangduephodrang	0	1	2	3
Zhemgang	1	0	1	2
Ministry of:				
Agriculture & Forests	1	1	2	4
Economic Affairs	1	1	2	4
Finance	0	0	2	2
Information and Communication	0	0	3	3
Labor and Human Resources	0	1	1	2
Total	18	32	51	101

Considering the nature of the complaints, four complaints were shared with two agencies each

The Royal Audit Authority (RAA) submits the ATRs as and when it audits the agencies concerned.

Referrals from the RAA and other agencies

Based on suspicion of corruption offences, agencies refer the matter to the ACC. During the reporting period, the ACC received 16 referrals from agencies including two from the RAA as shown in **Table 2.11**.

Table 2.11: Referrals from the RAA and other agencies

Agency	No. of Reports
Austrian Embassy Development Cooperation	1
Bhutan Development Bank Ltd.	2
Bhutan Power Corporation	1
Bhutan Standards Bureau	1
Bhutan Transparency Initiative	2
Construction Development Board	1
Dzongkhag Administration, Haa	1
Ministry of Finance – Department of National Property	1
Ministry of Health	1
Royal Audit Authority	2
Royal Bhutan Police	3
Total	16

Decisions on the above referrals are as shown in **Table 2.12**.

Table 2.12: Decisions on the referrals from agencies

No. of Reports received in 2019	Action on the referrals					Total
	Investigate	Share for adm. Action	Share for Sensitization	Information Enrichment	Drop	
16	8	4	2	1	1	16

Table 2.13 provides an update on the RAA referrals for 2010-2019, which are pending final outcome.

Table 2.13: Status of the RAA referrals

Year	No. of Reports			Status		
		ACC	OAG	Under Trial	Shared with agencies	Closed
Brought forward from 2018 - update						
2010	2	0	0	0	2	0
2011	2	0	0	2	0	0
2012	2	0	1	1	0	0
2014	3	0	0	2	0	1
2015	8	1	0	4	3	0
2016	3	1	2	0	0	0
2017	3	0	2	0	1	0
2018	4	2	1	0	1	0
Sub-Total	27	4	6	9	7	1
2019	2	1	0	0	0	1
Total	29	5	6	9	7	2

Complaints qualified for investigation

The number of complaints that qualified for investigation in the reporting period is as shown in **Table 2.14**.

Table 2.14: Complaints qualified for investigation

Year of Complaints	Description	Numbers of Complaints
2019	Complaints	25
	IE Upgraded	3
2018 & before complaints carried over to 2019	IE Upgraded	6
	ATRs Upgraded	6
Total		40

Of the 40 complaints qualified for investigation, majority pertains to *Abuse of Functions* followed by *Embezzlement* as shown in **Figure 2.16**.

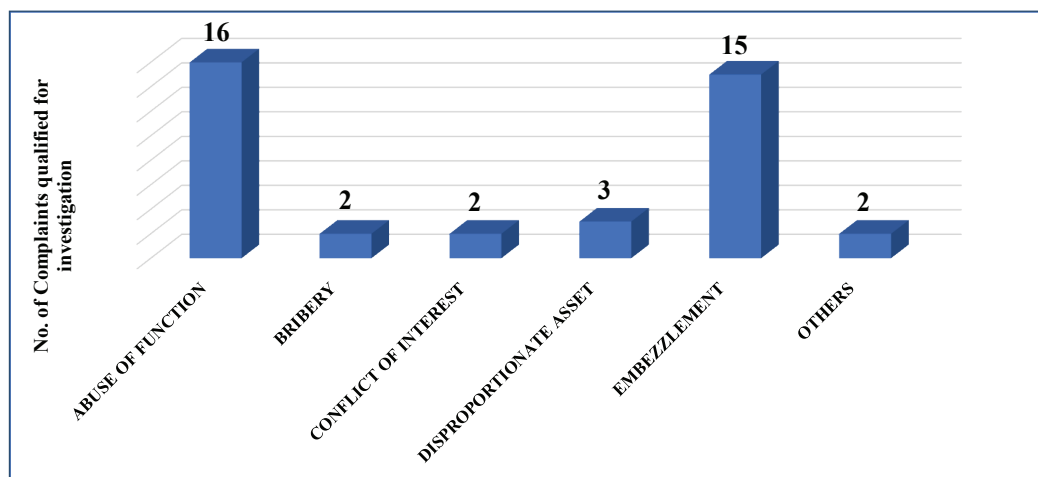


Figure 2.16: Complaints qualified for investigation by type of corruption offences

Further, segregation of the 40 complaints that qualified for investigation by agency shows that Ministries had the highest followed by Financial Institutions and LG as shown in **Figure 2.17**.

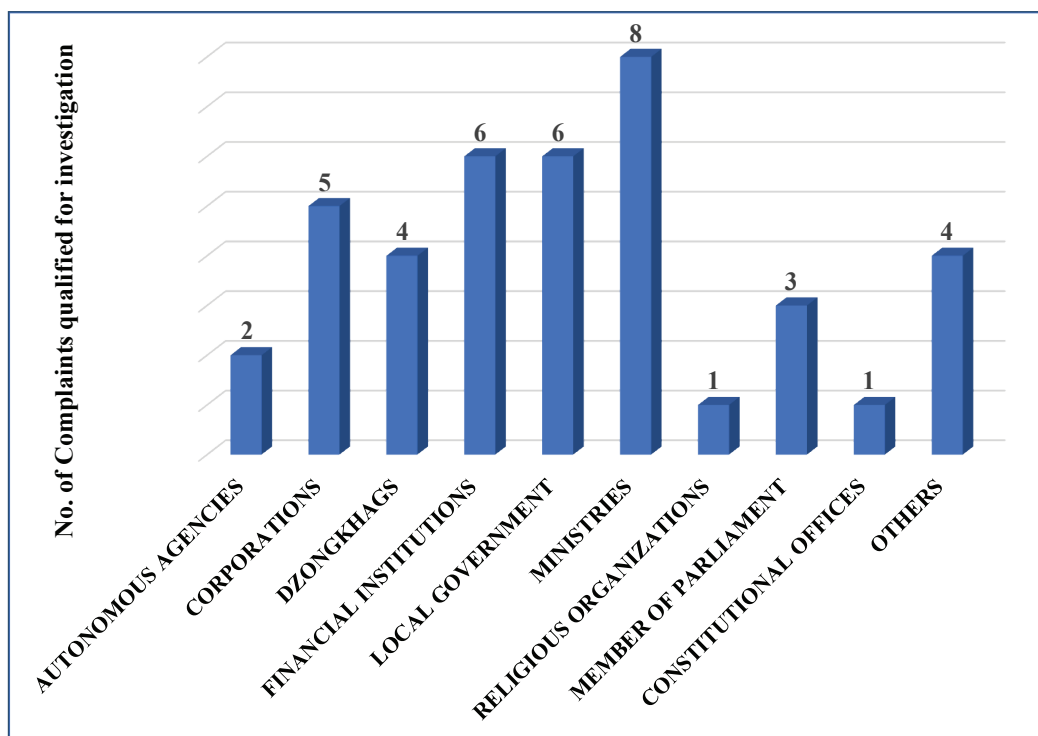


Figure 2.17: Agency-wise complaints qualified for investigation

2.3.3. *Status of Backlog Complaints and complaints qualified for investigation in 2019*

The details of the total complaints for investigation and pending at the end of the reporting period are as shown in **Table 2.15**. 555 backlog complaints qualified for investigation (2006 to December 2016) has been reduced to 37 in the reporting period.

Table 2.15: Status of Complaints qualified for investigation

Year of Complaint	Complaints Qualified for investigation	Assigned for Investigation	Balance for Investigation
2006 – 2016	49	12	37
2017	6	0	6
ATRs and/or IEs of 2017 & before complaints reviewed in 2018	9	2	7
2018	14	5	9
ATRs and/or IEs of 2018 & before complaints reviewed in 2019	12	7	5
2019	28	17	11
Actionable intelligence in 2019	2	2	0
Total	120	45	75

Of the 45 complaints assigned for investigation, seven were related to four on-going cases, so new cases opened for investigation in 2019 was 38.

2.4. Investigation and Referrals – Expose and deter corruption by effective investigation without fear or favor

2.4.1. Caseload

For the reporting period, the total caseload was 50 as compared to 39 cases in 2018. The caseload has increased by 28.2 % from the previous year. 38 out of the 50 cases (76.0%) assigned were new cases including the two actionable intel projects upgraded for investigation.

Out of the 50 cases, the ACC completed investigation of 25 cases during the reporting period, achieving an overall case turnover of 50.0% of which 13 cases were referred to the OAG (**refer Annex I**). Six cases were dropped and closed due to lack of evidence of corruption or administrative improprieties, and six cases were referred to the relevant agencies for administrative actions. The remaining 25 cases (1 old and 24 new cases) were on-going at various stages as shown in **Table 2.16**.

Table 2.16: Investigation, its outcomes and status

Description	Old	New	Total	%
No. of cases carried over to 2019	12	-	12	24.0%
No. of new cases opened in 2019	-	38	38	76.0%
Total caseload for 2019	12	38	50	100%
Outcomes/Status				
1) Investigation completed:				
(i) Forwarded to OAG	8	5	13	26.0%
(ii) Referred to agencies for Admin. action	2	4	6	12.0%
(iii) Dropped/Closed	1	5	6	12.0%
2) Investigation on-going	1	24	25	50.0%
Total	12	38	50	100%

As reported in the previous annual reports, the ACC often need to use coercive powers of searching and seizing vital evidence and information and arresting and detaining suspects for interrogation, preventing destruction and or fabrication of evidence/potential witnesses and risk of flight. In 2019, the ACC executed seven search and seizure operations and detained six suspects during the investigation process.

The average turnaround time (TAT) for investigation was approximately 88 working days which is an improvement of 14 days as compared to the previous year.

Over the five years from April 2015 to December 2019, cases investigated included backlog complaints qualified for investigation, re-assignment of stalled cases and new priority cases. Caseload ranged from 39 to 64 per year with an average caseload of 51.

2.4.2. Investigation Outcome

In the last five years (from April 2015 to 2019), investigation of 176 cases (68.5%) were successfully completed of which 112 cases (63.6%) were forwarded to the OAG for prosecution, 15 (8.5%) were prosecuted and adjudicated outside the civil court jurisdiction, 22 (12.5%) were referred to agencies for administrative actions and 27 (15.3%) were dropped due to lack of corroborating evidence to prove beyond reasonable doubt as shown in **Figure 2.18**.

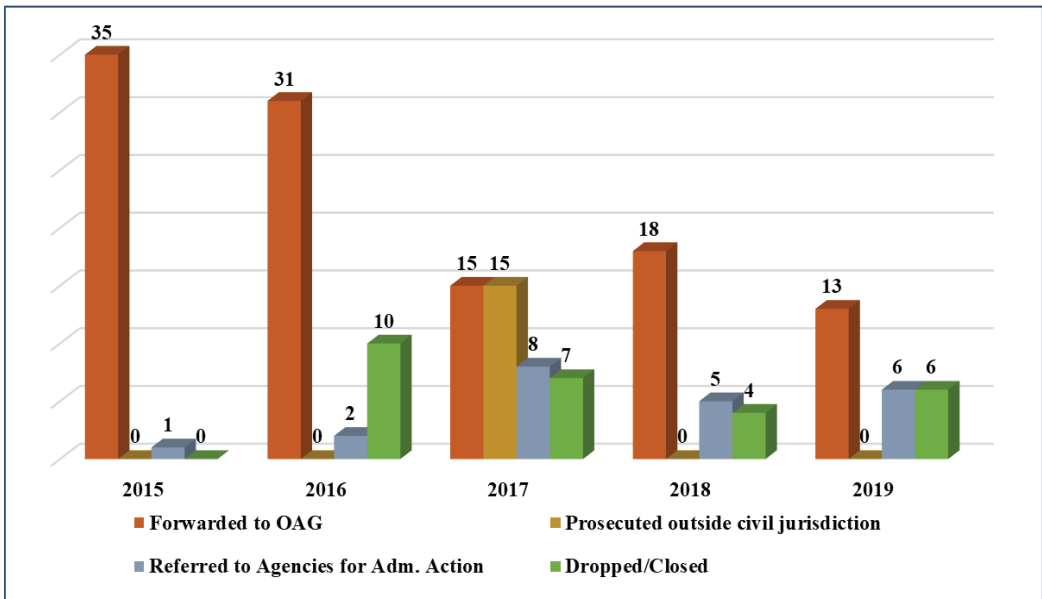


Figure 2.18: Investigation Outcome from 2015-2019

2.4.3. Prosecution referral and outcome

Of the cases forwarded to OAG for prosecution, 18 cases were under OAG review (refer **Annex II**), 45 cases in various courts (refer **Annex III**) and judgments rendered on 60 Cases (refer **Annex IV**) as of 31 December 2019.

