

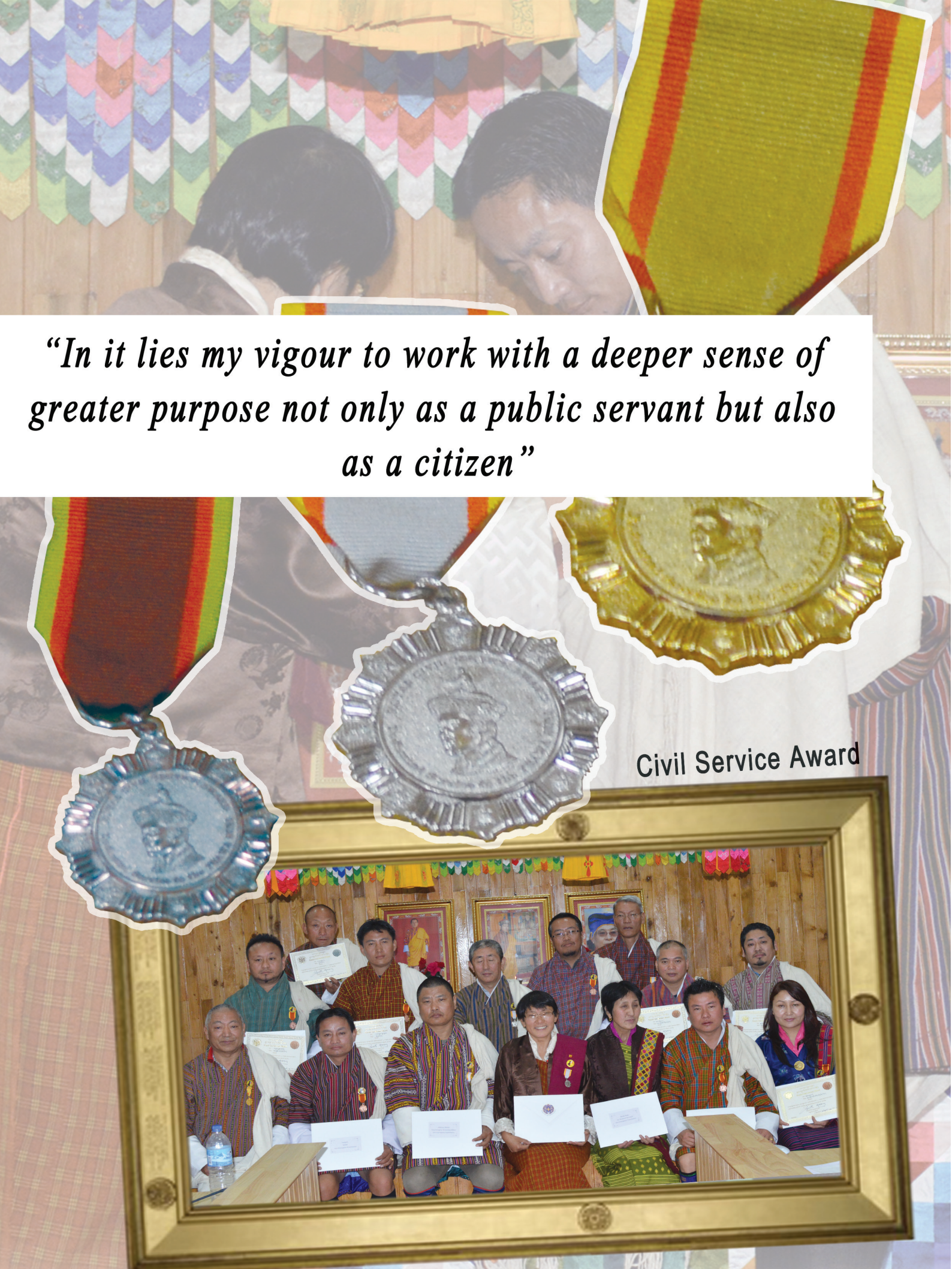
Annual Report 2013

(April 2013 - March 2014)



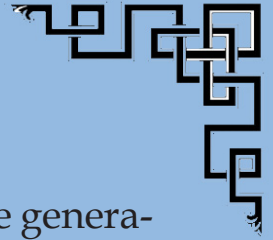
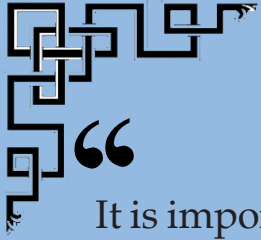
Anti- Corruption Commission



The image is a collage. At the top, a quote is displayed in a white box. To the right of the quote is a yellow and red striped ribbon. Below the quote, there are three circular medals: a blue one on the left, a silver one in the center, and a gold one on the right. At the bottom, a large gold-framed photograph shows a group of people in traditional attire holding certificates. The background of the collage includes a colorful zig-zag pattern and a wooden wall.

“In it lies my vigour to work with a deeper sense of greater purpose not only as a public servant but also as a citizen”

Civil Service Award



“

It is important to hand over a good democracy to our future generations without ... corrupt practices. Today, as PDP takes this opportunity to form the ruling government I hope you all will prove that a system without [...] corrupt practices [...] can exist.

~His Majesty's Command to new government 27 July, 2013

Keeping in mind that in a small country like Bhutan, it is the bureaucracy's example that will be followed, strengthening the Civil Service would be the first step to creating a strong foundation for a successful democracy. The Civil Service must strive for the highest standards, live by higher ideals and nurture a sense of duty towards fellow Bhutanese meet the challenges of building a dynamic economy and to fulfill its role in achieving the goals of Gross National Happiness.

~His Majesty's Command to RCSC, 12 March, 2007

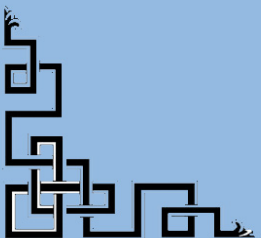
There is only one starting point to resolve any problem, big or small, that is one self. Each one of us must embark upon our personal journey towards the timeless goal of living a good life – being a good human being – even as we tackle the world's largest problem.

~His Majesty, New Delhi 2009

What we need is not a leader to lead the masses, we need leadership of the self.

~His Majesty, Kolkatta 2010

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ABBREVIATION

ACA -	Anti-Corruption Authority
ACC -	Anti-Corruption Commission
ACRC -	Anti-Corruption & Civil Rights Commission, South Korea
AD -	Asset Declaration
ADAs -	Asset Declaration Administrator
ADB -	Asian Development Bank
BAA -	Budget Analysis Advocacy
BACS -	Bhutan Automated Customs System
BBS -	Bhutan Broadcasting Service
BCCI -	Bhutan Chamber of Commerce & Industries
BCMD -	Bhutan Centre for Media and Democracy
BCSR -	Bhutan Civil Service Rules
BDBL -	Bhutan Development Bank Limited
BIG -	Basel Institute on Governance
BNBL -	Bhutan National Bank Limited
BOBL -	Bank of Bhutan Limited
BPCL-	Bhutan Power Corporation Limited
CBI -	Central Bureau of Investigation
CD -	Current Deposit
CDB -	Construction Development Board
CMP -	Change Management Plan
CoS-	Committee of Secretaries
CPI -	Corruption Perception Index
CRC -	Citizen Report Card
CRM -	Corruption Risk Management
CRPS -	Central Registration Processing System
CSC -	Community Score Card
CSOs -	Civil Society Organisations
D.D -	Demand draft
DA -	Disproportionate Assets
DCRC -	Department of Civil Registration & Census
DG+ -	Democratic Governance Programme
DGPC -	Druk Green Power Corporation Limited
DHI -	Druk Holding & Investments
DITT -	Department of Information Technology & Telecom
DLG -	Department of Local Governance
DoI -	Department of Immigration
DRC -	Department of Revenue and Customs
Druk PNB Ltd -	Druk Punjab National Bank Limited
EFYP -	Eleventh Five Year Plan
FATF -	Financial Action Task force
FBINA -	Federal Bureau of Investigation National Academy
FWRA -	Foreign Worker Recruitment Agency
GAOs -	Gewog Administrative Officers

ABBREVIATION

GCB -	Gobal Corruption Barometer
GCR -	Gobal Competitiveness Report
GDP -	Gross Domestic Product
GGC -	Good Governance Committee
GNH -	Gross National Hapiness
GNHC -	Gross National Happiness Commission
GPMS -	Government Performance Management System
HOC -	Head of Chancery
HQ -	Headquarter
HR -	Human Resource
HRO -	Human Resource Officer
HRD -	Human Resource Development
IACD -	International Anti-Corruption Day
IAs -	Internal Auditors
ICT -	Information & Communication Technology
IDT -	Integrity Diagnostic Tool
IMS -	Investigation Management System
INR -	Indian Rupee or Currency
INTERPOL -	International Criminal Police Organisation
IP -	Integrity Pact
KPI -	Key Performance Indicator
KYC -	Know Your Customer
LC -	Letter of Credit
MACA -	Malaysia Anti-Corruption Agency
MACC -	Malaysia Anti-Corruption Commission
MoEA -	Ministry of Economic Affairs
MoF -	Ministry of Finance
MoFA -	Ministry of Foreign Affairs
MoHCA -	Ministry of Home and Culture Affairs
MoIC -	Ministry of Information & Communications
MoU -	Memorandum of Understanding
MoWHS -	Ministry of Works and Human Settlement
NA -	National Assembly
NACC -	National Anti-Corruption Commission, Thailand
NACW -	National Anti-Corruption Week
NC -	National Council
NECS -	National Enviroment Commission Secretariat
NIA -	National Integrity Assessment
NIACS -	National Integrity and Anti-Corruption Strategy
NIAS -	National Integrity Assesment survey
NIS -	National Integrity System
NKRA -	Natioanl Key Result Area
NLCS -	National Land Commission Secretariat
NSB -	National Statistical Bureau

ABBREVIATION

Nu. -	Ngultrum, Bhutanese currency
OAG -	Office of the Attorney General
OECD -	Organisation for Economic Co-operation & Development
PDP-	Peoples Democratic Party, Ruling Party
PHTC -	Peer Helper's Training Club, Changangkha MS School
PLaMS-	Planning and Monitoring System
RAA -	Royal Audit Authority
RBP -	Royal Bhutan Police
RCSC -	Royal Civil Service Commission
RICBL -	Royal Insurance Corporation of Bhutan Limited
RIGSS -	Royal Institute of Governance and Strategic Studies
RIM -	Royal Institute of Management
RMA -	Royal Monetary Authority of Bhutan
RO -	Religious Organisation
RSTA -	Road Safety & Transport Authority
SA -	Social Accountability
SDC -	Swiss Agency for Development and Cooperation
SELP-	Senior Executive Leadership Programme
SIP -	Strategic Implementation Planning
SKRA -	Sectoral Key Result Area
StAR -	Stolen Assets Recovery
T.T -	Telegraphic Transfer
TA -	Technical Assistance
TBG -	Transparency Bhutan Group
TCC -	Thimphu City Corporation
THB -	Thai Baht/ Currency
TI -	Transparency International
TOT-	Training of Trainers
TV -	Television
UNCAC -	United Nations Convention Against Corruption
UNDP -	United Nations Development Fund
UNESCO-	United Nations Educational, Scientific and Cultural Organization
UNODC -	United Nations Office on Drugs & Crime
WEF -	World Economic Forum
WHO-	World Health Organisation
YMC-	Youth Media Center

INTRODUCTION

Bhutan is at the cross roads of far reaching changes, politically and otherwise. Six years of conventional democracy has ushered in great opportunities and challenges. The nation and her people have a long way to go in truly building a culture of democracy. Leaders and the government of the day have to mindfully and continuously work at it. An important characteristic of a strong democracy is citizens' trust and confidence in its institutions, the quality of services they deliver. Building a just, caring, responsive, ethical and professional public service that is characterized by active civic engagement has become the order of the day and more urgently so. Public service has huge influence over citizens' lives. Citizens expect public policies to be designed well, public resources spent wisely and public assets used and cared for responsibly for larger public good.

Bhutan's national integrity score of 8.37 (on a scale of 0-10) [ref: National Integrity Assessment (NIA) survey conducted in February 2013], 68% of respondents perceiving corruption to have decreased in the last five years (also from NIA survey) as against 16.4% of the Corruption Perception Survey 2007 and being ranked the 31st from among 177 countries and territories with a score of 63 (0 highly corrupt to 100 very clean) in the Transparency International Corruption Perception Index 2013 are commendable statistics. However, from the complaints, investigations, other forms of interaction and the general perception of the national integrity system (NIS) much remains to be desired. The NIS is a Transparency International tool that comprehensively evaluates a country's anti-corruption efficacy of the key pillars of governance both in terms of their internal corruption risks management and contribution to fight against corruption in the society at large. The key pillars are the legislature, judiciary, executive, constitutional bodies, law enforcement agencies, corporate entities, political parties,

media fraternity, civil society organizations and private sector. When all the pillars in the NIS are functioning well, corruption remains in check. Any weak pillar of governance allows corruption to thrive and afflicts the society.

Further, democracy as in any country is engendering complex political, socio-cultural and economical dynamics in the governance system and society at large. Public trust in the institutions of governance, public and private, may gradually be waning, a situation that the small nation cannot afford. The pervasive fear of reprisals may numb the very foundation of a vibrant democracy that the nation aspires to build. The ACC's recent investigations into illegal immigration and unchecked rupee drain from the banks when the nation is in deep crisis once again accentuate the vulnerability of the small nation, opportunistic nature of the citizens that undermine national security and sovereignty and the inherent weaknesses in the governance system. The fight against corruption remains ever challenging with the deepening culture of impunity and non-accountability and "*compassion*", which is increasingly sending the message that it is okay to breach the laws and to be corrupt.

Promotion of integrity and ethics is generally perceived more as a regulatory compulsion (have-to-do) than a natural response (want-to-do) to good governance, good business sense, effective and non-discriminatory delivery of quality public service. There is no sense of shared responsibility in building a culture of integrity and ethics in the larger governance system. Entities often find solutions in adopting more rules and regulation and putting in place complex control mechanisms. This may not only be inappropriate but also may create greater problems. Such disposition lends to a highly challenging operating environment for institutions like the ACC.

Further, the ACC in its pursuance of the Government's much pronounced commitment to "*Wangste Chirpel*", power and resources ultimately going to the citizens which is integral to good governance, started the process of dialogue and capacity development of critical stakeholders in, government and non-government, building a conducive environment for effective civic engagement. Collective, mindful and persuasive efforts have to be committed with clear plan of action pronouncing that citizens do not only matter during the elections but that they also matter after the elections – shifting from votes to voices i.e. mindful and constructive engagement. It is of paramount importance that the citizens are actively engaged in the economical and political discourses and decision making processes, especially in local governance. The tension between the power-bearers' perception of threat to their authority and the citizens' arrogance of power (antagonistic mentality of entitlement, rights and we-can-fix-them) is a potential challenge and has to be overcome for any concrete program to be realized fully.

Building an informed and awakened citizenry has always been an important priority strategy in combating corruption for the ACC. The aggressive gewog advocacy and awareness program covering 196 gewogs (advocacy for the remaining nine gewogs is planned for May 2014) and building confidence of local government officials and citizens in social accountability culture in close partnership with the Department of Local Governance and the RIM by engaging the primary actors are the bigger focus areas. In doing so, social accountability tools such as the citizens' score card, citizens' report card, budget analysis and expenditure tracking and social audit are being introduced with the support from experts.

The ACC, as a critical institution of democracy, recognizes the important responsibility it bears in the backdrop of its ultimate goal of becoming redundant. However, as reiterated in the

past it can only be as effective or ineffective as the Government and the citizens want it to be. Much has been achieved with the support of various actors. Much, much more needs to be done by the Government and the key pillars of governance, truly upholding the fundamental values of leadership, integrity and professionalism and denouncing corruption. Determining "*Corruption Reduced*" as a national key result area of the EFYP and the implementation of the NIACS 2014-2018 as a key performance indicator and also integrating corruption in the GPMS may be a move towards it. While the government institutions are mandated to do it within EFYP framework of the Gross National Happiness Commission, the other key pillars of governance have to mindfully articulate NIACS in their internal governance system.

The Annual Report 2013 is the ACC's 7th report to the Parliament and the 2nd to the 2nd Parliament. This is in accordance with Section 169 (1) of the ACA, "*The Commission shall, as provided for in the Constitution, submit an annual report on its policies and performance to the Druk Gyalpo, the Prime Minister and Parliament.*"

The period covered by the report is from April 2013 to March 2014. The report is divided into six sections. In February 2013, the ACC reorganized itself to synergize the three pronged strategies of investigation, prevention and education with a sectoral approach. Therefore, unlike in the past where the performance reporting was done along functional lines, attempt has been made to present the report along sectoral lines. Especially Section 3, titled "*Being Accountable: Performance Evaluation*" in the past reports is now bifurcated into two sections in this report, namely, "*Combating and Preventing Corruption*" and "*Partnership and Collective Responsibility*".

Section 1: ACC's Performance at a Glance: Highlights the ACC's general performance

based on Bhutan's ranking in Transparency International's Corruption Perception Index (although this is also subjected to the performance of other countries and territories), which is a key performance indicator in the EFYP, review of the direction set for 2013, mid-term review of the annual work plan July 2013-June 2014, auditing of projects and government LC account and the implementation status of the parliamentary resolutions (only those directly related to the ACC). For the first time, GCR 2013-2014 features in the report as it makes comprehensive reference to important issues such as ethics, integrity, transparency, accountability, efficiency and corruption. GCR is a flagship publication of the WEF. Bhutan has been included in GCR for first time. DHI and BCCI are identified as WEF's partner institutes.

Section 2: At the Core: People, Culture and Institution: Presents the EFYP objectives and performance indicators, priorities for 2014, civil service award, efforts towards embedding integrity in the ACC, an update on the ACC's delinking from the civil service and a legal perspective of the issue submitted to the Cabinet, recruitment and retention of members in the ACC, international/regional networking and assistance provided by the development partners.

Section 3: Combating and Preventing Corruption: Assesses the ACC's performance towards combating and preventing corruption in the sectors, namely, (i) human resources management, (ii) procurement, (iii) land and natural resources

and (iv) finance and business. Complaints' analysis, strategic alliances to improve investigative outcomes, highlights of few cases involving larger issues of governance and resources including an update on the Gyelpozhing Plot Allotment case and some important issues related to investigation that need to be addressed collectively are also covered.

Section 4: Partnership and Collective Responsibility: Asserts the paramount importance of instilling a sense of shared responsibility and ownership in combating corruption through gewog advocacy and awareness program, in-dialogue sessions, implementation of the NIACS 2014-2018, building social accountability culture in local governance, forging productive partnership through signing of MOU and commemoration of the International Anti-Corruption Day and National Anti-Corruption Week.

Section 5: A Challenge: Lack of Coordination and Cooperation: As further prompted by the recent investigations, the challenge identified in this report is coordination among enforcement agencies in the fight against corruption. Lack of it or its weakness compels the nation and the citizens to pay a heavy price.

Conclusion: Stresses on the importance of implementing the tall statements and impressive plans, a perennial and an endemic problem and on the need to address the larger issues which have critical bearing in the fight against corruption and promotion of integrity.

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Building a just, caring, responsive, ethical and professional public service that is characterized by active civic engagement has become the order of the day.