Various courts rendered judgement on 60 cases which included 20 fronting cases and 13 De-Suung embezzlement cases. A total of 106 defendants were charged for corruption and other criminal offences out of which 81 individuals were convicted with sentences ranging from one month to 28 years imprisonment term, 23 were acquitted and two deferred as shown in **Table 2.17**. As of 31 December 2019, of the 60 cases adjudicated, 19 cases were under appeal in various courts.

For the period, 2015 to 2019, various courts have rendered judgments on 133 cases as shown in **Table 2.17**. The conviction rate is 81.6% (excluding the deferred judgment cases) for 2015-2019.

Table 2.17: Judgment Rendered from 2015-2019

Description	Prosecuted		Judgment rendered		
	No. of Cases	Charged	Convicted	Acquitted	Deferred
2015 (from April)	5	23	20	3	0
2016	10	51	38	8	5
2017	12	62	46	7	9
2018	46	57	45	11	1
2019	60	106	81	23*	2
Total	133	299	230	52	17
Conviction rate			81.6%		

*2 fined because of no criminal liability & 3 withdrawn after demise

Prosecution by the ACC

De-Suung cases

As reported in the Annual Report 2018, the Commission took over the prosecution process from the Royal Bhutan Army (RBA) after the RBA refused to appeal against the judgment of the High Court. The ACC appealed to the Supreme Court to seek ruling on “whether the inflated amount can be

considered as legally acceptable adjustment or be considered as embezzlement”.

The Supreme Court awarded its judgment on 15 March and 26 August 2019 against the 10 Officers and three Non-Commissioned Officers (NCO) convicting all 10 officers and one NCO and acquitted two NCOs. The imprisonment terms ranged from eight months to two years, 11 months and five days. The Supreme Court ordered the defendants to restitute the embezzled amount of Nu. 1.53 million. Considering the restitution of Nu. 0.55 million ordered by the High Court/Trial court (Royal Bhutan Armed Forces Court of Justice) from the defendants of the cases prosecuted by the RBA, the total restitution was Nu. 2.08 million.

Further, the Supreme Court ruled that, inflation of any amount/expenditure must be considered as a criminal act overruling the erroneous judgment of the High Court wherein it had ruled as legally acceptable adjustment. The Supreme Court ordered the Trial Court to implement the Supreme Court judgments.

Tax evasion by M/s JPLP, Phuntsholing

The Commission investigated M/s JPLP, Phuntsholing in 2015. The OAG charged Mr. Jatan Prasad Lal Chand Prasad and his staff Mr. Rajesh Choudhary for tax evasion and prayed for restitution of Nu. 126.90 million including the fines to the State. The Dungkhag Court, Phuntsholing ruled that the defendant is entitled for the deduction of direct cost and ordered to restitute only Nu. 14.49 million and a fine of Nu. 7.88 million. The OAG appealed to the High Court on the ground that the trial court has erred in interpreting the tax laws. The High Court-Bench III ruled in favour of the State and sentenced the defendant to five-year non-compoundable imprisonment term and ordered to restitute Nu. 126.90 million. The appeal to the Larger Bench of High Court by the defendant represented by Bhutan Law Services saw the Larger Bench overruling the judgment of Bench III and upholding the judgment of the Trial Court.

The judgment rendered by the Larger Bench was reviewed by the Commission and accordingly recommended the need to appeal. The OAG considered the Commission's recommendation to appeal but decided otherwise in the last hour. The Commission's effort to discuss the matter rendered futile. Considering this unfortunate incident and the existence of substantial question of law in the interpretation of taxation law, the Commission filed the appeal before the Supreme Court.

The exhaustive dispute circles around the differences in interpreting Section 35(2) of general provision of Income Tax Act 2001. The core issue is whether the **Expenses** associated with income includes **Direct Cost** in terms of taxation regime. With all due respect to the Court's ruling, the Commission could not concur to the fundamental basis of judgment. As far as tax law is concerned and as always maintained by the tax authority and dealt accordingly in all preceding tax evasion cases, the term expenses also includes direct cost. There are unmistakable inferences within the law itself to show that terms, cost and expense have been used interchangeably without distinction. The ruling of the Larger Bench therefore stands incoherent with the general accounting principles and precedent set by the Supreme Court in the tax evasion case - *OAG V/s Yeshi Choden*. The Supreme Court in this case ruled that deduction shall not be allowed once the tax evasion is established. Thus, the ACC appealed to the Supreme Court on 29 August 2019 for final ruling. The case is pending before the Supreme Court.

Trongsa Land Case

As reported in the previous annual report, the ACC registered the case before the District Court, Trongsa in February 2017 invoking Section 128 (3) of ACAB 2011. The Court finally rendered its judgment on 14 November 2019.

The defendants were found guilty on the charges of abuse of function, forgery, criminal attempt, solicitation and obstruction of justice. Seven defendants were convicted concurrently to imprisonment term ranging from one year to six years. Except for one, all six convictions are non-compoundable. The Court however acquitted three defendants despite finding guilty for being State Approver under Section 66 of the Penal Code of Bhutan. The case is under appeal before the High Court. The primary defendant is represented by Bhutan Law Services.

2.4.4. Restitutions

In the reporting period, a total of Nu. **255.47 million** was ordered for restitution by various courts increasing the total restitution for 2006-2019 to Nu. **632.91 million** and 84.07 acres of State land.

A total of Nu. **47.21 million** (including Nu. **43.12 million** related to judgments rendered in 2019) and 63.12 decimal land were restituted to the State in 2019. Excluding Nu. **204.78 million** pertaining to the cases under trial in various courts, the total restitution pending as of December 2019 was Nu. **191.44 million** and

1.19 acres of State land as reported in **Table 2.18** and **Annex V**.

Table 2.18: Summary and status of restitution (in Nu. and million)

Judgment Year	Restitution Ordered	Restituted	Cases under appeal	Restitution pending
2006-2018	377.44	71.66	117.82	187.96
2019	255.47	47.21	204.78	3.48
Total	632.91	118.87	322.59	191.44

Of the total **Nu. 632.91** million ordered for restitution so far, Nu.178.47 million (28.2%) alone pertained to 39 fronting cases adjudicated by various courts from 2017 to 2019 as shown in the **Table 2.19**.

Table 2.19: Restitution ordered and its status on fronting cases

Particulars	Amount (Nu. in Million)
Confiscation of Commissions received	10.09
Fine imposed for illegal leasing of licenses	0.56
Confiscation of auction proceeds, bank balance and cash seized during investigation	61.18
Restitution pertaining to tax evasion and illegal INR repatriation	106.64
Total	178.47
Appealed to higher court (3 cases)	17.46
Restituted	70.51
Pending restitution	90.50

Judgment implementation of Gyelpozhing land allotment case

As reported in the last Annual Report, restitutions related to Gyelpozhing land allotment case was excluded in the report, pending full implementation of the judgments rendered by the Mongar Dzongkhag Court in March 2013. The Court ordered to (i) restitute the 74 plots (419,494.88 sq. ft/9.63 acres) in Gyelpozhing Town and reimburse the payments made for the plots (Nu. 2.49 million) to the registered owners (71) except the two religious institutions and an individual; (ii) compensate the registered owners for the structures built on the plots (12 plus one under construction); and (iii) beneficiaries to pay for the *Kidu* timber (14,399.09 cft) based on the cost of timber at the time of availing *Kidu* timber (Nu. 1.53 million)

Accounting for one case appealed to the High Court which overturned the ruling of the Trial Court and *Kidu* granted to 36 individuals, the ACC, in coordination with and the support of the MoF, NLCS and Mongar Dzongkhag Administration implemented the judgments on the remaining 37 individuals. A team comprising of representatives from the MoF, Mongar Dzongkhag Administration and ACC on inspection and physical measurement of one semi-permanent structure built on a plot to be restituted, valued the structure at Nu. 1.92 million.

Judgment implementation status is as shown in **Table 2.20**.

Table 2.20: Judgment implementation status of Gyelpozhing land allotment case

Judgment description		Restituted	Restitution pending
Restitution to the State	Land: 37 plots = 268,020.79 sq. ft/6.15 acres	258,724.15 sq. ft/5.94 acres (35 plots: 11 commercial & 24 residential plots)	9,296. 64 sq. ft/0.21 acres (2 residential plots)
	Cost of Timber: 8000 ctf = Nu.0.85 million	Nu. 0.64 million (cost for 6000 cft of timber)	Nu. 0.21 million (for 2000 cft)
Compensation to registered owners	Cost of Land: 34 plots = Nu. 1.38 million	Nu. 1.34 million reimbursed (9 commercial & 23 residential plots)	Nu. 0.04 million (for 2 residential plots)
	One semi-permanent structure assessed at the value of Nu. 1.92. million	-	Nu. 1.92 million

2.4.5 Major Case highlights

Case No. 1: Embezzlement of Buddha Dordenma Project Fund

The ACC conducted the investigation based on the complaint that Anim Damcho Choden, Project Manager for Buddha Dordenma Image Foundation (BDIF) fund had amassed huge wealth through misappropriation of the fund.



The case concerns financial improprieties pertaining to the construction of 169 ft bronze statue of Buddha Shakyamuni and peripheral structures at Kuensel Phodrang, Thimphu. The project was, in part funded by foreign donations and individual contributions mobilized by Lam Tshering Wangdi, the Chairman of Menjong Chothuen Tshogpa, and supported by the government in its initial phase including the provision of land, approach road, site infrastructure and amenities to start the project.

The project was carried out under the banner of BDIF registered in Hong Kong but not registered in Bhutan, contrary to the requirement of the Religious Organizations Act of Bhutan 2007.

The investigation findings, consolidated and organized under two timelines, from 2004 to 2008 and 2009 to June 2018 are as follows:

2004 to 2008: The Lam handled the project fund without maintaining proper record of collections and expenditures. Except for two remittances that were credited into his personal account, all other remittances totalling to Nu. 114.05 million had been received in the BDIF account maintained with the Bhutan National Bank Ltd (BNBL). Total accumulated fund in this account including interest earned and other cash deposits aggregated to Nu. 121.44 million. However, the total expenditure attributable to the project amounted to only Nu. 44.97 million. The Lam failed to account for the remaining Nu. 73.42 million.

2009 to June 2018: Opened a Current Deposit (CD) Account as required and also appointed a full-time accountant. However, the Lam operated and managed the bank accounts in such a way that effectively allowed him to retain exclusive control over how much of the incoming remittances can be appropriated to the project's CD account. During the period, the Lam had received foreign remittance equivalent to Nu. 366.47 million in the BDIF account. The total accumulated fund in this account including opening balance, interest earned, and other cash/cheque deposits aggregated to Nu. 381.63 million. While the project related expenditure amounted to Nu. 304.58 million excluding the closing balance of Nu. 0.44 million as of 30 June 2018, the Lam could not account for the difference of Nu. 76.61 million.

Further, the Lam diverted incoming foreign remittances meant for the project to his personal account. As of June 2018, total accumulated fund in the Lam's personal account in BNBL including cash/cheque deposits, interest earned (prorated) aggregated to Nu. 282.97 million against the remittance of Nu. 277.40 million. While an expenditure of Nu. 92.60 million was attributable to the project, the Lam could not account for the remaining balance of Nu. 190.37 million.

In total, the Lam could not account for or explain the utilization of Nu.340.40 million.