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SECTION 1

ACC'S PERFORMANCE AT A GLANCE

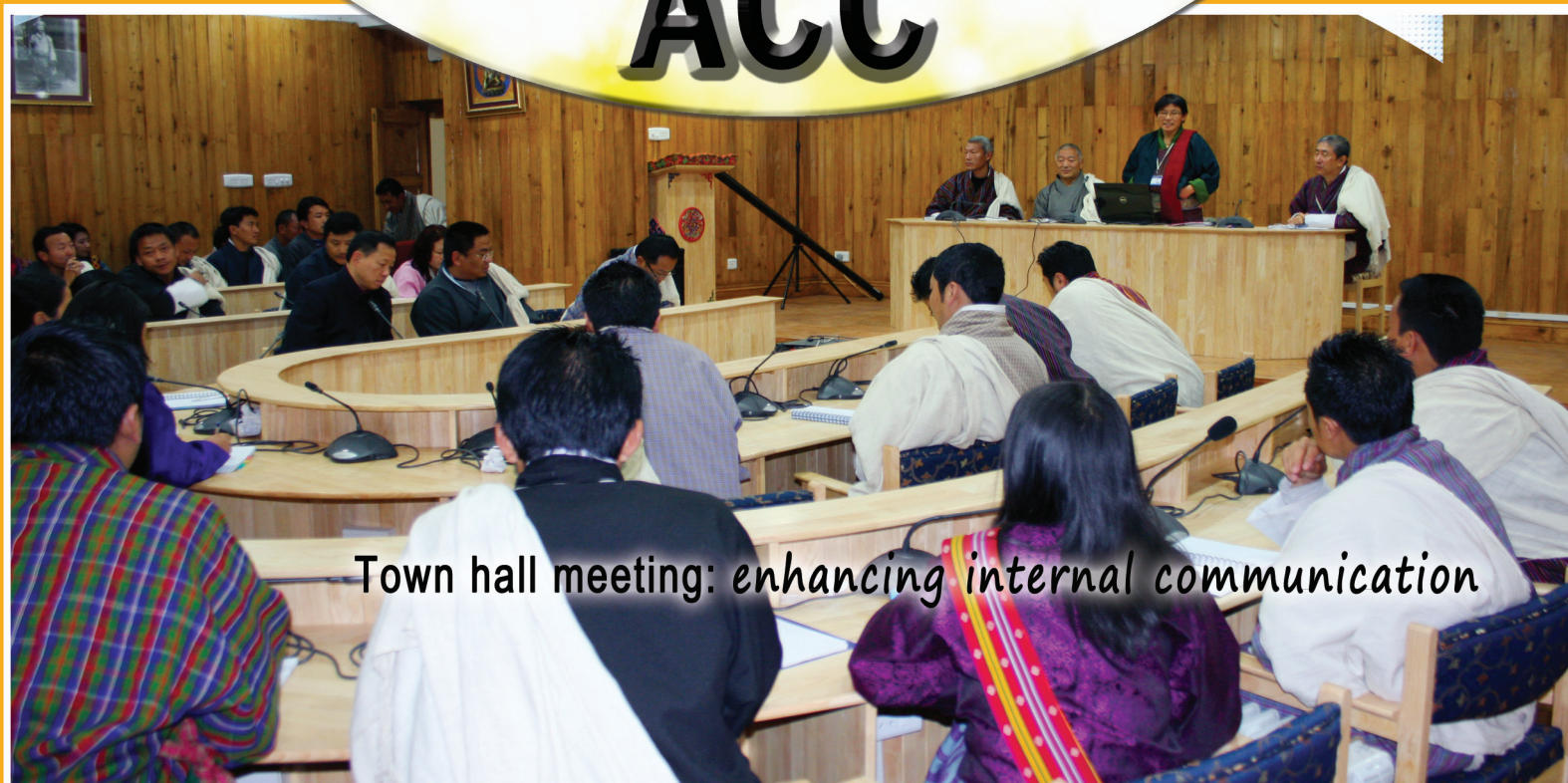
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Session with international
anti-corruption
experts



Building an incorruptible, credible and fearless
ACC



Town hall meeting: enhancing internal communication

SECTION 1

ACC'S PERFORMANCE AT A GLANCE

The ACC's performance is based on its aggregate evaluation of the international rankings, fulfillment of the 2013 targets, mid-term review of the annual work plan July 2013-June 2014, audit observations and implementation status of the parliamentary resolutions. Unlike the past reports, embedding integrity in the ACC will now be presented under Section 2.

International Standing

TI CPI 2013

The TI CPI ranking is a key performance indicator of the EFYP under its national key result area of "*Corruption Reduced*". The target is to attain the 20th position by the end of EFYP. The TI CPI 2013 ranked Bhutan in the 31st position among 177 countries and territories, two steps above the 2012 TI CPI (total of 176). It is Bhutan's highest rank since it featured in the CPI in 2006. However, the score of 63 [on a scale from

0 (highly corrupt) to 100 (very clean) in 2012 remained unchanged. Further, Cyprus and Spain that were ranked higher than Bhutan in 2012 fell down from 29th to 31st and 30th to 40th in 2013, respectively. It has to be noted that not only the efforts or lack of it change a country's ranking but also the performance of other countries and territories impinge on it. Figure 1.1 presents Bhutan's ranking since 2006.

Bhutan sustained her rank in the 6th position in the Asia Pacific region (28 countries) after New Zealand (1), Singapore (5), Australia (9), Hong Kong (15) and Japan (18). Afghanistan, North Korea and Somalia were ranked the lowest, scoring 8 points each. Bertelsmann Foundation's Bertelsmann Transformation Index, Global Insight's Country Risk Ratings and World Bank's Country Policy and Institutional Assessment were the sources of information for Bhutan. In addition, TI also uses business people opinion surveys and assessment (scores) provided by country experts or analysts. The data from these different sources are processed using statistical

Year	Ranking	No. of Participating Countries	Score (0-10)	Asia-Pacific Ranking	No. of Surveys Used	Confidence Range
2006	32	163	6.0	7	3	4.1-7.3
2007	46	180	5.0	10	5	4.1-5.7
2008	45	180	5.2	9	5	4.5-5.9
2009	49	180	5.0	10	4	4.3-5.6
2010	36	178	5.7	7	4	5.1-6.6
2011	38	183	5.7	7	4	5.3-6.1
			Score (0-100)			
2012	33	176	63	6	3	57-69
2013	31	177	63	6	4	59-69

Figure 1.1 CPI Ranking

tools and transformations to arrive at the score and rank.

The ACC believes that Bhutan has done well and with greater concerted efforts of the Government and other key pillars of governance, she will attain the 20th position by the end of EFYP. As stated in the TI CPI 2013 report corruption remains a global threat. It (CPI) serves as a reminder that the abuse of power, secret dealings and bribery continue to ravage societies around the world. The world urgently needs a renewed effort to crack down on money laundering, clean up political finance, pursue the return of stolen assets and build more transparent public institutions. No country has a perfect score; two-thirds of the countries score below fifty. This indicates a serious, worldwide corruption problem.

Transparency International is the global civil society organization leading the fight against corruption. Through more than ninety chapters worldwide and an international secretariat in Berlin, TI is also involved in raising awareness on the damaging effects of corruption and works with partners in government, business and CSOs to develop and implement effective measures to tackle corruption.

The Global Competitiveness Report (GCR) 2013-2014

Reference has been made to the GCR for the first time as it comprehensively reviews important factors such as government efficiency, ethics and corruption, transparency, accountability, undue influence, favouritism, diversion of funds, corporate ethics of private institutions that impinge on a country's economic outlook, its competitive edge and growth, which in turn will impinge on her overall stability. Revelations of the report reinforce domestic studies' own findings, which hopefully will prompt the right and timely interventions in making integrity promotion integral to the governance system; it is crucial for sustained and equitable growth.

The GCR is a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness with the aim to support policy makers, business executives, academics and the public to identify areas of concern that may be addressed through a collaborative approach.

Bhutan, for the first time, has been included in the GCR 2013-14. She ranks 109th with a score of 3.73 (on a scale of 1-7, where 1 means extremely weak and 7 is extremely strong) from a record number of 148 countries. The score is just over the average (53%) as the TI CPI score of 63, which renders Bhutan vulnerable to corruption.

The GCR assesses more than 100 different components grouped under twelve pillars of competitiveness, which are interdependent, namely, (i) institutions, (ii) infrastructure, (iii) macroeconomic environment, (iv) health and primary education, (v) higher education and training, (vi) goods market efficiency, (vii) labor market efficiency, (viii) financial market development, (ix) technological readiness, (x) market size, (xi) business sophistication and (xii) innovation.

The GCR 2013-2014 states that the first pillar, "*institutions*," is determined by the legal and administrative framework within which individuals, firms, and governments interact to generate wealth. However, the role of institutions goes beyond the legal framework. Government attitudes toward markets and freedoms and the efficiency of its operations are also very important: excessive bureaucracy and red tape over-regulation, corruption, dishonesty in dealing with public contracts, lack of transparency and trustworthiness, inability to provide appropriate services for the business sector and political dependence of the judicial system impose significant economic costs to businesses and slow the process of economic development. In addition, the proper management of public finances is also critical for ensuring trust in the national

business environment. Indicators capturing the quality of government management of public finances are, therefore, included here to complement the measures of macroeconomic stability

captured in the pillar.

Although the economic literature has focused mainly on public institutions, private institu-

1st Pillar	Institutions	Value (1-7)	Rank/148
A	Public Institutions		
Property rights	Property rights	3.6	108
	Intellectual property protection	3.2	99
Ethics and Corruption	Diversion of Public funds	3.1	81
	Public trust in politicians	3.1	61
	Irregular payments and bribes	2.9	124
Undue Influence	Judicial independence	2.8	115
	Favoritism in decisions of government officials	3.1	70
Government efficiency	Wastefulness of government spending	3.2	73
	Burden of government regulation	3.5	70
	Efficiency of legal framework in settling disputes	3.5	83
	Efficiency of legal framework in challenging regulations	3.5	72
	Transparency of government policy making	3.6	119
Security	Business costs of terrorism	5.3	87
	Business costs of crime and violence	4.5	78
	Organized crime	5.1	69
	Reliability of police services	3.3	115
B	Private Institutions		
Corporate Ethics	Ethical behaviour of firms	3.8	80
Accountability	Strength of auditing and reporting standards	3.9	116
	Efficacy of corporate boards	4.5	73
	Protection of minority shareholders' interests	3.9	86
	Strength of investor protection	5.3 (0-10)	69

Figure 1.2 Bhutan's score and ranking against the disaggregated components

tions are also an important element of the process of creating wealth. The global financial crisis, along with numerous corporate scandals, have highlighted the relevance of accounting and reporting standards and transparency for preventing fraud and mismanagement, ensuring good governance, and maintaining investor and consumer confidence. An economy is well served by businesses that are run honestly, where managers abide by strong ethical practices in their dealings with the government, other firms and the public at large. Private-sector transparency is indispensable to business.

Figure 1.2 simply presents Bhutan's score and ranking against the disaggregated components (note the coloured rows) of the first pillar. No attempt has been made to analyze the findings. However, it may be useful to note the scores for *"diversion of public funds"*, *"public trust in politicians"*, *"irregular payments and bribes" under "ethics and corruption"*, and *"judicial independence"* and *"favoritism in decisions of government officials"* under *"undue influence"*, which are less than average.

The GCR is carried out by the WEF, an international institution committed to improving the state of the world through public-private cooperation in the spirit of global citizenship. The report indicates DHI and BCCI as the partner institutes of the WEF's Global Competitiveness and Benchmarking Network that facilitated the conduct of the GCR 2013-14 with regards to Bhutan.

To measure the concepts, the GCR has used statistical data such as enrollment rates, government debt, budget deficit and life expectancy, obtained from agencies such as the World Bank, UNESCO and WHO. The GCR 2013-14 has captured the opinions of over 13,000 business leaders in 148 countries between January and May 2013.

Assessment of 2013 Direction

The focus areas for 2013 were:

(i) *Implementation of the EFYP which includes the CMP that encompasses organizational restructuring, development of strategic human resource plan and media and public communications strategies, strengthening of the commission's ethical code of conduct, implementation of integrity diagnostic and integrity vetting tools, recruitment and retention of professionals and strengthening ACC's independence:* The annual work plan July 2013-June 2014 has been prepared and implemented within the general framework of the EFYP. An important activity of the reporting period is the management of the organizational restructuring. To ensure conscious implementation of the CMP, regular meetings have been conducted to review the implementation status of the key recommendations and also to sustain the momentum of change; internal communications have played a significant role in managing change and associated issues. However, the challenge of balancing change management and events potentially persists and cannot be undermined. Mandatory trainings on sectoralization and investigation have been completed.

The envisaged impact of the change can be felt in another three to five years and also with the sectors being fully staffed. To assess the effectiveness of change process including behavioral changes in light of sectoralization, an internal survey was conducted in December 2013. 85% of the respondents agreed that the sectoral approach would be effective in future. While fully recognizing the risks, concerns and challenges, they remained committed to making it a success. Keeping steady flow of decisions or intensifying internal communications and movement of officers in the various units and sectors based on their competence and aptitude were some of the interventions.

The Grievance Redressal Mechanism was ad-

opted in February 2014. Implementation of the integrity diagnostic tool is well underway (details covered in the subsequent section). However, proposals of strengthening the ACCs Ethical Code of Conduct and the media and public communications strategies have not been implemented because of the absence of human resource and media/public relations officers.

The Human Resource Development and Management Strategy and Policy, which as submitted in the last report was to be developed by an expert team but could not materialize because of the challenges in acquiring appropriate expertise and contractual complications. Priority is accorded to the development of this important document this year as the ACC continues to explore for domestic and international expertise.

Status on the ACC's independence and delinking from the civil service is covered under the subsequent paragraphs.

(ii) ICTization and institutional sophistication to be continued: Modest progress is being made in the sophistication of investigative support infrastructure and data analysis. Capacity development in the area will continue. Documentation or record management system is yet to be established. Efforts are also being made towards this including capacity development.

(iii) Strengthening network with allies such as the OAG, RAA and other law enforcement agencies: MoUs have been signed with the OAG, CDB, MoFA and RSTA for productive collaboration. Draft MoUs have also been prepared to be signed with eight other agencies in 2014.

(iv) Discipline in using office facilities (inculcation of the value of ownership) and furnishing of the new office building: Employees of an institution that propounds to be an edifice of integrity and professionalism have to constantly understand, reflect, review and discuss its core values; further, employees who exhibit inappropriate

conduct have to be counseled and accountability fixed. This is an organizational culture that the ACC endeavours to constantly instill in its employees through regular interactions, reminders and development of protocols and guidelines for proper utilization and maintenance of office properties.

The new office building has been modestly furnished. Further, investment is being made for creating greater conducive working environment and team building.

(v) Proactive engagement to prevent corruption in the forthcoming elections: In the 2008 elections, the ACC proactively fielded surveillance teams in vulnerable areas and also investigated misconduct by few candidates, outcome of which was shared with the Election Commission of Bhutan for further course of action. However, although preventing electoral corruption was a priority for 2013, nothing much could be done besides sensitizing the public on electoral corruption as part of its advocacy and awareness program and through TV spots (which will be used in future elections too), which was stopped for reasons best known to all concerned. Drawing counsel from the past local and national elections and in fulfilling the larger national goal of building a strong and vibrant democracy, institutions such as the Election Commission of Bhutan and the ACC have to necessarily collaborate and cooperate for the well being of the nation.

Mid-term Review of Annual Work Plan, July 2013-June 2014

The mid-term review of the annual work plan July 2013-June 2014 conducted in February 2014, reported a modest achievement of around 48% of the planned targets with an expenditure of 67% as of January 2014.

The corporate services (planning, human resource management, administration and fi-

nance) have achieved 50% of the planned activities, specifically with the implementation of the organizational restructuring and development of the NIACS 2014-2018. Five new members were recruited; strength dropped from seventy four to seventy one with the departure/removal of twelve members (including two drivers); induction program for the new recruits was conducted besides the in-country and ex-country trainings. Greater enhancement of transparency, accountability and integrity through trainings on SA and its methodology for the representatives of local government, CSOs, media and general public, awareness and advocacy program in 126 gewogs covering 20,605 participants and technical sessions with the NC, NLCS, NECS, DHI, TCC and BDBL were conducted.

Activities on the drafting of HR development and management policy (as reported earlier) and development of the ACC's corporate film have been delayed.

In the legal services, about 60% of the planned activities have been completed. The UNCAC SA (only part) and Public Service Model of code(PSMC) still have not been implemented because of other competing demands. Implementation of the *"Guidelines on Cooperation in the Investigation and Prosecution of Corruption Offence in the Private Sector"* has been delayed because the OAG's response is still awaited. The legal unit is also involved in providing legal services to the sectors during the investigative processes. The priority for 2014 will be implementing the UNCAC SA matrix and the report.

The activities of the complaints management and follow-up services have been routine in nature with the flow of complaints and content remaining generally similar. Few additional initiatives of providing a quarterly report, strengthening the database and establishing an effective documentation system are underway. With regards to the investigation module of the IMS, it still has not been fully operationalized despite

the priority set in the last reviews.

Progress on sectoralization, which was implemented in February 2013, is modest. As submitted in the last report, two thematic departments were created, covering (A) (i) Procurement & Construction and (ii) Human Resources Development and Management and (B) (i) Land & Natural Resources, (ii) Business & Finance. With only thirty six integrity promotion officers, two other services namely Social and Political and Miscellaneous still have not been established. Although the departments are not fully staffed, modest program and activities have been implemented. Meanwhile, the ACC still awaits the RCSC endorsement on its organizational structure forwarded in June and November 2012.

The HRDM and Procurement Sector under Department A have made modest efforts in synergizing the three pronged approach of fighting corruption. The HRMD Sector has achieved 38% of its planned targets while the Procurement Sector has achieved 46%. The investigative and preventive services have been carried out as targeted in the plan; the review, however, noted that the Department has been ambitious while preparing the plan for educational services. The Department carried out integrity diagnostic studies in services like BPCL and BOBL, besides the studies in dzongkhags in collaboration with Department B. A thematic session with HROs was conducted during the second annual HR conference organised by RCSC. HR Sector also met and advised BDBL and RICBL to be proactive and to avoid favoritism during mass recruitment. Awareness program on the Debarment Rules and the Procurement Rules and Regulations was conducted for the private sector in collaboration with DHI, CDB and PPPD, MoF.

The Land & Natural Resources and the Finance & Business Sectors under Department B have achieved the annual target for investigating cases in the mid year. However, the Finance and

Business sector has been lagging in conducting awareness and advocacy program against its planned targets. 30% of the planned target for Finance and Business sector has been achieved while Land & Natural Resources sector has achieved 60% of its target. Obtaining information on land from the National Land Commission Secretariat has been a serious impediment to the operations.

Implementation of 48% of the planned activities with 67% expenditure as against 39.75% and 32% of the last mid-term review is a modest improvement. Further, 81% of the planned activities of the remaining 2012-2013 plan period was implemented as against the expected 80% reported last year. Over 90% of the plan is expected to be completed by the end of the 2013-2014 plan period.

RAA's Reports (Auditing of ACC)

As requested by the ACC and in accordance with the provisions of the Audit Act of Bhutan, 2006, the RAA audited (i) Danida funded “*Ethics and Integrity Management in Civil Service*” project for the period 1 July 2011 to 30 June 2013, (ii) Swiss Agency for Development and Cooperation (SDC) “*Support to Anti-corruption Commission*” from 1 July 2012 to 31 October 2013, (iii) Government of India funded “*ACC Office Building Construction*” project from 1 July 2008 to 30 June 2013 and (iv) Government LC account for the period 1 July 2012 to 30 June 2013.

The RAA observed that the ACC had generally maintained proper book of accounts and there was no observation, achieving the commitment made in the last report. This is attributed to the conscious efforts made in streamlining the general administration, accounting and personnel administration. As reported in the last report, a commissioner was specially assigned the task. The administration and accounts unit, however, continues to remain vulnerable without ade-

quate, quality and quantity human resources. Interim measures have been taken and recruitment for appropriate personnel is underway.

Austerity Measure

In pursuance of the Government's austerity measures, the ACC did not have much room with the already existing stringent resource management regime. However, as a small and symbolic gesture the three commissioners do not fly in business class.

Implementation Status of Parliamentary Resolutions (those to be implemented by ACC only)

The ACC continues to make conscious efforts in implementing the resolutions passed by the Parliament. The implementation status of the resolutions of both the houses is submitted separately.

1st Session of Second Parliament, National Assembly

Resolution no.6.1, 12th September 2013

The National Anti-Corruption Strategy (NACS) which is under implementation by the agencies must be continued. The implementation report submitted by the Committee of Secretaries to the Commission must be reported to the Parliament through its annual report.

This report does not cover the implementation status of NACS 2009. As submitted in the last report, NACS 2009 has been reviewed by BIG and RIM in close consultation with the stakeholders. It has now been revised with greater clarity and delivery assurance and is titled, “*National Integrity and Anti-Corruption Strategy 2014-2018*” (details under section 4). The CoS will not be the oversight body now.