The investigation revealed that Lam Tshering Wangdi and Anim Damcho acquired and registered several high value properties either for themselves or for their immediate relatives and that they indeed used project funds in acquiring most of these personal properties. These properties include land, buildings, vehicles and business ventures.

The Commission believes that unabated corruption and malfeasance in charitable activities operating outside the regulatory or oversight framework and without accountability and transparency under the banner of noble cause would seriously impair the reputation of the country, besides bringing in other associated risks such as money laundering, tax evasion, abuse of official privileges and other undesirable elements. By undertaking the investigation, the Commission sincerely believes that it would yield positive outcomes and/or impacts that would far outweigh the prejudices and reputational damage of individual/s affected by the investigation. Considering the facts, evidence and public interest, the ACC forwarded the case to the OAG for prosecution on 30 July 2019.

Case No. 2: *Fraudulent practices by M/s Zangchok Construction*

This is the case of deceptive practice by the contractor while carrying out the construction work on the Relocation of Gr-II BHU, under Merak Gewog and the construction of 96 bedded boys and girls hostels at Duntse Middle Secondary School (MSS) and 96 bedded girls hostel at Bidung Lower Secondary School (LSS), under the Dzongkhag Administration, Trashigang.

The contractor - proprietor of the construction company, *Zangchok Construction* had fraudulently obtained the contract for construction of hostels at Duntse MSS and Bidung LSS by preparing the Standard Bidding Documents with fake company seal and signature of another construction company.

Again, the contractor had claimed twice for certain items, claimed for the works not executed at site, claimed more than the actual work done at the site, and obtained ineligible advances from the Dzongkhag Administration, Trashigang. Furthermore, he had also claimed excess payment of Nu. 1.12 million from the relocation of BHU Gr.-II at Merak, Nu. 5.07 million from the construction of hostels at Duntse MSS and Nu. 6.01 million from Bidung LSS.

Although, the investigation did not find any evidence of the public servants having solicited or accepted advantages from the contractor, whether in monetary forms or otherwise, they have failed to perform their duties with due diligence, resulting in ineligible and excess payments to the contractor. Such lapses indicate weak internal controls including supervisory and monitoring controls, and lack of effective contract management impeding economy, efficiency and effectiveness in the use of scarce resources.

Corruption in public procurement and construction sector continue to remain one of the main factors undermining good governance and has huge impact on the country's fiscal resources.

Considering the facts, evidence and public interest, the ACC forwarded the case to the OAG for prosecution on 23 July 2019 and administrative referral to Trashigang Dzongkhag Administration and Ministry of Economic Affairs, Thimphu on 23 July 2019 and 13 August 2019 respectively.

Case No. 3: Corruption in the procurements of goods (bitumen) at Thimphu Thromde

The case pertains to corruption in the procurement and supply of bitumen emulsion to Thimphu Thromde by Bhutan Bitumen Industries Private Limited (BBIPL) in Phuntsholing. The Thromde Engineer and Procurement Officer had benefited from the undersupply of bitumen emulsion to Thromde as a result of



collusion with BBIPL through fraud, deception, and fabrication of the supply orders. The two Thromde officials placed the second supply order for 75 barrels of bitumen emulsions of which BBIPL was instructed to retain 15 barrels, in return for which they had asked for Nu. 0.08 million. The bills were verified by these two officials and full payment was made to BBIPL for 75 barrels. The cost of 15 barrels of Bitumen Emulsion as per their quoted rate was Nu. 0.11 million. The value of under supplied bitumen emulsion amounting to Nu. 0.08 million has been deposited into the Thromde officials' accounts and the remaining was used to pay Company Income Tax (CIT). The same happened during the third supply order of 75 barrels again.

On the other hand, BBIPL had also bribed foreign public officials of Sikkim Government, India in order to expand their market. A total of Nu. 3.00 million was given as bribe. As a result, the company, BBIPL, was empanelled as one of the recommended suppliers, with two other Indian suppliers of Bitumen Emulsion in the road construction by Rural Management and Development Division (RMDD), Government of Sikkim, India. Due to jurisdiction restriction, investigation could not be carried out in India, but such bribery act needs to be addressed within our country.

BBIPL in their accounts had booked the payments made to the two Thromde officials and also the payments made to officials of Sikkim Government through JK Trading Company in Singtam, Sikkim. JK Trading was shown as their Sales Commission Agent in Sikkim, with agreement to pay Nu. 3,100.00 for every metric ton (MT) of bitumen emulsion sold in Sikkim. However, it was found that JK Trading is a fictitious company created by BBIPL to cover up the illicit payments. The amount booked under JK Trading was found to have been included in their expenses as Sales Commission Payment, during the tax file return for the income year 2016, 2017 and 2018. JK Trading Company was created to get tax exemption for the illicit payments made by BBIPL. Therefore, the Commission established that BBIPL had evaded tax by inflating their expenses. BBIPL had booked Nu. 7.09 million as sales commission amount paid to JK Trading for three consecutive years (2016-2018). Therefore, the tax due is Nu. 0.36 million for the income year 2016, Nu. 0.92 million for 2017 and Nu. 0.82 million for 2018.

The Thromde Engineer and Procurement Officer have been charged with offense of *Abuse of Functions*, while the BBIPL staff have been charged for *Participation in an Offense* and BBIPL as a company has been charged for *Active Bribery of Foreign Public Servant* under Section 44(1) (a) of ACAB 2011 and under Section 283 of the Penal Code of Bhutan 2004. The ACC has forwarded the case to the OAG for prosecution on 7 October 2019.

Case No. 4: Allegation against former Prime Minister on Residential Security Wall

The Commission received an anonymous complaint alleging the then Prime Minister, Dasho Tshering Tobgay of misusing government budget amounting to Nu. 3.00 million for the construction of fencing, water supply and security wall at his private residence in Taba in March 2018. Also, the Prime Minister himself requested for investigation on the issue as conveyed by the Cabinet Secretariat. It was also reported that the Prime Minister had refunded the cost based on an audit memo issued by the RAA which the RAA later returned to the Prime Minister.

The investigation ascertained that the Security Division, RBP had initiated the proposal based on Security Protocol for VVIPs/VIPs 2014 (Section 10. iv.). The Security Division visited the Prime Minister's residential premise to conduct the security assessment and proposed in July 2015 for the following works to strengthen the security at the Prime Minister's residence:

- Construction of concrete perimeter wall protection with a minimum height of 8 to 9 ft on three sides of the residence (East, West and South).
- The construction of security duty room with attached bathroom at the entrance gate of the residence to facilitate access control.
- Installation of floodlight at the four corners of the compound wall to provide adequate lighting at night.
- Installation of CCTV cameras in the four corners of the compound wall to reinforce security surveillance and for monitoring the movement of potential infiltrators.
- Secure water source by deeply embedding the water tank and pipes into the ground to prevent it from being tampered by miscreants.

The then Cabinet Secretary in the same month wrote a letter to the Secretary, MoWHS to execute the work as a deposit work with a copy to the MoF, requesting for release of the required budget. The work was executed by M/s Samkhar Deki Construction and M/s Norlha Trading at the total cost of Nu. 2.99 million.

The RAA in June 2017 issued an audit memo against the work executed by the Department of Engineering Services, MoWHS. The memo stated that *'However, the Department in consultation with the Ministry of Finance may comment on the course of action to be taken to dispose of the cost of the infrastructures after the tenure of the Prime Minister. It may also be mentioned that it may create precedence and become recurrent cost to the Government in respect of Prime Minister and cabinet ministers residing in private residence in future.'* The Secretary, MoWHS wrote a letter to the Cabinet Secretary with a copy to the MoF seeking comments on the memo. The Cabinet Secretary, in his statement to the Commission, clarified that he apprised the Prime Minister about the matter to which the Prime Minister decided to pay back the money even though the RAA did not require him to do so. Accordingly, the Cabinet Secretary on 8 September 2017 forwarded the cheque for Nu. 2.99 million to the RAA. However, the RAA, after almost 11 months returned the money to the Prime Minister on 31 July 2018. The letter stated that *'RAA did not anticipate recovery besides recommending institution of recurring cost implication in future.'* During the inquiry, the RAA maintained the same ground that the memo did not require the Prime Minister to refund the money.

Considering the facts and evidence gathered during the investigation, the Commission concluded that the case did not involve criminal wrongdoing to

merit further investigation. Further, the RAA's explanation that it returned the money because the memo which was only recommendatory in nature is found to be coherent with the substance of the memo it raised to the MoWHS and the subsequent letter returning the cheque to the Prime Minister. The initial suspicion that the RAA may have altered the memo later, the basis on which the inquiry started in the first place, stands logically dispelled.

However, given the ambiguities in the protocols of residential security and the absence of clearly established standards and appropriate mechanism to rationalize security related infrastructure expenditure at private residences, the issue merits the attention of the government and relevant stakeholders. Though not relevant to the incumbent Prime Minister and Cabinet Ministers as all are residing in Lhengye Densa, Section 10. ii of Security Protocol for VVIPs/VIPs 2014 states that *"An appropriate strength of residential security as determined by the concerned security agencies of the country shall be provided to the former PM."* It poses the risk of abuse of power if the security protocol and/or guidelines are kept ambiguous and such matters are left to be decided on a case-by-case basis in future.

Considering the above and in the interest of promoting transparency and accountability which are the basic nuances of anti-corruption and as mandated by Sections 24 (c) and 36 of ACAB 2011, the Commission in November 2019 recommended to the Hon'ble Prime Minister for review of the relevant provisions of the protocol and/or guidelines to render clarity for uniform and consistent future actions by the relevant agencies. Further, without any prejudice to the executive power of whichever authority may have over such matter, the Commission requested to include in the deliberation, but not limited to, the matter of the principle of incurring State resources on private residential property when the State has already put in adequate security personnel and infrastructure in Lhengye Densa.

2.5. International Standing

2.5.1. Transparency International - Corruption Perception Index (TI-CPI 2015-2019)

TI-CPI is an important measurement yardstick for Bhutan as it discloses Bhutan's standing in the international arena. Since the establishment of ACC in 2006, Bhutan has been participating in the TI-CPI and 2019 is the 14th consecutive year that Bhutan has been ranked and scored by the TI-CPI. Bhutan's journey has not been easy, having to compete with the developed countries with full-bodied anti-corruption systems and infrastructures. However, Bhutan made steady improvement over the years. It has consistently improved its score and rank since 2012 indicating strong political will of the government and citizens to reduce corruption in the country.

In 2019, Bhutan has maintained its position as the 25th cleanest country among 180 Countries/territories with score of 68. **Table 2.21** shows Bhutan's ranking and score in the last five years:

Table 2.21: Bhutan's ranking as per TI CIP (2015-2019)

Year	Global Ranking	No. of participating countries	Score (0-100)	Asia-Pacific Ranking	No. of Surveys Used	Confidence Range
2019	25	180	68	6	4	63.48 - 72.52
2018	25	180	68	6	4	63 - 73
2017	26	180	67	6	5	64 - 70
2016	27	176	65	6	5	62 - 69
2015	27	168	65	6	4	61 - 69

Bhutan's score of 68 is much higher than the global and regional average scores of 43 and 45 respectively. Likewise, Bhutan has maintained its sixth position in the Asia- Pacific region for the last five years and Bhutan stands as the cleanest country in the SAARC region.

The CPI 2019 highlights the relationship between politics, money and corruption. Analysis revealed that the countries in which elections and political party financing are open to undue influence from vested interests are less able to combat corruption. It also revealed that countries with stronger enforcement of campaign finance regulations have been performing well in the CPI with an average score of 70. Sixty percent of the countries that significantly improved their CPI score

since 2012 also strengthened their campaign finance regulations and its strict enforcement.

As per the analysis of the CPI, top-scoring countries on the CPI like Denmark, Sweden and Switzerland are not immune to corruption. While the CPI shows the public sectors in these countries are among the cleanest in the world, corruption still exists particularly in cases of money laundering and other private sector corruption. Such trends are the symptoms of developed countries where governance systems are robust enough to prevent petty corruption. As the country's economy progresses, corruption in the form of policy/political corruption, conflict of interest, money laundering, beneficial ownerships, etc. are more evident.