Resolution no. 6.4, 12th September 2013

Since the Anti-Corruption Commission does not have absolute independence over human resource administration, the Legislative Committee must review the Constitution of Kingdom of Bhutan and other relevant laws and report in relation to providing absolute independence over human resource administration to the Commission to enable it perform its mandates and duties effectively.

As desired by the GGC of the National Assembly, the ACC made a detailed presentation to the GGC and the Legislative Committee of the National Assembly on issues related to its independence on January 8, 2014. The presentation generally covered, among others, an anti-corruption agency's mandate and performance, ACC's ultimate goal of becoming redundant, core issues in becoming an effective anti-corruption agency, His Majesty's intolerance for corruption and the Command to build a strong institution with highly motivated and incorruptible professionals, challenges faced by the ACC, international best practices on the institutional arrangements, provisions in the Constitution and other relevant domestic laws, ACC's experiences of operating within the civil service for over two and half years, staff strength and positions, Governments' stand on ACC's independence and ACC's position on the matter, which was to delink from the civil service, permitting it to operate along corporate governance model with contractual employment arrangement as an option.

Presentation on the ACC's independence, among other issues, was also made to the Cabinet and the CoS on February 25 and 27, 2014.

2nd Session of the 2nd Parliament, National Assembly

Resolution no. 11.1, February 12, 2014

The National Assembly following the recommendations/proposals of the GGC had directed the ACC and RCSC to mutually resolve the human resource issues.

In pursuance of Resolution no. 6.4 of September 12, 2014, the GGC submitted a report to the National Assembly regarding the degree of independence that may be appropriate for the ACC in human resource management and related matters to enable it to effectively execute its roles and responsibilities as per the Constitution.

The GGC recommended that, *"Given the present scenario where they (ACC) are restricted, the ACC has come up with the above submission asking for its delinking from the civil service and allowing it to function along corporate lines."*

While the Committee empathized with the ACC in its frustrations, it felt that delinking from the Civil Service had to be seen from a broader perspective. In any case, this would require the acts to be amended. Therefore, for the present, short of delinking, the problems encountered by the ACC could be largely addressed through the recommendations given above each of the concerns (GGC had made specific recommendations against the provisions of Civil Service Act & related issues that the ACC had highlighted as undermining its independence) which are summarized below:

1. *Permit the ACC to determine its own staffing pattern by taking a liberal interpretation of the phrase "in consultation" in Sections 28 of the Civil Service Act and Section 8 of the Anti-corruption Act.*
2. *Relax the criteria of "Certificate of Eligibility" in the case of technical graduates, by*

amending Rule No. 4.4.3 of the BCSR;

3. *Encourage graduates to join the ACC by enhancing the remunerations of the ACC employees and mandate the Pay Commission to consider this if not already done;*

4. *Encourage and facilitate the secondment of civil servants who are willing to join ACC, and the parent organizations to issue No Objection Certificates;*

5. *Delegate the powers of the RCSC to the ACC in relation to the development and implementation of performance appraisal system which may be reviewed by the RCSC from time to time;*

6. *Permit the ACC to provide short-term assignment-specific trainings workshops to contractual employees, by amending Section 9 of the BCSR.*

The above recommendations will allow the ACC to function better till such time the relevant acts are revised suitably. Therefore, actions should be initiated to harmonise the provisions of the acts of the constitutional bodies with those of the Civil Service Act. The non-revision of the acts passed prior to the Civil Service Act has led to the inconsistent application of the Civil Service Act by the RCSC. The issue of “delinking from the civil service” should also be examined during the revision of the Acts.

The Committee also recommends that the Supreme Court as the authority on interpretation of the Constitution, issue a definition of the word “independence” as used in the Constitution, for removing the discrepancies in the application of the legal provisions” (source: Good Governance Committee’ Report January 2014 submitted to the National Assembly).

The ACC will follow up on the resolution with the new commissioners of the RCSC. However, the core issue is the interpretation of “independ-

ence” guaranteed by the Constitution and its enforcement, in spirit and form. Institutions such as the ACC cannot be subjected to the vagaries of entities and political environment.

11th Session of the National Council

Resolution no. B (1), September 18 & 20, 2013

The Anti-Corruption Commission must give importance in establishing complaint management services in Gewogs.

Complaints management service or grievance redressal mechanism is integral to the internal governance of an entity, in this case gewog administration. Resilient political will of local leaders and public trust in them are more crucial for any effective grievance re-dress or complaints management system to be established; otherwise it only serves statistical purpose. However, towards informing the general public on the importance of effective grievance re-dress mechanism, among others the ACC reached out to 196 gewogs of 19 dzongkhags. Further, in close partnership with the DLG, MoHCA and the RIM, the ACC is also working on enhancing effective civic engagement in the development process through the introduction of social accountability tools to the parliamentarians and representatives from the citizenry, local government, CSOs and the media fraternity.

12th Session of the National Council

Resolution F (1), Recommendation (2), February 7, 2014

The Anti-Corruption Commission to review and submit a report on the misuse and seizure of the Government land and reserved forest in 20 dzongkhags to the National Council.

The ACC fully recognizes the significance of

the task, considering the sensitivity of the limited national asset that is highly prone to corruption as inferred from its complaints and investigations.

The rate of privatization of the national asset may be telling of the situation. However, to prepare a comprehensive report on the misuse and illegal occupation of government land and reserved forest of the whole country is a mammoth task considering the overwhelming works in hand that is managed by limited staff members, poor inventory of land stock (which every dzongkhag administration should have as a matter of urgency and priority) and record and the continuous challenge of access to information, the ACC will not be able to undertake the task. The NLCS may already be in the process of conducting a similar task.

The NIACS 2014-18 has prioritized land, procurement & construction, human resource, for-

est & minerals and elections as high corruption risk areas. Towards this, the ACC is in the process of planning reviews on the extent of vulnerabilities in these areas in collaboration with BIG and with financial support from the SDC.

The young organization's pursuit for excellence, places great demands on its employees, large majority of whom are young and also creates high expectations from the citizenry. Maintaining the balance between the competing demand to perform and to develop capacity continues to be a challenge. Considering the nature of work, the ACC is invariably overwhelmed by events despite the conscious decision to manage it. However, it will continue to build itself into an edifice of incorruptibility, integrity and professionalism and work with critical stakeholders in making integrity a natural governance diet and instilling a culture of intolerance for corruption in the larger system of governance and society.

‘

The Parliament and Judiciary are critical supreme institutions of democracy. People invest their trust in these institutions.

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SECTION 2

AT THE CORE: PEOPLE, CULTURE AND INSTITUTION

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SECTION 2

AT THE CORE: PEOPLE, CULTURE AND INSTITUTION

The political will of the leaders and citizens is often stressed as the most important capital in the fight against corruption. Equally critical is the political will of the Commission and the employees of the ACC. To sustain that will in a challenging socio-cultural and political environment, a highly motivated team of professionals is imperative. The ACC continues to commit its efforts and resources to establish and strengthen organizational culture characterized by sincerity of purpose and professionals with high caliber of integrity through a meaningful institutional development plan. It is challenging given the larger milieu of complacency, indifference and inefficiency within which the ACC operates.

A consolidated report on the activities under the CMP, an institutional development initiative, was presented in the last report and are at various stages of implementation as submitted in the previous section of this report. Details of some activities such as the ACC's independence along with, among others, the Civil Service Award 2013, health of the institution as diagnosed by the IDT and CRM, issues related to human resource management and development and networking are discussed.

Civil Service Award 2013

The Civil Service Award 2013, instituted under His Majesty's Command by the RCSC to recognize public servants for their long dedicated service, is also a call for greater commitment from the public servants. It is a move towards fulfilling His Majesty's noble vision of building a public service cadre that embodies deep compassion and wisdom, high quality leadership, dynamism, meritocracy and professionalism. From the ACC, 17 members were honoured with the Civil Service Award for their dedicated service to the people and the nation and through it to the Kings. Two members received gold

medal, six silver and nine received bronze medals. In celebrating the important occasion of achievement and acknowledgement, a recipient member of the ACC said, *"It is a great occasion to thank our Kings, country and our parents who have invested in us and have made personal sacrifice. My service has never been driven by any expectation of recognition. The award spells His Majesty's aspiration for a dynamic, professional and performing public service that bears the highest standards of integrity in the backdrop of democracy and His deep concern for the country. In it lies my vigour to work with a deeper sense of greater purpose not only as a public servant but also as a citizen"*.

Eleventh Five Year Plan Objectives, Sectoral Key Result Areas & Key Performance Indicator (EFYP, SKRA – KPI)

The EFYP accords high priority to strengthening and supporting institutions combating corruption leaving no room for complacency. Corruption is anti-GNH and combating it through a shared sense of responsibility by all institutions will pave the road towards achieving the overarching national objective of *"Self Reliance and Inclusive Green Socio-economic Development"*.

The ACC's key EFYP objectives are to (1) build ACC as an effective & credible institution in fostering zero tolerance for corruption in Bhutan; (ii) create an informed citizenry to enlist their support to create a social fence against corruption; (iii) mainstream anti-corruption measures in public and private institutions; (iv) deter acts of corruption through investigations without fear or favor; and (v) contribute to building an honest and ethical society.

To realize the above objectives, the 14th NKRA under the GNH pillar of *"Promotion of Good Governance"* of the 16 NKRA is *"Corruption*

Reduced” with the KPIs being (i) all agencies and local government reporting on implementation of NIACS and (ii) improving Bhutan’s ranking to top 20 in the TI-CPI and improving the national integrity score to 8. To achieve the NKRA of “*Corruption Reduced*”, the ACC has identified 3 SKRAs with their respective KPIs:

SKRA 1: Transparency and accountability in the use of public resources strengthened

The KPIs identified for the 1st SKRA are (i) establishment of strengthened transparent and accountable policy framework for the economic sectors through revision of decision making and management procedures and systems, (ii) establishment of strengthened human resource management systems through outsourcing recruitment processes, establishment of grievance redress mechanism and promoting transparency, (iii) reduce scope of corruption in public service delivery, (iv) reduction of corruption in natural resource management, (v) establishment of standardized assessment methods and transparent systems of aid distribution for disaster management and (vi) mainstreaming, monitoring and reporting of the implementation of NIACS 2014-2018.