As Bhutan graduates to the lower middle-income country by 2023, it is expected that the fight against corruption would become more challenging with increased role in the regional and international economic spheres. Thus, it only reiterates that if Bhutan fails to maintain the current momentum of fighting corruption, there is every possibility of stagnating or even relapsing from the current state.

It is important to enhance trust in the government, judiciary and law enforcement agencies through strengthening of appropriate checks and balances as well as enhancing transparency, accountability and integrity in the democratic institutions. At the same time, we need to enhance active participation of civil society in governance, be it planning, budgeting or expenditure tracking, among others.

Bhutan is at a crossroad where reinforced commitment to sustain the current momentum of deepening democratic principles is of paramount importance to spurt out of middle income trap. With the adoption of the revised NIACS to realize the 12th NKRA 'Corruption Reduced' in the 12th FYP, the anti-corruption campaign in the country has been further fortified.

Section

3

The Resolutions of Parliament

The Resolutions of Parliament

The ACC has been reporting the implementation status of the parliamentary resolutions in its annual reports. Below are the parliamentary resolutions for 2019 and its implementation status.



3.1. Resolutions of the 2nd Session of the Third Parliament-National Assembly



Most of complaints received (54.7%) were Abuse of Functions hence, NKRA 'Corruption Reduced' of the 12th FYP be made mandatory in all APA and APT agencies.

Mainstreaming integrity and anti-corruption measures has been made mandatory for all the agencies to be integrated in all APAs and APTs, guided by the broad national objective of 'Corruption Reduced' in the 12th FYP. All agencies are required to "incorporate mandatory indicators related to corruption reduction namely, work,

integrity and leadership culture index and corruption, transparency and accountability index as Key Performance Indicators in the APA and APT". The details are reported in Section 1.5.

02

With the decentralization process, Local Government Authorities were seen as more vulnerable to corruption. Therefore, ethical competence of leaders to create enabling environment for promoting ethics, integrity and professionalism should be improved.

Recognizing the potential risks of corruption in the Local Government, the ACC made conscious efforts to facilitate Local Government functionaries to enhance capacities and practices of Gewog governance structures. In January 2019, the ACC conducted thematic sessions covering all the Gups and Administrative Officers of the 205 Gewogs. The thematic sessions besides enhancing integrity consciousness, also assessed their corruption vulnerability by conducting CRM. The details are reported in Section 2.2.1

Further, the ACC conducted second round of advocacy and awareness program for all the 205 Gewogs from November 2016 to October 2019. The details are reported in Section 2.1.1.

03

The ACC to expedite the establishment of the Ombudsman office as recommended by the 11th Session of the Second Parliament to handle the administrative nature of complaints.

In line with the resolution of the Parliament to establish “*a department or division or a section under the ACC with additional manpower...*” to deal with administrative nature of complaints, the Commission strengthened the Complaints Management Division as an immediate response. Secondly, to validate and verify complaints that does not provide sufficient knowledge to the commission to ensure consistency, transparency and credibility of decision-making process and its outcomes, an information enrichment guideline has been developed and adopted. Further, to provide clarity and legality, the Anti-Corruption (Amendment) Bill of Bhutan 2019 has proposed to insert a new subsection requiring the agencies to act on administrative complaints referred by the Commission.

04

The ACC to review the Tripartite MoU signed amongst RBP, OAG and ACC to ensure that investigation of corruption cases in the private sector by RBP did not contradict with its mandate.

The Constitution mandates the ACC to take necessary steps to prevent and combat corruption. ACAB 2011 empowers the Commission to investigate corruption in both the public and private sectors. Private Sector corruption offences identified in ACAB 2011 are commercial bribery and embezzlement. The ACC, constrained by manpower resources and inundated with corruption cases in the Public Sector, called for concerted efforts by stakeholders to deal with corruption cases in the Private Sector.

Recognizing the challenges if the ACC is to deal with corruption cases in both the private and public sectors, the OAG, RBP and ACC agreed that corruption offences in the private sector involving pecuniary value of less than Nu. 1.00 million will be investigated by professionals, consultants, experts, independent investigators or informers in accordance with Section 33 of ACAB 2011, while RBP will investigate pecuniary value of Nu. 1.00 million to 10.00 million and the ACC with value over Nu. 10.00 million.

Ensuing this agreement, the parties signed the first tripartite MoU on 9 March 2015. The MoU was later revised on 29 December 2017 wherein private sector corruption cases that the RBP could investigate with pecuniary value of “Nu. 1.00 million to 10.00 million” was revised as “Nu. 10.00 million and below”. The revision was made considering that RBP had been receiving many cases with less than Nu. 1.00 million, which the RBP had to reject based on the MoU provision. Concerned that certain section of the society may feel aggrieved for being inadvertently excluded from access to the machineries of the criminal justice system, the revision had to be made. It is an interim arrangement with a sunset clause to be terminated once the Commission has adequate HR capacities to take up all corruption cases in private sector.

While considering this common understanding, the parties to the tripartite MoU considered the following legal provisions:

Article 27 of the Constitution:

1. *There shall be an Anti-Corruption Commission, headed by a Chairperson and comprising two members, which shall be an independent authority and shall take necessary steps to prevent and combat corruption in the Kingdom.*
5. *Prosecution of individuals, parties or organizations on the basis of the findings of the Commission shall be undertaken expeditiously by the Office of the Attorney General for adjudication by the courts.*
6. *The Anti-Corruption Commission shall function in accordance with the Anti-Corruption Act.*

The Anti-Corruption Act of Bhutan 2011:

Section 9: Cooperation with other bodies

- (1) *In exercising its powers or discharging its functions under this Act, the Commission:*
 - (a) *Shall, as far as practicable, work in cooperation with police or other law enforcement bodies; and*
 - (b) *May, as deem fit, work in cooperation with:*
 - (ii) *Any person or body in the private sector.*

Section 33: Power to use independent professionals and experts

- (1) *The Commission may, where it considers it expedient to do so, hire or retain the services of such professionals, consultants, experts, independent investigators or informers as may be necessary for the proper and effective performance of its powers or functions.*

Section 83: Power to investigate complaints or enquire into information

- (1) *Where the Commission has reason to suspect the commission of an offence under this Act following a complaint made under section (77) or information otherwise received by it, the Commission shall cause an investigation to be carried out.*
- (2) *Notwithstanding any law to the contrary, corruption shall be the subject matter of investigation by the Commission alone unless otherwise stated in this Act”*

Section 83 (2) states that corruption is a subject matter of investigation by the ACC alone unless otherwise stated in this Act. Exception is provided by Section 83(1) and Section 33. Section 83(1) specifies that the Commission shall cause to investigate. The literal interpretation of this phrase is that the ACC can make someone to investigate. The investigation must be under the authority of Commission (delegation). In case of tripartite MoU, RBP is delegated to investigate private sector investigation (within the threshold). Therefore, corruption investigation is delegable not only to its staff but also to other bodies as provided by Section 33 of the ACAB 2011.

Further, the investigation report from the RBP is being vetted by the Commission. It is being sanitized and forwarded to the OAG in accordance with the prosecution referral system of the Commission, thus according a legal efficacy. While Section 33 (1) of ACAB 2011 powers the Commission to hire professionals for effective performance, in reality there is no such expert/service available.

In view of the above, the Commission stands that the tripartite MoU neither breaches the Commission's statutory mandates nor is ultra vires Constitution or any other provision of relevant laws.

Section

4

Challenges and Recommendations

Challenges and Recommendations**4.1. Physical Security of the ACC officials**

The ACC has a very challenging mandate, professionally due to the complexity of corruption dynamics and socially having to operate in a small and very close-knit society. This difficult nature of ACC's mandate constantly places its staff under tremendous stress. The ACC's experiences for over fourteen years confirm that people who work in the anti-corruption field, be it in Bhutan or elsewhere in the region or abroad, constantly suffer from victimization, intimidation, and marginalization, making them demoralized and weak.

Since its inception, many times the ACC staff at the forefront encountered untoward reprisals in the line of duty. Verbal and physical abuses and threats by the affected individuals to the ACC staff have increased over the years. In the reporting year, the ACC encountered yet another major incidence where its investigators were abused in the line of duty by the clients related to a case. The accused threatened the ACC officials in the premises of the Court. Prior to the incident, a relative of the accused had also threatened to kill the investigators (in the ACC office). The ACC had to seek the assistance of security personnel from RBP as well as report to the OAG to take up the issue with the court. In another case, a family member of an accused assaulted an investigator at the RBP headquarters compound. The matter was reported to RBP for investigation and prosecution. The individual was sentenced to two months for harassing and threatening ACC official.

Increasing exposure to such risks and uncertainties increases apprehension and seriously impacts both the psychological and physical health of the ACC officials. Not only the safety of the staff, the wellbeing of their family members are equally at a greater risk. Moreover, the risk of threats and abuses does not end with the completion of investigation and prosecution. This is a serious concern. Such grave reprisals is and will be a disincentive for those working without fear or favour and also one of the major factors that discourage prospective candidates to join the ACC and more so continue working in the ACC.

The Commission recognizes that the personal safety of staff cannot be overlooked and that protecting the physical safety of the "foot soldiers" in the line of duty is a priority for the ACC. It demands instituting appropriate policies, programs, procedures and practices.

Towards this, the ACC has developed its Security Policy & Procedures and strategies. It entails enhancing the physical security of the office premise as well as the safety of the ACC staff in the line of duty. Works have already been initiated to enhance the security of the office building by installing security cameras and access/entry control systems. The ACC will strengthen the existing internal check and balance mechanisms and also enhance safety measures which will require the support of the relevant agencies as follows:

- 1. Establish a Security Unit:** With the support of the RCSC and RBP, establish a Security Unit in the ACC manned by security personnel from the RBP on deputation for a fixed term on rotation basis. The Security Unit will be responsible for ensuring the safety of the ACC officials such as during arrest and detention, search and seizure operations, interviews/interrogations through security checks of individuals summoned, etc.; security of the ACC premises/facilities; and provide other security related services including self-defense training;
- 2. Strengthen the legal framework:** With the support of the Parliament, strengthen the legal framework to deter potential physical threats or victimization of the ACC officials. The amendment of the ACAB 2011, which is currently tabled for revision, the following needs to be revisited for appropriate amendment:
 - i) Violence against the ACC officials while executing the mandate of the Commission is specifically criminalized under Section 113 of ACAB 2011. In particular, Section 113 (1) (b) criminalizes any forms of assault and Section 113 (1) (j) criminalizes acts of undue interference or threat. Further, Section 422 of the Penal Code of Bhutan criminalizes obstruction of lawful authority. These sections criminalize any violence against ACC officials while exercising its function under ACAB. However, the quantum of penalty for both obstruction of justice under the ACAB and obstruction of lawful authority under the PCB is a petty misdemeanor only which is inadequate/not severe enough to deter such criminal acts.
 - ii) Further, security measures should not end with the completion of investigations and related functions. The risk of threats persists even after the completion of the assignment and for that matter, it persists even after the officials involved exit the ACC.

- 3. Counselling services:** Provide counselling services to the ACC officials for their well-being especially in coping with work-related problems such as stress, anxiety, etc., enhancing their self-esteem and confidence; and enhancing performance in fulfilling the constitutional responsibility of preventing and fighting corruption in the country without fear or favor.

4.2. Challenge at its Doorstep

The Constitution of the Kingdom of Bhutan establishes a political framework that is well founded on the principles of integrity, justice and good governance. Further, the Constitution expounds on the establishment of the institutions of democracy to act independently, impartially and fairly to provide check and balance and serve public interest without abuse of authority, conflict of interest and political biases.

However, check and balance and separation of powers does not mean that these institutions should not and cannot complement each other and work together in the best interest of justice. In fact, in the hands of corrupt and subservient leaders, there is a real danger that the sceptre of check and balance or separation of powers can be wielded to enshroud one's personal interest and keep working partner abbey from seeing its shady affairs. The ACC recognizes that the public has legitimate expectations to see that the State investigating authority and prosecuting agency collaborate to the best effect in fighting corruption. However, this can happen only if both the institutions share the same vision, trust one another and work closely while respecting each other's mandates, powers and independence. The concern that even in a small country like ours, the perpetuating challenge of good governance due to poor collaboration, coordination, communication and accountability among State functionaries, has been profoundly and categorically stated by His Majesty (National Day Address, 2019).

In a small society like ours, fighting corruption has always been challenging. This challenge has magnified and complicated over the past few years as the two institutions who are supposed to be on the same ship and demonstrate exemplary partnership chose to charter its own path and discredit each other in the public media. The ACC's sincere effort to forge a productive working relationship with the OAG through MoU from very early on in 2016 had to be shelved due to poor reciprocation. The fundamentally flawed leadership philosophy that 'ACC and OAG should not be seen working together' continues to obstruct any prospect of seeking common ground for building synergy and effective partnership.

Although ACAB 2011 empowers the ACC the legal authority to prosecute on its own under certain circumstances, it had already made it clear in its 2012 Annual Report referring to the experience of the Gyelposhing Land scam case that invocation of such power should be an exception rather than a norm. The report also raised questions on the role and independence of the Attorney General (AG) as a State Prosecutor when dealing with high profile cases. Once again, the Commission finds itself obliged to put on record and reiterate those same questions which carry future implications if not addressed. Starting with Trongsa land case in December 2016 which was returned to the ACC after almost 18 months, followed by JPLP tax evasion case in 2019, the manner in which the AG handle and arrive at decisions to dismiss cases or stop appeal on its track, disregarding the merit of evidence and public interest has left many, including the ACC, wondering if the AG is assuming multiple roles of investigator, defence lawyer and judge, all at the same time, to exculpate implicated offenders. Under such situations, questions of internal check and balance mechanisms, discretionary powers, accountability, professional and ethical competence rises to the surface.

One of the major concerns of the ACC, however, lies in the question of how the State Prosecutor manages perceived and/or potential conflicts of interest and in this particular case, the public perception that the State Prosecutor having been a private practitioner seems to influence the decision-making which may not be in the best interest of the State. The law presupposes that the OAG makes decisions on prosecution in the public interest without any conflicts of interest. Further, the AG as the Chief Legal Officer exercises broad discretion in determining the public interest with very little or no oversight on the exercise of his discretionary power to decide on whom to charge, what charges to make, which cases to appeal, etc. which may bear significant consequences for criminal defendants and criminal justice in general. Discretionary powers without oversight and accountability mechanisms in place increases the risk for the AG to flout conflict of interest and undermine the ACC's effort to combat corruption effectively.

Therefore, the ACC recommends to consider the above when Government recommends candidates for appointment as AG to rule out the obvious potential sources of conflicts of interest and ensure that the State Prosecutor represents the interests of the State. Further, the OAG as an institution must strengthen systems of integrity and effectively manage conflicts of interest to avoid both perceived and actual conflicts of interest in fulfilling its functions (as the central litigation and prosecuting agency of the Government).

The ACC re-emphasizes here that it is important for agencies to institute and mainstream systems of integrity at the organization level. It is equally important for leaders to imbibe and practice ethics, integrity and professionalism. Only then can we trust one another and work single-mindedly in serving the *Tsawa-Sum*.



Conclusion

Conclusion

The Annual Report 2019 is the last annual report of the incumbent Commission, particularly for the Chairperson Kinley Yangzom and Commissioner Jamtsho who will complete their term on 30 July 2020. Commissioner Karma D. Nidup resigned on 16 April 2018. Commissioner Ngawang Pem was appointed as the new Commissioner on 23 April 2018. So, this annual report took stock of the performance of the ACC with reference to the leadership, endeavors and contributions of the second Commission (both past and present Members).

Though the ACC was less than a decade old when the second Commission was appointed, it had already established a stronghold in the fight against corruption. The challenge for the new Commission was not only to maintain the momentum but build on the achievements of the first Commission and further the anti-corruption efforts in the country. The Commission identified immediate and long term priorities. Immediate priorities included addressing the perennial HR issues faced by the ACC, streamlining its functions/services, and networking with critical key agencies for information sharing and partnership building. Long term priorities included branding ACC as an 'Employer of Choice', financial security, reducing backlog complaints qualified for investigation and enhancing education and prevention programs.

Accordingly, the ACC has been restructured along the functional lines to professionalize and increase prospects for specialization of the respective functions as well as enhance career path/s. Staffing has been significantly improved from 66 in 2015 to 118 in 2019 with a 78.8% increase. Competency framework based HRD Plan has been developed to promote strategic human capital investment for a competent, qualified and resilient anti-corruption cadre. Simultaneously, internal operational standards including social welfare-structures have been strengthened and in-house hygiene factors have been improved. Further, management of complaints and investigation, both proactive and complaint-based, has been streamlined and strengthened. Backlog complaints qualified for investigation have also been substantially reduced and hence, will facilitate the ACC to dedicate its limited resources to current complaints. Similarly, conduct of proactive studies to facilitate evidence-based systemic improvement in vulnerable areas has been enhanced.

The ACC, as an institution, now operates with the renewed perspective of branding itself as an ‘Employer of Choice’. As one of the means to address the perennial challenge of attrition and retention of staff, the proposal on ‘Institutional Motivation and Social Security Fund for the ACC Cadre’ has been approved by His Majesty the King and its implementation initiated phase wise. Construction of the office building in Phuntsholing is near completion, which is expected to augment anti-corruption effort.

One of the key efforts of the Commission has been to mainstream the collective responsibility of every Bhutanese to fight corruption and build a culture of integrity through rigorous advocacy including ethics and integrity sessions; promoting ethical leadership; promoting integrity in schools and training institutes; promoting clean and ethical business in the private sector; and engaging media, CSOs and youth in anti-corruption works.

Promoting and building a culture of integrity across all sections of society is critical to the effective realization of the national anti-corruption efforts. This has been bolstered by retaining *Corruption Reduced* as one of the NKRA in the 12th FYP. To realize its aims and objectives, NIACS 2019-2023 has been adopted for implementation in both the public and private sectors. For the first time, the national strategy has been closely aligned with the key performance indicators of the 12th FYP to ensure robust, resilient and result-driven monitoring of anti-corruption interventions.

Today, Bhutan is considered a progressive country in preventing corruption. The UNODC’s first review cycle of Implementation Review Mechanism commended Bhutan’s compliance with UNCAC thereby benchmarking the anti-corruption principles and measures with international standards. Many countries regard Bhutan highly for taking proactive measures to root out corruption. Bhutan’s TI-CPI rank and score improved from the 30th position with a score of 65 in 2014 to the 25th position with a score of 68 (in 2018 and 2019). Further, the national integrity score is at a *Good Level* of integrity (NIA 2016).

Nevertheless, Bhutan cannot afford to be complacent. The progress made so far appears precarious, as the road ahead in the fight against corruption will continue to be challenging. Control of corruption in Bhutan is still driven by external factors such as the fear of law enforcement rather than institutionalized systems and subscribing to moral values (Worldwide Governance Indicators of the World Bank, 2018). This is a serious concern since such measures are not sustainable

and calls for sustained and conscious efforts through institutionalizing various integrity measures in the governance. As the country embraces the renewed development paradigm for the 21st Century, the policies/strategies/tools adopted on anti-corruption will undergo exasperating test/s against the rapidly evolving corruption typology in this digital era. Corruption will become more sophisticated and less easily recognized such as abuse of function, policy capture, beneficial ownership and large-scale bribery with international links. The consistent trend of complaints on *Abuse of Functions* as the most alleged offence and confirmed by the cases investigated indicates Bhutan's direction towards systematic influence of private interest in policy-making and executive decisions.

Making Bhutan a corruption-free country, as daunting as the task may seem, it is doable. Our strength lies in the visionary leadership of our Kings, the political will of our leaders, the national legal framework and the general support of the Bhutanese people. The *Gyalsung* (National Service) program for youth announced by His Majesty on the 112th National Day, a historic gift from the Royal Throne further reassures a bright future ahead for a happy, harmonious and corruption-free Bhutan.

Having come thus far, the current momentum in the fight against corruption must be maintained unequivocally for sustained and equitable development. Difficult as the journey may be, we must continue to draw inspiration from His Majesty the King who recently reassured the people that “...as a small country with a small population, we can overcome any challenge we are faced with if the people and the government work together.” (His Majesty's Address to the Nation on 22 March 2020)

In conclusion, as the Commission reminisces this challenging and arduous yet fulfilling journey in the fight against corruption, the Commission takes this opportunity to pay our heartfelt gratitude to His Majesty the King for incessant blessings, Government (both past and present) for the political will, Parliament (both past and present) for the support and guidance, key stakeholders for the cooperation, and the public for the support. In particular, the Commission would like to acknowledge and thank the ACC staff for their commitment and unwavering determination in fulfilling the national cause of reducing corruption. The ACC will no doubt continue to shoulder the aspirations of the *Tsawa-Sum* in ensuring a Bhutan that is free from corruption.

Say No to Corruption!



Annexures

ANNEX I: Cases forwarded to OAG for prosecution in 2019

SN	Case No.	Case Title	Referral Date
1	01/2018	Fraud and corruption involving former Naja Gup	28/01/2019
2	05/2018	Land fraud at Taba involving former Lyonpo, MoF.	01/03/2019
3	11/2018	Fraud and corruption involving incumbent Dzongkhag Yargay Tshogchhung Thrizin, Mongar Dzongkhag	05/04/2019
4	26/2017	Fraud and corruption in Government of India funded construction project in College of Science and Technology, Phuentsholing	28/05/2019
5	14/2018	Embezzlement of fund by Account Assistant at Samdrupcholing Dungkhag Administrations	27/06/2019
6	16/2018	Bribery case involving traffic police in connection to obtaining driving license from RSTA	18/07/2019
7	01/2019	Fraudulent practice by M/s Zangchok Construction	23/07/2019
8	09/2016 (Part II)	Embezzlement of Buddha Dordenma Project Fund	13/09/2019
9	03/2019	Embezzlement by Teller in Bhutan Development Bank Ltd, Tsirang	18/09/2019
10	18/2018	Corruption in the procurements of works at Thimphu Thromde	07/10/2019
11	22/2019	Corruption in the procurements of goods(bitumen) at Thimphu Thromde	07/10/2019
12	09/2019	Solicitation of bribery by MoWHS official in relation to import of Wire Mesh	28/11/2019
13	02/2019 (Part 2)	Bribery by Rigsar Construction	31/12/2019

ANNEX II: Cases under review by the OAG as of December 2019

SN	Case No	Case Title	Referral Date
1	15/2017	Embezzlement in M/S International Treks and Tours Pvt. Ltd (ITT), Paro	09/10/2017
2	08/2017	Fraudulent purchase of land by Penden Cement Authority Ltd at Gelephu	07/11/2017
3	22/2017	Bid rigging and favoritism in tendering process, NCHM	06/03/2018
4	16/2017	Encroachment of Government land at Olakha, Thimphu	18/09/2018
5	18/2017	Encroachment of Government land at Hejo, Thimphu	04/10/2018
6	07/2014	Illegal registration in Government land at Wangsisina, Thimphu	07/11/2018
7	03/2018	Embezzlement of fund at Phuentsholing Dungkhag Administration	28/12/2018
8	09/2016 (Part I)	Tax fraud involving M/S Lhai Metog export and import between 2009 to 2017	31/12/2018
9	05/2018	Land fraud at Taba involving former Lyonpo, MoF.	01/03/2019
10	26/2017	Fraud and corruption in GoI funded construction project in CST, Phuentsholing	28/05/2019
11	16/2018	Bribery case involving traffic police in connection to obtaining driving license from RSTA	18/07/2019
12	01/2019	Fraudulent practice by M/s Zangchok Construction.	23/07/2019
13	09/2016 (Part II)	Embezzlement of Buddha Dordenma Project Fund	30/07/2019
14	03/2019	Embezzlement by teller in BDBL, Tsirang	02/10/2019
15	18/2018	Corruption in the procurements of works at Thimphu Thromde	02/10/2019
16	22/2019	Corruption in the procurements of goods(bitumen) at Thimphu Thromde	11/09/2019
17	09/2019	Solicitation of bribery by MoWHS official in relation to import of Wire Mesh	29/11/2019
18	02/2019 (Part 2)	Bribery involving Rigsar Construction	31/12/2019