SKRA 2: Promotion of ethics and integrity strengthened

The KPIs identified for the 2nd SKRA are (i) development of different curricula on ethics and integrity at different levels of educational institutes and completion of online ethics and integrity programs and (ii) development and implementation of awareness and advocacy programs.

SKRA 3: Culture of low tolerance for corruption enhanced

The KPIs for the 3rd SKRA are (i) strengthening ACC as a credible and effective institution by striving towards increasing the average conviction rate to 95% from 90%, establishing an

effective intelligence unit, reducing the average time taken to complete an investigation from 100 days to 60 days, increasing the number of cases investigated to 150 from 100 cases (during EFYP), instilling confidence in the ACC through increased walk-in complaints and decrease in anonymous complaints, (ii) strengthening legal framework to curb and combat corruption and (iii) establishment of networking or collaboration with international/regional/national anti-corruption institutions.

Direction Setting for 2014

The direction for 2014 was set based on the SKRAs and the KPIs. Departmental and sectoral directions were drawn from the KPIs and further linked to annual targets of the individual performances (at least an attempt has been made).

Detailed action plan has been drawn up focusing on improving and strengthening collaboration and coordination, institution building, mainstreaming anti-corruption measures, strengthening investigation and clearing back log of cases and complaints. The departmental and sectoral annual work plan for 2014-2015 has been drawn on this premise.

The priority areas for 2014 are set in the areas of (i) collaboration and coordination which constitutes signing of MoUs with the RAA, RCSC, DCRC and DoI, MoHCA, RMA, NLCS, telecommunication service providers, DRC, RIM, RBP and the financial institutes. MOUs with RAA, RMA, NLCS, DoI, DCRS, RIM and DRC have either been finalized or in the process of being finalized are expected to be signed within July 2014; an MOU is also being drafted to be signed between the ACC, DLG and RIM on social accountability;

(ii) Strengthen networks with regional and international agencies such as CBI, India, MACA and BIG, Switzerland for capacity building through tailor made courses by June 2014. The

engagement with MACA, MACC and BIG is active and productive.

(iii) Greater focus have been given on institutional development through HRD in terms of developing policies, competency framework and recruitment and training, developing ICT policy, improving internal communications, strengthening the administration and finance division and establishing an exhibition hall. The time target of the first quarter of 2014 has been extended to the third quarter especially with regards to HRD, ICT policy formulation and the exhibition hall;

(iv) In order to mainstream anti-corruption measures, an action plan will be drawn to build the capacity of CSOs and other relevant agencies on social accountability tools by August 2014; e-learning on ethics and integrity will be pursued to cover the parliamentarians and judges by June 2014; and the awareness and implementation of NIACS 2014-2018 will be vigorously pursued;

(v) For efficient and effective investigation services, the IMS will be fully implemented, operational manual with forms will be finalized, a guideline on prosecution by the ACC will be developed, process for the establishment of professional documentation services will be initiated, protocol for the use of investigation support facilities will be developed and the facilities given a facelift and Debarment Rules 2013 will be invoked. While some of the activities are expected to be completed by the second quarter, others may take till the third quarter; and

(vi) As the commissioners have only one and a half years, few new cases will be taken up and emphasis will be accorded to completing the cases in hand. All the complaints will be analyzed for logical conclusion and a mop up operation will be undertaken alongside advocacy programs in the last and the first quarters of 2014 and 2015.

Embedding Integrity

Entrusted with the responsibility of leading the nation in the fight against corruption, the ACC is committed to building itself into a credible, effective, strong and an incorruptible institution that always enjoys public trust and confidence. The fact that it is highly vulnerable to corruption reinforces the need to enhance transparency, accountability, professionalism and put in place robust systems to ensure effective internal and external checks and balance. Its mission of '*Eliminating Corruption*' through '*Leading by Example*' cannot be materialized if its own credibility is challenged and public trust wanes. Therefore, a number of anti-corruption and integrity promotion measures have been implemented.

Strong systems of integrity can be laid through the institutionalization of integrity promotion tools such as code of conduct and ethics, management of conflicts of interest, service delivery standards, standard operating procedures, corruption risk management, integrity diagnosis, integrity pacts, asset declaration, gifts declaration, life style watch, national integrity assessment and reward systems. Some of the benefits could be enhanced fairness, transparency and accountability; shift from a culture of regulation to stimulation; reduced administrative burden; strengthened checks and balance; increased public trust and confidence; motivated employees; self policing; achievement of organizational objectives; effective utilization of resources; and improved, effective and efficient delivery of quality services.

Piloting and mainstreaming of corruption prevention and integrity promotion tools have always been initiated within the ACC first before they are rolled out to other agencies. The ACC has continuously endeavoured to institutionalize CRM and IDT since their adoption in March 2010 and October 2012. With the organizational restructuring and the potential emergence of

new risks, the second CRM was conducted in the ACC on 31 March 2014. To maximize the benefit, both the tools were administered consecutively, IDT on 28 March 2014 and the CRM on 31 March 2014.

Integrity Diagnostic Tool is a simple in-house self-assessment tool developed for assessing the health of an organization. It provides a blueprint for diagnosing integrity problems and corruption risks in the organization. The test provides

general indicators pertaining to overall integrity of the organization and also prompts areas for improvement. The test is administered through a set of 20 organizational statements based on four pillars namely, “Compass”, “Conscience”, “Character” and “Controls” (Figure 2.1) “Compass” comprises organization’s vision, mission, purpose, core values and ethical culture; “Character” defines the basic tenets of truthfulness, accountability, and transparency in an organization; “Conscience” is about hon-

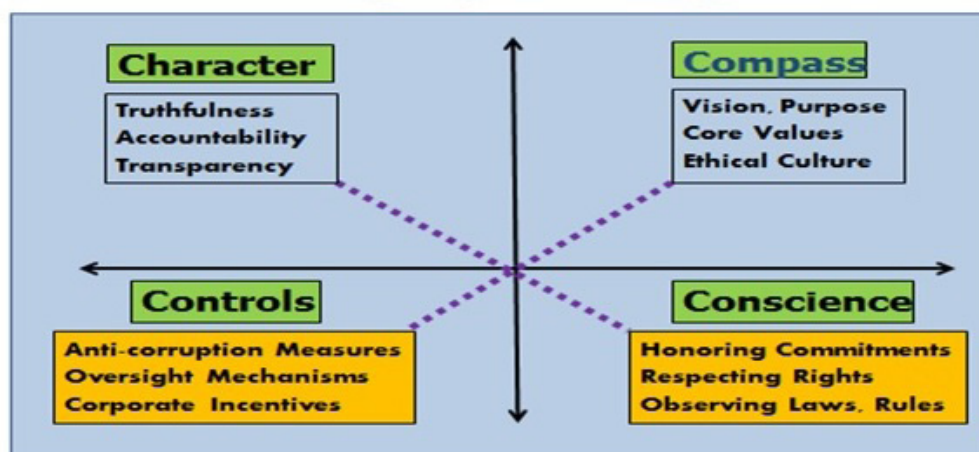


Figure 2.1 Integrity Diagnostic Tool



Figure 2.2 Corruption risk management tool

oring commitments, respecting rights of others and observing laws and rules; and “*Control*” assesses whether the organization has adequate anti-corruption measures including other internal control systems.

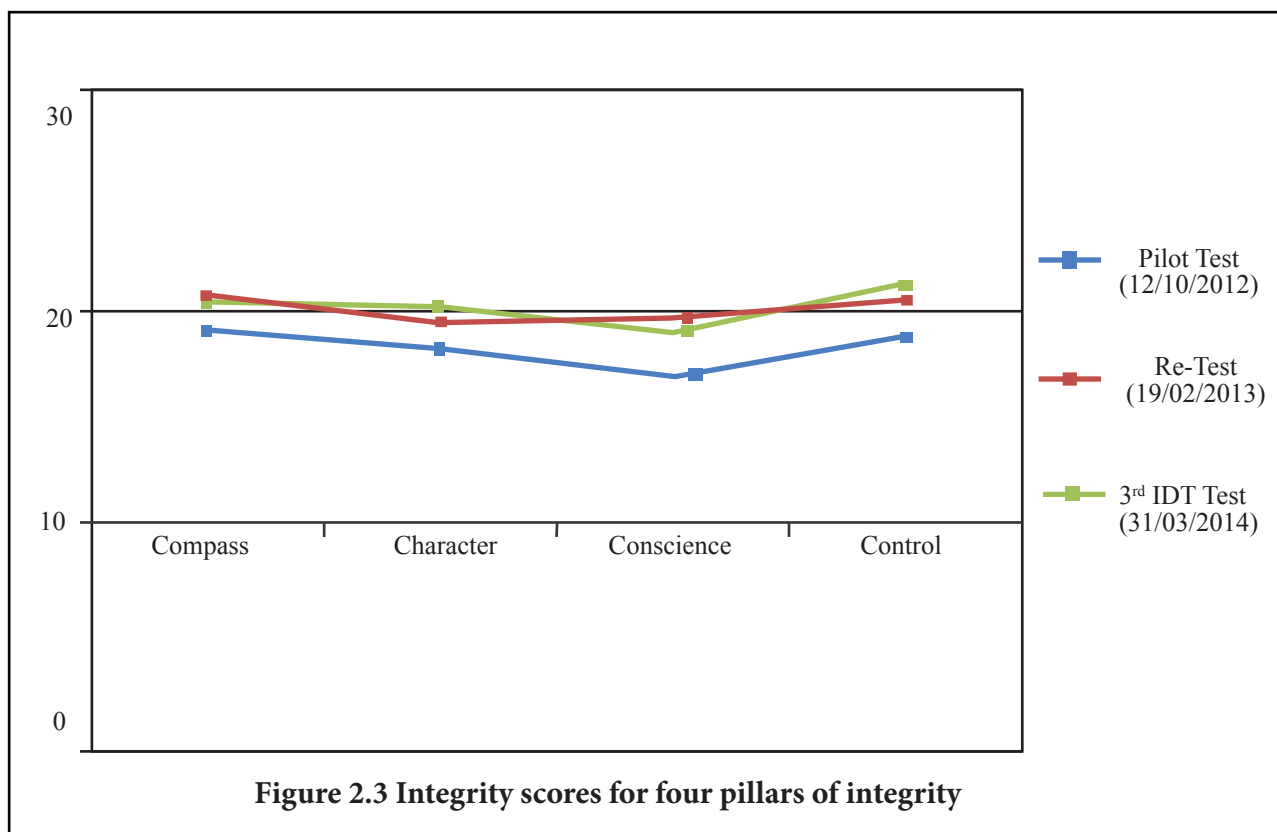
Corruption Risk Management is also an in-house tool adapted from the ACRC, South Korea for managing corruption related risks in an organization. CRM not only helps identify potential corruption risks but also helps in suggesting potential strategies to prevent each risk proactively. This tool has been evolving with modifications and inputs through its application over time. In brief, CRM entails seven basic steps as illustrated in Figure 2.2.