ANNEX III: Cases with Courts as of December 2019

SN	Case No	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remarks
				Registration Date	Trial Court	Registration Date	Court	
1	02/2014	Repatriation of Indian Currency, Druk PNBL, Thimphu	26/03/2014	17/04/2014	District Court, Thimphu	04/10/2018	High Court	One defendant appealed
2	13/2014 (Part 33)	Bribery & Tax evasion, Phuentsholing (JPLP)	08/08/2015	04/09/2015	Dungkhaig Court, Phuentsholing	29/08/2019	Supreme Court	ACC appealed
3	05/2014	Misuse of powers and Government fund by Gelephu Drungpa	09/03/2015	20/11/2015	District Court, Sarpang	02/09/2019	Larger Bench	One defendant appealed
4	13/2014 (Part 44)	Bribery & Tax evasion, Phuentsholing (Tee Dee Enterprise, Sonam Beer Agency & Yeshey Cement Agent)	12/10/2015	21/01/2016	Dungkhaig Court, Phuentsholing	26/09/2019	Supreme Court	Defendant appealed
5	14/2012	Financial Irregularities in Royal Bhutan Embassy in Thailand	05/02/2015	26/02/2016	District Court, Thimphu	11/06/2019	Larger Bench, High Court	Defendant appealed
6	13/2014 (Part 9)	Bribery & Tax evasion, Phuentsholing (Rabten Pharmaceutical)	08/08/2015	18/03/2016	Dungkhaig Court, Phuentsholing	30/11/2018	High Court	
7	13/2014 (Part 27)	Bribery & Tax evasion, Phuentsholing (Leki Dema)	04/04/2016	29/08/2016	Dungkhaig Court, Phuentsholing			Under appeal against judgment error
8	09/2015	Deception and forgery in Bhutan Postal Corporation	30/12/2015	30/08/2016	District Court, Thimphu	07/11/2019	High Court	Defendant appealed

SN	Case No	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remarks
				Registration Date	Trial Court	Registration Date	Court	
9	10/2015	Embezzlement case at DCCL, Nanglam	04/07/2016	17/10/2016	Dungkhag Court, Nanglam	06/09/2019	Larger Bench, High Court	
10	01/2014	Fraud and bribery in the illegal repatriation of Indian Rupee, DPNBL, Thimphu	13/10/2015	25/10/2016	District Court, Thimphu	14/10/2019	High Court	Two defendant appealed
11	04/2015	Land substitution fraud at Trongsa involving former Dzongdag	17/7/2015. Returned by OAG on 31/12/2016	15/02/2017	District Court, Trongsa	15/11/2019	High Court	
12	05/2012	Bribery and illegal regularization of Government land at Tshalumaphey, Thimphu	26/05/2016	21/03/2017	District Court, Thimphu	28/03/2019	High Court	
13	01/2013 (Part 1)	Fraudulent registration and encroachment of 1.37 acres of Government land at Tshalumaphey, Thimphu	02/06/2016	22/03/2017	District Court, Thimphu			Under trial
14	11/2015	Fraudulent DSA claim in RMA	23/06/2016	23/03/2017	District Court, Thimphu	11/06/2019	High Court	
15	09/2013	Embezzlement of fund at FCBL depot, Phuentsholing	02/08/2016	26/03/2017	Dungkhag Court, Phuentsholing	06/09/2019	District Court, Chukha	
16	01/2013 (Part 5)	Illegal conversion and substitution of 4.5 acres land at Gangchey, Thimphu	07/09/2016	27/03/2017	District court, Thimphu			Under trial
17	01/2013 (Part 8)	Fraudulent registration of Government land by former Gup	29/12/2016	01/04/2017	District court, Thimphu	14/02/2019	High Court	
18	02/2016	Embezzlement of fund at BNBL, Paro	21/10/2016	02/04/2017	District Court, Thimphu	12/09/2019	High Court	

SN	Case No	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remarks
				Registration Date	Trial Court	Registration Date	Court	
19	01/2013 (Part 4)	Fraudulent registration and encroachment of 33 decimal Government land at Lungtenphu, Thimphu	07/09/2016	04/04/2017	District Court, Thimphu			Under trial
20	01/2013 (Part 3)	Encroachment of 132 decimals Government land at Gangchey and Chang Debsi	06/07/2016	05/04/2017	District Court, Thimphu			Under trial
21	07/2015	Fraud and embezzlement at RICBL Branch Office, Paro	29/04/2016	07/04/2017	District Court, Paro			Under trial
22	06/2015	Fraud and embezzlement related to commemoration of International Anti-Corruption Day 2014 (YMC)	05/10/2015	17/08/2017	District Court, Thimphu	31/07/2019	Larger Bench, High Court	One defendant appealed
23	12/2016	Illegal Regularization of Public Tsamdro at Chang Debsi	30/12/2016	03/10/2017	District Court, Thimphu	27/06/2019	High Court	
24	13/2014 (Part 36)	Tax Evasion involving Kenpa Private Ltd	30/12/2016	16/10/2017	Dungkhag Court, Phuentsholing	06/06/2019	District Court, Chukha	
25	01/2016	Embezzlement at RICBL	29/12/2016	06/02/2018	District Court, Thimphu	26/07/2019	High Court	
26	22/2016	Embezzlement at T/Yangtse Dzongkhag	24/04/2017	26/02/2018	District Court, Tashi Yangtse			Under trial
27	03/2017	Fraud and corruption involving senior RICBL management	29/12/2017	14/05/2018	District Court, Thimphu	28/08/2019	High Court	
28	23/2016	Embezzlement at BDBL, Thimphu	22/06/2017	18/05/2018	District Court, Thimphu			Under trial

SN	Case No	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remarks
				Registration Date	Trial Court	Registration Date	Court	
29	07/2017	Embezzlement of Visa Fees at Immigration Office, Paro International Airport	20/02/2018	04/07/2018	District Court, Paro			Under trial
30	01/2013 (Part 7)	Fraudulent registration and encroachment of 1.10 acres of Shokshing at Gyabjakha, Babesa	29/09/2016	25/08/2018	District Court, Thimphu			Under trial
31	21/2017	Embezzlement of fund at BDBL Branch, Pemagatshel	03/06/2018	30/10/2018	District Court, Pema Gatsel			Under trial
32	10/2009	Illegal registration of Government land at Emalakha, Gedu	21/12/2016	09/11/2018	District Court, Chukha	14/06/2019	High Court	
33	24/2016	Illegal registration of Government Land at Debsi	06/06/2017	05/07/2019	District Court, Thimphu			Under trial
34	06/2017	Embezzlement of ATM cash, Druk PNBL, Thimphu	09/10/2017	23/07/2019	District Court, Thimphu			Under trial
35	14/2016	Corrupt practices in financial transactions between RICBL and Nubri Capital	29/12/2017	05/04/2019	District Court, Thimphu			Under trial
36	28/2017	Fraud and collusion in the construction of Gelephu Domestic Airport	29/06/2018	06/04/2019	Dungkhag Court, Gelephu			Under trial

SN	Case No	Case Title	To OAG/ Agency-Ref. Date	Trial Court		Appellate Court		Remarks
				Registration Date	Trial Court	Registration Date	Court	
37	19/2017	Forgery in the construction of park range office at Neptankha, Toewang Gewog, Punakha	09/07/2018	21/01/2019	District Court, Gasa	15/11/2019	High Court	
38	04/2018	Collusion between T&K const. and SPBD, MoE	23/08/2018	23/01/2019	District Court, Lhuntse			Under trial
39	08/2018	Embezzlement of fund at Druk PNBL by Senior Executive	16/10/2018	14/02/2019	District Court, Thimphu			Under trial
40	23/2017	Fraud and corrupt practices involving official from Department of Livestock, MoAF	27/12/2018	02/10/2019	District Court, Thimphu			Under trial
41	15/2018	Encroachment of Government land at Pangchang Khorloi Tag Kasha Lungpa, Thimphu	28/12/2018	10/07/2019	District Court, Thimphu			Under trial
42	29/2017	Corruption in tendering under Overseas Employment Program implemented by MoLHR	28/12/2018	26/08/2019	District Court, Thimphu			Under trial
43	11/2018	Fraud and Corruption involving incumbent DYT Thrizin, Mongar Dzongkhag	05/04/2019	10/09/2019	District Court, Mongar			Under trial
44	14/2018	Embezzlement of fund by Account Assistant at Samdrupcholing Dzongkhag Administration	28/06/2019	30/10/2019	Dungkhag Court, Samdrupcholing			Under trial
45	21/2016	Embezzlement of fund at Goshing Gewog	10/10/2017	04/06/2018	Dungkhag Court, Pangbang	05/12/2019	District Court, Zhemgang	

Annex IV: Judgments rendered in 2019

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
1	01/2013 (Part 8)	Fraudulent registration of Government land by former Gup	01/04/2017	31/01/2019	District Court, Thimphu	Under appeal
2	05/2012	Bribery in Illegal Regularisation of excess land at Tshalumaphey involving Chazam Rimpoché and Pema Dorji	21/03/2017	21/03/2019	District Court, Thimphu	Under appeal
3	01/2013 (Part 9)	Fraudulent registration and encroachment of 63.12 decimals Government land at Tshalumaphey	03/04/2017	18/04/2019	District Court, Thimphu	
4	06/2018	False claim by livestock Health Supervisor of Phuntshothang Gewog, Samdrupchoeling	20/02/2019	15/05/2019	Dungkhaig Court, Samdrupchoeling	
5	20/2016	Fraud and corruption at Bhutan Trust Fund for Environmental Conservation	21/05/2018	17/05/2019	District Court, Thimphu	
6	11/2015	Fraudulent DSA claim at Royal Monetary Authority	23/03/2017	31/05/2019	District Court, Thimphu	Under appeal
7	14/2012	Financial Irregularities in Royal Bhutan Embassy in Thailand	26/02/2016	05/06/2019	High Court	Under appeal
8	10/2009	Encroachment of Government Land at Emalakha, Gedu by Chethey (Aminang Case)	09/11/2018	06/06/2019	District Court, Chukha	Under appeal
9	01/2014	Fraudulent remittance of INR from Druk PNB, Thimphu	25/10/2016	02/10/2019	District Court, Thimphu	Under appeal
10	12/2016	Encroachment of Tsamdrol land at Debsi, Thimphu	03/10/2017	14/06/2019	District Court, Thimphu	Under appeal
11	11/2014	Embezzlement of funds and securities by former Dy. Chief Finance Officer, MoIC	21/11/2014	21/06/2019	Supreme Court	
12	05/2014	Embezzlement of fund and other offences by former Gelephu Dunga and others	20/11/2015	21/08/2019	High Court	Under appeal
13	21/2017	Embezzlement of fund at BDBL, Gelephu and Pemagatshel	30/10/2019	04/07/2019	Dungkhaig Court, Gelephu	Under appeal

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
14	01/2016	Embezzlement of fund at RICBL Head Office, Thimphu	06/02/2018	25/07/2019	District Court, Thimphu	Under appeal
15	06/2015	Fraud and embezzlement related to commemoration of International Anti-Corruption Day 2014 (YMC)	17/08/2017	25/07/2019	High Court	Under appeal
16	05/2017	Embezzlement of fund at BDBL, Thrimshing	13/12/2018	31/07/2019	Dungkhag Court, Thrimshing	
17	03/2017	False insurance claim at RICBL	14/05/2018	27/08/2019	District Court, Thimphu	Under appeal
18	10/2015	Embezzlement of funds and securities at DCCL	17/10/2016	27/08/2019	High Court	Under appeal
19	09/2013	Fraud and embezzlement at FCBL Depot, Phuntsholing involving Champay Dukpa	26/03/2017	30/08/2019	Dungkhag Court, Phuntsholing	Under appeal
20	02/2016	Embezzlement of fund at BNBL, Paro	02/04/2017	10/09/2019	District Court, Thimphu	Under appeal
21	24/2017	Misuse of rural timber permit by former Guma Gup	07/02/2019	14/10/2019	District Court, Punakha	
22	01/2013 (Part 6)	Illegal registration and encroachment of 106 decimals of Government land at Serbithang	12/07/2017	25/10/2019	District Court, Thimphu	
23	19/2017	Forgery and abuse of function during construction of park range office at Nephthangkha, Punakha	26/02/2019	05/11/2019	District Court, Gasa	Under appeal
24	01/2013 (Part 2)	Illegal transaction of sale of 50 decimals Government land at Babesa	24/03/2017	08/11/2019	District Court, Thimphu	
25	01/2018	Misuse of machinery at Naja Gewog	10/05/2019	07/11/2019	District Court, Paro	
26	21/2016	Embezzlement of fund at Goshing Gup	04/06/2018	03/12/2019	Dungkhag Court, Pangbang	
27	04/2015	Land substitution fraud at Trongsa involving former Dzongdag	15/02/2017	14/11/2019	District Court, Trongsa	Under appeal
28	13/2014 (Part 22)	Bribery and Tax Evasion by YP winery and Enterprise	18/03/2016	25/04/2019	Dungkhag Court Phuntsholing	
29	13/2014 (Part 1)	Bribery and Tax Evasion by DP T/khang	18/03/2016	18/04/2019	Dungkhag Court Phuntsholing	

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
30	13/2014 (Part 3)	Bribery and tax evasion by Brumi enterprise	18/03/2016	16/09/2019	High court	
31	13/2014 (Part 9)	Bribery and Tax Evasion by Rabten Pharmaceuticals	18/03/2016	13/09/2019	High court	
32	13/2014 (Part 6)	Bribery and Tax Evasion by Dorji Wangmo T/Khang	18/03/2016	24/04/2019	Dungkha Court, Phuentsholing	
33	13/2014 (Part 8)	Bribery and Tax evasion by Norzang Trading	18/03/2016	24/04/2019	Dungkha Court, Phuentsholing	
34	13/2014 (Part 16)	Bribery and Tax evasion by yeshey Pema Tyres and Enterprise	18/03/2016	17/09/2019	High Court	
35	13/2014 (Part 40)	Bribery and Tax evasion by Tashi Enterprise	27/06/2017	22/05/2019	Dungkha Court, Phuentsholing	
36	13/2014 (Part 43)	Bribery and Tax Evasion by Udee Clearing Agent	19/09/2016	25/02/2019	District Court, Chukha	
37	13/2014 (Part 15)	Bribery and Tax Evasion by Lhayang Enterprise	18/03/2016	19/03/2019	High Court	
38	13/2014 (Part 38)	Bribery and Tax evasion by Sha and Sons	27/06/2017	26/04/2019	Dungkha Court, Phuentsholing	
39	13/2014 (Part 12)	Bribery and Tax evasion by Druk Norlha enterprise, Druk Norlha Company and Norlha Beer Agent	18/03/2016	30/05/2019	High Court	
40	13/2014 (Part 36)	Bribery and Tax evasion by Kenpa Pvt. Limited	20/10/2017	31/05/2019	Dungkha Court, Phuentsholing	Under appeal
41	13/2014 (Part 39)	Bribery and Tax Evasion by Ram prit Shah	12/06/2017	27/06/2019	Dungkha court, Phuentsholing	
42	13/2014 (Part 4)	Bribery and Tax Evasion by Chotaylal Shah	18/03/2016	25/07/2019	High Court	
43	13/2014 (Part 33)	Tax evasion by JPLP	04/09/2015	15/08/2019	larger Bench, High Court	Under appeal

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
44	13/2014 (Part 5)	Bribery and Tax evasion by M/s Rabten Roadways	18/03/2016	26/08/2019	High Court	
45	13/2014 (Part 2)	Bribery and Tax evasion by M/s T Phuentsho Enterprise	04/04/2016	26/08/2019	High Court	
46	13/2014 (Part 44)	Fraud and bribery in Tee Dee Enterprise, Sonam Beer Agency & Yeshey Cement Agent	04/04/2016	18/09/2019	Larger Bench, High Court	
47	13/2014 (Part 37)	Bribery and Tax evasion by Druk Tyres	02/05/2019	21/11/2019	Dungkhag Court, Phuentsholing	
48	01/2017 (Part III)	Fraud and embezzlement of public fund during 5 th & 10 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
49	01/2017 (Part IV)	Fraud and embezzlement of public fund during 6 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
50	01/2017 (Part V)	Fraud and embezzlement of public fund during 7 th & 22 nd batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
51	01/2017 (Part VI)	Fraud and embezzlement of public fund during 8 th & 20 th batch De-Suung training	01/08/2017	08/01/2019	Larger Bench, High Court	
52	01/2017 (Part VII)	Fraud and embezzlement of public fund during 9 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
53	01/2017 (Part VIII)	Fraud and embezzlement of public fund during 11 th & 17 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	

SN	Case No.	Case Title	Initial Registration	Judgment date	Court of adjudication	Status
54	01/2017 (Part IX)	Fraud and embezzlement of public fund during 12 th & 21 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
55	01/2017 (Part X)	Fraud and embezzlement of public fund during 13 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
56	01/2017 (Part XI)	Fraud and embezzlement of public fund during 14 th & 23 rd batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
57	01/2017 (Part XII)	Fraud and embezzlement of public fund during 15 th batch De-Suung training	01/08/2017	10/01/2019	Larger Bench, High Court	
58	01/2017 (Part XIII)	Fraud and embezzlement of public fund during 16 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	
59	01/2017 (Part XIV)	Fraud and embezzlement of public fund during Pel Dechok Khorlo Wang and 18 th batch De-Suung training	01/08/2017	10/01/2019	Larger Bench, High Court	
60	01/2017 (Part XV)	Fraud and embezzlement of public fund during 19 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	

ANNEX V: Judgment implementation - Restitution in 2019

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restate	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
1	04/2007	Embezzlement in Youth Development Fund	25/10/2007	15/10/2009	High Court	Singye Dorji	1,169,895.56		669,895.56	
2	18/2008	Samtse Mining Case	10/04/2009	30/12/2011	Supreme Court	Sangay Gyeltshen	43,262,980.00		41,446,536.88	
					Supreme Court	Nagay	47,844,281.52		43,749,925.26	
3	4B/2010	Construction of Dagana HSS and Pangna CPS, Dagana Dzongkhag	05/08/2010	28/05/2012	High Court	Phanchung	1,402,563.00		900,000.00	
4	13B/2009	MoH: Bribery of Liaison Officers at Kolkata	10/12/2010	22/08/2012	High Court	Tshewang Samdrup	665,000.00	242,339.00	422,661.00	
5	07/2011	Fraudulent Misappropriation and embezzlement in Health Procurement Fund (Offshoot from Case 13/2009)	20/02/2012	11/04/2013	Supreme Court	LB Subha	4,103,761.98		2,495,761.98	
6	03/2013	Embezzlement in BOBL, Punakha	15/01/2014	26/09/2014	High Court	Tshering Chodup	2,927,009.00	10,000.00	2,280,854.00	
						Wangdi	2,001,464.00		2,001,464.00	Arrested back on drug case

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
7	10/2010	Construction of BHU at Narang	03/07/2012	14/01/2015	Supreme Court	Ugyen Wangchuk	5,190,888.20	2,190,888.20		
8	11/2009	Misuse of Government vehicle and manpower, false claim of TA/DA at CDCL	06/08/2012	12/01/2016	High Court	DN Sharma	28 decimal land at Chukha & Gelephu		13 decimal land at Gelephu	Execution under process by NLCS.
9	01/2015	Embezzlement in RICBL, Dagana	29/12/2015	07/07/2016	High Court	Tandin Chogyal	789,909.10	323,375.00	466,534.10	
10	13/2014 (Part 7)	Bribery and Tax evasion by Rigsum Enterprise	18/03/2016	11/05/2018	Dungkhag Court, Phuentsholing	Sonam Choden	446,000.00		446,000.00	
11	13/2014 (Part 21)	Bribery and Tax evasion by Penjor Steel	18/03/2016	14/05/2018	Dungkhag Court, Phuentsholing	Tashi Wangdi	1,056,100.00		1,056,100.00	
12	13/2014 (Part 18)	Bribery and Tax evasion by Tenzin Enterprise	18/03/2016	21/05/2018	Dungkhag Court, Phuentsholing	Tenzin Dorji	200,000.00	200,000.00		
13	13/2014 (Part 19)	Bribery and Tax Evasion by Kundrup Enterprise	18/03/2016	22/05/2018	Dungkhag Court, P/ling	Bikash Agarwal	83,769,270.00		83,769,270.00	Judgment rendered inabsentia.
14	25/2016	Embezzlement of fund at Bhutan Telecom, Wamrong	05/02/2018	18/09/2018	Dungkhag Court, Wamrong	Karma Choeji	1,613,081.77	509,710.00	1,103,371.77	
15	05/2016	Embezzlement of fund at FCBL Nganglam and Wamrong	03/04/2018	25/10/2018	Dungkhag Court, Nganglam	Kelzang Sherab	101,103.08	101,103.08		
						Pema Tashi	67,398.64	67,398.64		

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
16	02/2014	Repratriation of Indian Currency, DPNBL, Thimphu	07/04/2014	29/10/2018	District Court, Thimphu	Yev Raj Dahal	388,000.00	283,000.00		
			Depika Thapa			266,000.00	161,000.00			
17	04/2016	Fraud and embezzlement at RRCCO, Phuntsholing	28/03/2017	20/11/2018	Dungkhag Court, P/ling	Tshering Dorji	1,357,224.13		1,357,224.13	
18	13/2014 (Part 40)	Bribery and Tax evasion by Tashi Enterprise	31/03/2017	04/06/2018	Dungkhag Court, Phuentsholing	Anu Lamghadey	8,564,036.01	6,854,036.01	1,710,000.00	Judgment rendered inabsentia.
19	01/2013 (Part 9)	Fraudulent registration and encroachment of 63.12 decimals Government land at Tshalumaphey	03/04/2017	18/04/2019	Distreit Court, Thimphu	Mindu Dorji	549,901.04	549,901.04		
							63.12 decimal	63.12 decimal		
20	06/2018	False claim by livestock Healt Supervisor of Phuntshothang Gewog, Samdrupcholing Dungkhag	20/02/2019	15/05/2019	Dungkhag Court, Samdrupchoelling	Krishna Prasad Sharma	24,360.00	24,360.00		
21	20/2016	Fraud and corruption at Bhutan Trust Fund for Environmental Conservation	21/05/2018	17/05/2019	District Court, Thimphu	Jamyang Phuntsho	8,750.00	8,750.00		
						Hem Raj Giri	8,750.00	8,750.00		

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
22	01/2014	Fraudulent remittance of INR from Druk PNB, Thimphu	25/10/2016	13/06/2019	District Court, Thimphu	Tashi Penjor	11,250.00	11,250.00		
						Yeshey Nidup	10,000.00	10,000.00		
						Tshering Peldon	5,250.00	5,250.00		
						Robin Gurung	5,250.00	5,250.00		
						Kinley Wangmo	7,375.00	7,375.00		
						Pema Namgyel	6,250.00	6,250.00		
						Dolma Lhamo	4,250.00	4,250.00		
						Yeshey Tshogyel	4,375.00	4,375.00		
						Tandin Dorji	5,000.00	5,000.00		
						Jamyang Galley	4,000.00	4,000.00		
		Thojay Zangpo	3,750.00	3,750.00						
23	05/2017	Embezzlement of fund at BDBL, Thrimshing	13/12/2018	31/07/2019	Dungkhag Court, Thrimshing	Sonam Jamtsho	1,964,769.00		1,964,769.00	
24	01/2013 (Part 6)	Illegal registration and encroachment of 106 decimals of Government land at Serbithang	12/07/2017	25/10/2019	District Court, Thimphu	Naku	106 decimal land at Thimphu		106 decimal land at Thimphu	Execution under process at NLCS