From the first CRM conducted on 31 March 2010, an action plan for eighteen corruption risks along with the mitigation measures were developed and implemented. Five implementation reviews were conducted, the last being in November 2012.

As submitted in the last report, 96% of the action plan have been implemented. The second CRM was conducted on the 31 March, 2014 to identify new risks, confirm (non) prevalence of the old risks identified by the first CRM and to also fulfill the attendant benefit of training the integrity officers on the CRM process, enabling them to conduct similar exercise in the agencies under their sectoral jurisdiction.

Similarly, IDT was piloted on 12 October 2012 followed by a retest (actual test) on 19 February 2013. Some of the important integrity issues highlighted were in the areas of (i) access to grievance redress mechanisms, (ii) stakeholders’ ethical competence, (iii) professionalism and respect by leaders and (iv) management honoring commitments. Several interventions to strengthen the internal communications have been made and grievance redressal mechanism has been established.

The third IDT was administered on 28 March



2014 to compliment the CRM. Fifty members (sixteen female and thirty four male) (69.4% of total ACC staff) responded to the IDT questionnaire. Analysis of the responses added value to the CRM exercise, in which fifty seven members, commissioners and support staff, participated. The result indicated some improvement as compared to the previous tests (pilot and retest). The organizational integrity score increased from 73.98 (October 2012) to 81.62 (February 2013) to 82.08 (March 2014). The disaggregated scores are also good but can be and should be better for an institution that claims to be the “Nation’s Conscience” and which aspires to be

an edifice of incorruptibility and professionalism. “Conscience” and “Character”, which are important tenets scored lower than the other two pillars, namely, “Control” and “Compass”. A comparative aggregate scores is presented in Figure 2.3

The trend of all the three tests, however, has remained the same, highlighting similar issues and challenges refer Figure 2.4. The scores for “Professionalism and respect by leaders”, “Organization respecting rights of others”, “Stakeholders’ ethical competence” and “Management honoring commitment” are also the lowest in

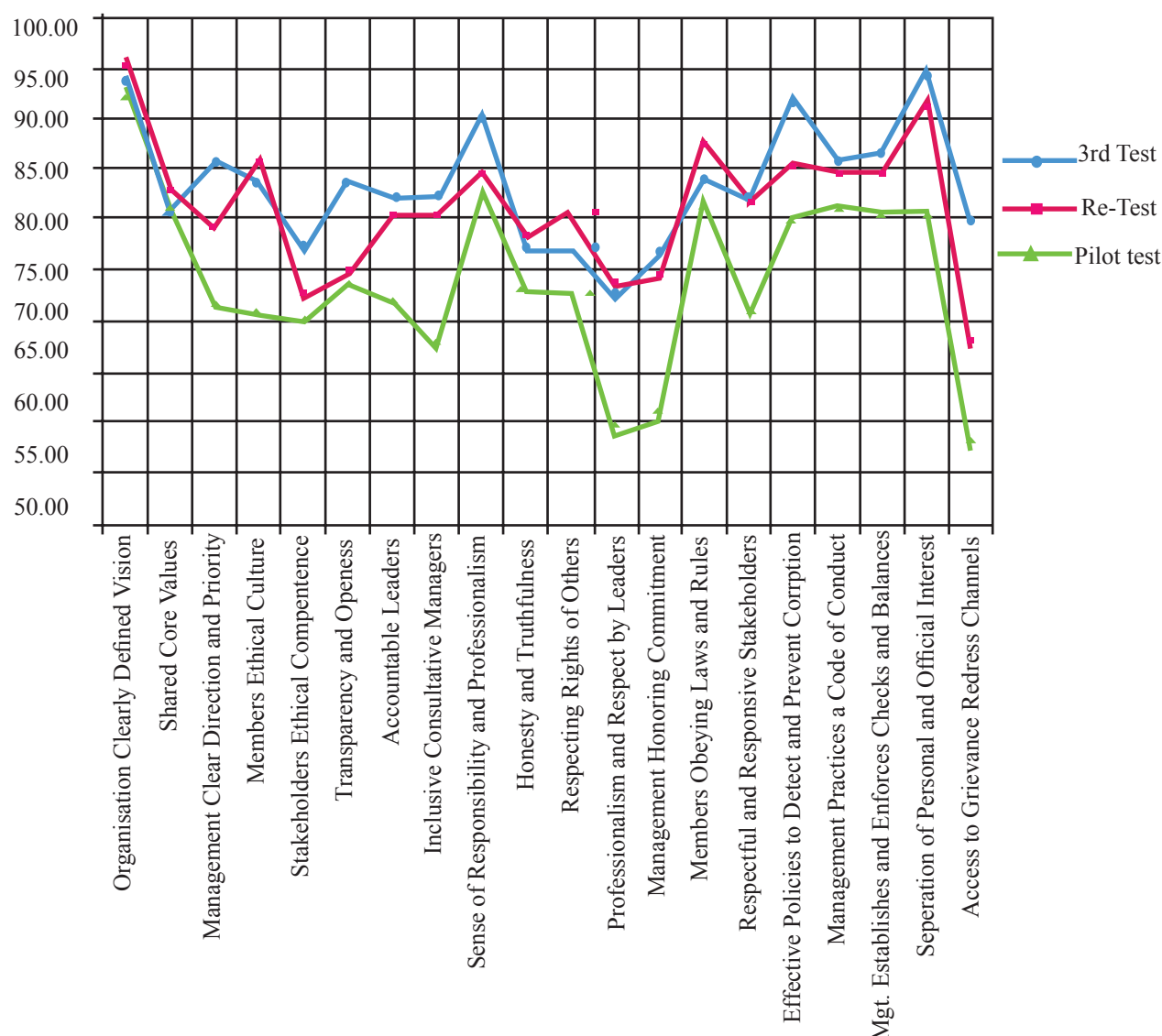


Figure 2.4 Organisational integrity score comparison of three tests

the third test. The scores for access to grievance redress channels, existence of transparency and openness in organization and management having clear direction and priority to have increased slightly. While a grievance redress mechanism has been instituted, there has not been a single grievance reported yet.

Clear understanding of the questionnaire, maturity and professionalism of the respondents are critical for authentic outcome and the corresponding interventions. It is also important to note that there is a risk of instances related to leave, advances, flexi-time, new recruits' lack of awareness on IDT and reshuffling of members impacting on the outcome of the test. Strengthening of internal communications has once again been emphasized.

The issues highlighted by the integrity diagnosis were considered during the CRM exercise. Un-

like in other agencies, the ACC considered all its services while identifying corruption risks. In total, thirteen risks have been identified, assessed, prioritized and measures to mitigate them formulated. Some of the major risks were politicization of the commission, bribery, collusion between procurement officer/store manager and suppliers, misuse of power by the commission and integrity promotion officers, embezzlement and preferential treatment to cases/complaints/internal HR matters, which were also identified in the first CRM exercise. Some of the new risks identified were manipulation of evidences/information, bills/claims; misuse of pool vehicles; favouritism and nepotism in treatment of employees' vis-à-vis promotion, trainings, etc.

The risks are further reinforced by integrity issues highlighted by the integrity diagnosis such as *"Professionalism and respect by leaders"*,

Risk		Causes	Pillar	Integrity Issues
Risk of commissioners being politicized - taking decisions to support/aid a vested interest of a politician/political party	Individual	Lack of individual integrity, respect and professionalism of the commissioners.	Con-science	<ul style="list-style-type: none"> Professionalism and respect by leaders Management honoring commitments Organization respecting the rights of others
	Systemic	No established selection procedure of candidates to the commissioners' post. No clear system to monitor the conduct of commissioners.	Character & Control	<ul style="list-style-type: none"> Truthfulness Transparency Accountability Anti-corruption measures/mechanisms Internal control systems Oversight mechanism
	Situation	Lack of organizational independence and pressure from third party. Incompetent commissioners.	Compass	Vision, mission, purpose Ethical culture and competence.

Figure 2.5 Link between integrity issues and risks

“Organization respecting rights of others”, “Stakeholders’ ethical competence” and “Management honoring commitment”. The causal link between the integrity issues and risks has to be understood and addressed mindfully through concrete action plan and review processes. The *“cause and effect relationship”* of the twenty organizational statements based on the four pillars were further analyzed based on individual, systemic and situational point of view as illustrated through an example given in Figure 2.5

Integrity issues falling under *“Conscience”* have to be dealt at the individual level focusing on promoting and imbuing values of integrity, respect, and professionalism. Similarly, integrity issues falling under *‘Character’* and *‘Control’* need to be addressed by enhancing systems through institution of truthfulness, transparency, accountability and internal control mechanisms.

Integrity issues under *“Compass”* determine the vision, mission, purpose and ethical culture vis-à-vis competence of the organization which needs to be addressed through capacity building and education.

A detailed plan of action with specific recommendations has been formulated for implementation against each risk identified. While most of the systems and procedures are already in place, greater efforts have to be made in promoting integrity and professionalism at the individual level through dialogue, education and training. The implementation of action plan will be reviewed on a bi-annual basis by the Policy and Planning Services.