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
26	13/2014 (Part 22)	Bribery and Tax Evasion by YP winery and Enterprise	18/03/2016	25/04/2019	Dungkhag court Phuentsholing	Kunzang Tshering	2,208,130.58	2,208,130.58		
27	13/2014 (Part 1)	Bribery and Tax Evasion by DP T/khang	18/03/2016	18/04/2019	Dungkhag court Phuentsholing	Dhanapati Adikari Vasu Dev	1,190,313.46	1,190,313.46		
28	13/2014 (Part 3)	Bribery and Tax evasion by Brumi enterprise	18/03/2016	16/09/2019	High court	Tashi Pern Sanjay Gupta	4,928,288.24	4,789,288.24	139,000.00	
29	13/2014 (Part 9)	Bribery and Tax Evasion by Rabten Pharmaceuticals	18/03/2016	13/09/2019	High court	Yangki Tshering Bal Krishna Pandey	706,660.35	196,660.35	510,000.00	
30	13/2014 (Part 6)	Bribery and Tax Evasion by Dorji Wangmo T/Khang	18/03/2016	24/04/2019	Dungkhag Court, Phuentsholing	Dorji Wangmo Jai Prakash	3,476,769.91	3,476,769.91		
31	13/2014 (Part 8)	Bribery and Tax evasion by Norzang Trading	18/03/2016	24/04/2019	Dungkhag Court, Phuentsholing	Ugyen Tshering Raj Kumar Agrawal	1,806,457.27	1,806,457.27		
32	13/2014 (Part 16)	Bribery and Tax evasion by yeshey Pema Tyres and Enterprise	18/03/2016	17/09/2019	High Court	Namgay Wangmo Ankush Agarwal	3,892,835.26	3,222,835.40	670,000.00	

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
33	13/2014 (Part 44)	Bribery and Tax evasion by Tee Dee Enterprise, Yeshey Cement agent and Sonam Beer Agency	27/06/2017	23/04/2019	Dungkhag Court, Phuentsholing	Choyzang Tashi	688,416.67		410,416.67	
						Tenzin Delkar				
						Rajiv Bhansali				
34	13/2014 (Part 43)	Bribery and Tax Evasion by Udee Clearing Agent	19/09/2016	25/02/2019	District Court, Chukha	Magaret Moktan	265,165.64	265,165.64		
35	13/2014 (Part 15)	Bribery and Tax Evasion by Lhayang Enterprise	18/03/2016	19/03/2019	High Court	Dawa Gyeltshen	4,264,292.96	4,264,292.96		
36	13/2014 (Part 38)	Bribery and Tax evasion by Sha and Sons	27/06/2017	26/04/2019	Dungkhag Court, Phuentsholing	Chandra Kumar Sha	482,644.79	482,644.79		
37	13/2014 (Part 12)	Bribery and Tax evasion by Druk Norlha enterprise, Druk Norlha Company and Norlha Beer Agent	18/03/2016	30/05/2019	High Court	Tandin Wangchuk	365,000.00	200,000.00	165,000.00	
						Sonam Penjor	353,600.00	200,000.00	153,600.00	
38	13/2014 (Part 39)	Bribery and Tax Evasion by Ram prit Shah	12/06/2017	27/06/2019	Dungkhag court, Phuentsholing	Birendra kumar Gupta	1,232,000.00	1,232,000.00		
39	13/2014 (Part 4)	Bribery and Tax Evasion by Chotaylal Shah	18/03/2016	25/07/2019	High Court	Chulai Sha	7,098,337.08	6,868,337.08	230,000.00	
						Chotaylal Sha				

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to retribute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
40	13/2014 (Part 5)	Bribery and tax evasion by M/s Rabten Roadways	18/03/2016	26/08/2019	High Court	Sonam Wangmo	4,020,958.30	3,390,958.30	1,110,000.00	
41	13/2014 (Part 2)	Bribery and Tax evasion by M/s T Phuntsho Enterprise	18/03/2016	26/08/2019	High Court	Sonam Wangmo	1,952,217.32	1,817,217.32	135,000.00	
42	01/2017 (Part III)	Fraud and embezzlement of public fund during 5th & 10th batch De-Suung training		15/03/2019	Supreme Court	Rinzin Yeshey	216,933.96		216,933.96	
49	01/2017 (Part IV)	Fraud and embezzlement of public fund during 6th batch De-Suung training		15/03/2019	Supreme Court	Jurmi	17,561.42		17,561.42	
50	01/2017 (Part V)	Fraud and embezzlement of public fund during 7 th & 22 nd batch De-Suung training		15/03/2019	Supreme Court	Ugyen Nidup	659,145.00		659,145.00	
51	01/2017 (Part VI)	Fraud and embezzlement of public fund during 8 th & 20 th batch De-Suung training	01/08/2017	08/01/2019	Larger Bench, High Court	Ugyen Lhendup	396,368.24		396,368.24	
52	01/2017 (Part VII)	Fraud and embezzlement of public fund during 9 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	Sigay Tshewang	37,156.00		37,156.00	

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
53	01/2017 (Part VIII)	Fraud and embezzlement of public fund during 11 th & 17 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	karma Tharchin	60,140.00		60,140.00	
55	01/2017 (Part X)	Fraud and embezzlement of public fund during 13 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	Sonam Lhagyel	173,497.00		173,497.00	
						Sonam Dorji	30,000.00		30,000.00	
56	01/2017 (Part XI)	Fraud and embezzlement of public fund during 14 th & 23 rd batch De-Suung training involving Major Lingi Jamtsho	01/08/2017	15/03/2019	Supreme Court	Lingi Jamtsho	47,816.00		47,816.00	
58	01/2017 (Part XIII)	Fraud and embezzlement of public fund during 16 th batch De-Suung training	01/08/2017	15/03/2019	Supreme Court	Ugyen Dorji	230,429.77		230,429.77	
59	01/2017 (Part XIV)	Fraud and embezzlement of public fund during Pel Dechok Khorlo Wang and 18 th batch De-Suung training	01/08/2017	10/01/2019	Larger Bench, High Court	Kuenga Norbu	76,974.26		76,974.26	
						Wangchuk	76,974.26		76,974.26	

SN	Case No.	Case title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Restitution ordered			Remarks
							Total restitution ordered	Restituted in 2019	Restitution pending	
60	01/2017 (Part XV)	Fraud and embezzlement of public fund during 19 th batch De-Suung training	15/03/2019	Supreme Court		Ugyen Norbu	56,254.60		56,254.60	
Total								47,212,432.27	191,442,634.86	

Restitution ordered from 2006-2018

377,442,274.89

Restitution ordered in 2019

255,467,981.10

Gross Restitution Ordered**632,910,255.99**

Restituted till 2018

71,662,502.42

Restituted in 2019

47,212,432.27

Total Restituted**118,874,934.69**

Cases under appeal (restitution pending till 2018)

117,815,359.87

Cases under appeal (restitution pending for 2019)

204,777,326.57

Total restitution for cases under appeal**322,592,686.44****Gross pending restitution as of 31 December 2019****191,442,634.86**

* Restitution of Gyelpozhing land allotment case is reported separately in **Table 2.20**.

REMINISCENCE OF KEY MILESTONE SINCE 2015

CORRUPTION SCENARIO



Covered 205 Gewogs of 20 Dzongkhags

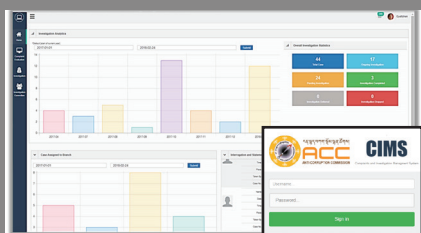
Year	Global Ranking	No. of participating countries	Score (0-100)	Asia Pacific Ranking
2019	25	180	68	6
2018	25	180	68	6
2017	26	180	67	6
2016	27	176	65	6
2015	27	168	65	6

GEWOG ADVOCACY



Hosted 21st Steering Group Meeting of ADB/OECD

REGIONAL NETWORKING



Enhanced Complaints & Investigation Management system

INTERNAL SYSTEMS



Enhanced empirical & evidence based systems study

CORRUPTION PREVENTION



Integrity Club in 20 Dzongkhags

INTEGRITY CULTURE

CLEAN BUSINESS



UNCAC



Introduced BIIB

ANTI-CORRUPTION LEGISLATION

ANTI-CORRUPTION STRATEGY

NIACS 2019-2023



RULES & REGULATIONS



SOP, MANUAL & GUIDELINES



STRENGTHENING OF STAFF STRENGTH



Increased from 66 in 2015 to 118 as of December 2019

NIACS

National Integrity and Anti-Corruption Strategy (NIACS) 2019-2023 is a strategic framework to realise 12th National Key Result Area 'Corruption Reduced' in the 12th Five Year Plan.

Strategic objectives in the NIACS:

01

Happy,
Harmonious
and
Corruption
Free Society

02

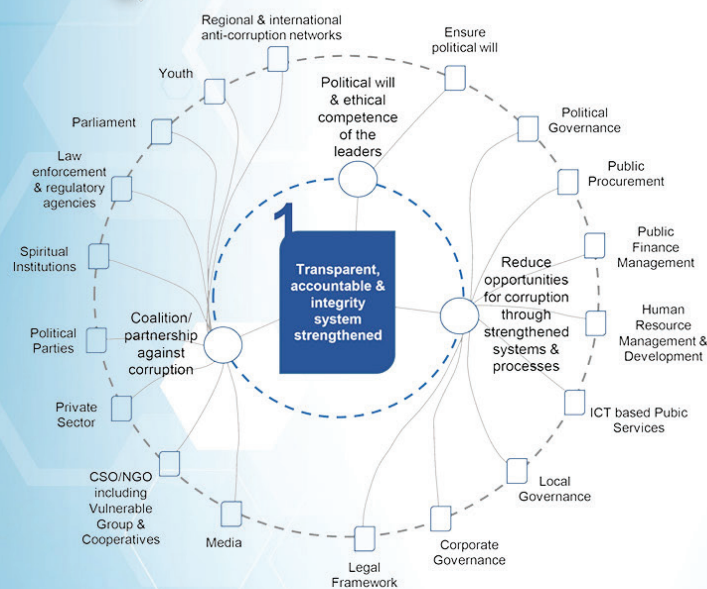
03

Transparent, Accountable and Integrity Systems Strengthened - focuses on sustaining the political will and commitment of the leaders in advancing anti-corruption agenda, strengthening systems of integrity including sanctions for greater deterrence, and forging strong alliance against corruption.

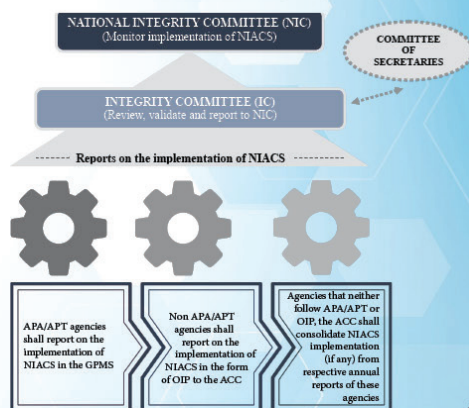
Integrity Consciousness Enhanced - emphasizes on empowering the citizens with knowledge/skills on the principles of ethics and integrity as a social fence against corruption.

Credibility and Effectiveness of the Law Enforcement and Regulatory Agencies Enhanced - stresses on strengthening the institutional capacities so that the institutions are competent, relevant and dynamic with the changing times.

The NIACS has been developed through rigorous consultation with all the stakeholders to provide comprehensive and holistic perspective in preventing and combating corruption.



Reporting and monitoring mechanism



DAMTSI

Developing Accountable, Moral and
Transparent Systems and Individuals

fighting
corruption
Collective
responsibility

If You Care, You Will Dare!

CORRUPTION
Your **NO** counts

Anti-Corruption Commission
Post Box Nao.1113
Lhadro Lam, Kawangjangsa
Thimphu

Tel: +975-2-334863/64/66/67
Fax: 334865
Website: www.acc.org.bt



རན་ལྷན་བཀག་སྐྱོམ་ལྷན་ཚོགས།
ACC
ANTI-CORRUPTION COMMISSION