Update on Delinking of ACC from Civil Service

As submitted in Section 2, in pursuance of the National Assembly resolution, the ACC will discuss with the new Commission of the RCSC once it is settled well in office. *“Independence”* is a critical issue that the ACC has been persuasively following up with authorities since in-

ception not because it wants to be powerful but because not being independent has serious implications in its operations. Government’s stand on the issue has been couched in statements such as, *“We don’t interfere in ACC’s affairs; it has total functional independence. If independence is given to ACC, other agencies will demand the same. Everyone wants to be delinked from RCSC. There will be multiplicity of independent & autonomous bodies in a small system. ACC being small minimizes opportunity for its employees’ career mobility if delinked from the RCSC. We will be creating a powerful and unaccountable agency; it is ok with the present commission but we do not know what the future commission will be like. Your people want to be with civil service”.* The issue is neither negotiation nor whether independence should be given to the ACC. Independence is constitutionally guaranteed. The issue is its interpretation and enforcement. Notwithstanding the resolution, the ACC presented a legal perspective of independence to the Cabinet and the CoS in February 2014. The same is reproduced below:

Independence of Anti-Corruption Commission (ACC): A Legal Perspective

Role of an Anti-Corruption Authority (ACA)

An ACA’s dual mandates are to prevent and combat corruption in a country. To prevent corresponds to review system and administrative procedures to plug their loopholes that are prone to corruption. To combat corresponds to detection, investigation and prosecution of corruption offences without exception for maximum deterrence. While carrying out these dual mandates, an ACA significantly contributes to improving the quality of general governance in a country. Effective ACAs strengthen the rule of law, foster public trust and confidence in a country. All these positive effects contribute to economic development as well. For Bhutan, which measures development outcomes through Gross National Happiness, curbing corruption is crucial in se-

curing happiness for its people.

International Best Practice: Principle of Independence of ACAs

The first principle is that the apolitical nature of ACAs is the essential prerequisite to ensure its *independence*. The second principle is that independence of ACAs is a quintessential and non-negotiable prerequisite for their *effective functioning*. These two principles of independence of ACAs are enshrined in the Technical Guide, UNCAC, UNODC 2009. These two principles are significant as they define and strongly link apolitical nature of ACAs to their *independence* for their effective functioning in fulfilling their difficult mandates.

According to Hussmann et al. 2009, “*States to protect the body or bodies from undue actions of any third party and a duty of the states to abstain from undue interference with the body or bodies*”. According to Articles 6 and 36, UNCAC, “*State parties shall grant the body or bodies [...] the necessary independence, [...], to enable the body or bodies to carry out its or their functions effectively and free from any undue influence*”. In a gist, it is the duty of the States to protect ACAs by granting them independence and also to abstain from exerting undue interference on them for their effective functioning.

According to the Technical Guide, UNCAC, UNODC 2009, “*the independence of ACAs should be enshrined in law rather than executive decrees and ideally constitutional guarantees of independence should be given to protect the agency from “undue” (political or other) influence*”. The simple rationale is that *independence* given through executive decrees could be withdrawn any time, while the *constitutional guarantees of independence* is permanent and difficult to tamper with by States.

Constitutionally Guaranteed Independence

As required by the *International Best Practice*, the Constitution of the Kingdom of Bhutan has guaranteed *independence* to ACC in line with its difficult mandates. The Article 27(1) of the *Constitution* states, “*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.*” The Constitution describes the ACC with the legally definitive term on independence as, “*which shall be an independent authority*” and shall take necessary steps to *prevent* and *combat* corruption in the Kingdom. As enshrined in the *Constitution*, ACC has the dual mandate to deal with corruption in a holistic manner. *Prevention* and *deterrence* must complement each other and must be carried out simultaneously for maximum efficacy.

A neutral opinion on interpretation of the *Constitution* on independence of ACC is given by BIG as, “*Despite clear provisions in the Constitution, the analyses of subsequent laws indicate that a number of contradictory or unclear provisions (have crept in that) would impede the Commission from enjoying the full scope of the Constitutionally guaranteed independence*” This opinion is given by BIG in its gap analyses of the laws of the country relating to the *independence* of ACC.

To *prevent* corresponds to the administrative mandate of reviewing *system procedures* and conducting *system studies* to plug their loopholes that are prone to corruption. To *combat* corresponds to *criminal investigative* mandate of *detection, investigation and prosecution* of corruption offences. While *independence* is not an issue in fulfilling the preventive mandate, which is administrative in nature, independence is the crucial prerequisite in fulfilling the punitive mandate, which is criminal in nature. If *independence* is compromised, effectiveness of

ACC may be at stake since it may focus more on *administrative* mandate and neglect the *criminal investigative* mandate. Easier mandate may prevail over the difficult one, at the cost of combined efficacy. Circumstances may become conducive to follow the path of least resistance in the difficult fight against corruption. Will such a scenario be good for the country or collectively garner the *political will* to act against corruption in line with the *International Best Practice* and as required by our *Constitution*? This is the single most important question every Bhutanese must ask to gauge whether we, as a nation, are serious about fighting corruption, both in letter and spirit.

Conclusion

The ACC is duty-bound to record and submit its experiences on problems and issues faced over the years in fighting corruption for future reference. The ACC believes that it would be a gross failure on its part if its experiences on independence are not shared with the people of Bhutan. The reasons for sharing the ACC's views and experiences are solely in public interest. Finally, in the Commission's considered view, *independence* is most crucial in combating corruption in the Kingdom through its *criminal investigative* mandate of *detection, investigation and prosecution* for maximum deterrence."

Report by an Independent International Team

Further, as submitted in the last report, a team from BIG, Switzerland conducted an independent study on the status of ACC's independence and prepared a report titled, "*Study on Measures to Safeguard the Constitutional Role of the Anti-Corruption Commission of Bhutan*". The report was submitted to the GGC and Legislative Committee of the National Assembly and the Cabinet. The executive summary of the report states, "*The Anti-Corruption Commission of Bhutan (ACC) is tasked with undertaking preventive*

and educational anti-corruption measures and with investigating and, under certain circumstances, prosecuting cases of corruption as defined in the Anti-Corruption Act of Bhutan 2011 (ACA 2011). It thus fully meets the standard set forth by articles 6 and 36 of the United Nations Convention Against Corruption (UNCAC) in relation to the existence of one or more dedicated anti-corruption body/ies. Equally in line with these articles of UNCAC and thus in accordance to good international practice, the ACC is set up as an independent institution as per its status as constitutional body. The independence of anti-corruption bodies is indeed prescribed in relevant international treaties and considered by leading international standards and policy makers as a critical prerequisite for the effectiveness of anti-corruption agencies.

In the context of this report, independence is to be understood as having structural and operational autonomy while having a clear legal mandate. International standards notably proclaim that independence for anti-corruption agencies must consist of three critical elements, namely a) freedom from undue political influence, b) freedom to determine its own operations and independently handle the related resources, and c) the existence of adequate checks and balances.

This report has analysed the three main points above and comes to the conclusion that while the broad principle of independence is provided for in the Constitution, there are six areas that may cause limitations to the independence of the ACC:

With a view to ensuring that the institution is free from undue political influence the report, in relation to (i) the processes for the appointment and the early removal of the Chairperson of the ACC, this report identifies the need to enhance transparency and clarify procedures and to clarify, through the enactment of an appropriate legislation and the establishment of adequate parliamentary procedures, the impeachment

process applicable to holders of constitutional offices. Another important aspect in this respect is (ii) the ACC's autonomy to decide on operational and organisational structure, where the report identifies restrictions emanating from article 8(1) ACA 2011 which needs to be amended.

The ACC is further found to be somewhat curtailed in its independence when it comes to its resource management. In relation to (iii) the management of financial resources, the report strongly recommends to introduce binding provisions regarding the budget allocation for ACC, to consider options to enable quick access to additional funds as may be required in complex or high-profile cases, and to review and if applicable further strengthen internal financial procedures and policies. As relates to (iv) the management of human resources by the ACC, the authors of this report urge for the delinking of the ACA from the Royal Civil Service Commission (RCSC), while acknowledging that the ACC, in partnership with other key stakeholders, needs to take a number of organisational and regulatory steps to prepare for this delinking.

Finally the report acknowledges the need to balance independence with adequate checks and balances. These on the one hand must complement existing (v) internal control mechanisms, in particular by establishing strong oversight over the ACC's investigative practice and its (then delinked) human resources management, and on the other hand must further strengthen (vi) external oversight, in particular by clarifying and enhancing the Parliament's external oversight function, and by agreeing on appropriate audit procedures with the RAA.

The authors of this report encourage the concerned bodies to carefully consider these recommendations and proceed with their implementation. It is the view of the authors of this report that, in line with international standards and the intention of the Constitution of Bhutan, guar-

anteeing the ACC's full independence through these measures will be essential in ensuring that the ACC can fully exercise its mandate and thereby make an important contribution to achieving the national goal of a vibrant democracy for a stable, secure, prosperous, and happy nation".

Human Resource Management and Development

Recruitment and Retention

As submitted in the past reports, given the nature of the ACC's work, recruitment and retention of good professionals with high integrity is one of the biggest and perennial challenges. Further, another contributing factor could be the Commission's demand for high standards of performance and behavior in the larger civil service environment of complacency and mediocrity. Such demands without concomitant recognition also may not be fair. This underpins the larger issue of independent human resource management.

During the reporting period, twelve members (a director, two integrity promotion officers, seven administration, accounts and HR officers and two drivers) left the ACC for various reasons, increasing the attrition rate to 16.2%. While six new members joined the ACC, including four integrity promotion officers, the total strength decreased from 74 in 2012 to 72. Of the 72 members, 42 (58.3%) are integrity promotion officers and 30 (41.6%) are working under the corporate services. The mid level vacuum is growing with senior members leaving the ACC. A closer look into the organization, spells vulnerability and potential risk of not being able to deliver in due course of time despite the number.

For sustainability, the ACC needs a core of high-caliber professionals and experienced members who view a long-term career in the ACC as highly desirable. However, experience has

Sharing of anti-corruption
Policies,
Experiences and
Resources.

ADB/OECD

MACC

FBINA

NACC

TI

ICAC

MACA

UNODC

CBI

INTERPOL

International Networking

16/05/2013

shown otherwise as members compare their levels of work stress with others in the civil service. In addition, within a small society where social and familial networks are strong and highly valued, the ACC's work, especially the investigation, is socially challenging for the members. Apart from the social stigma, members operate at the risk of not only being victimized personally but also their families.

While larger institutional issues may take time, a scheme for staff attraction, retention and motivation especially in view of stigmatization and social alienation risks had been proposed in 2012 as part of the Human Resource Strategy of the CMP. It is the establishment of an incentive fund with an endowment of \$1,000,000 (or approximately Nu 54,000,000), to finance the performance and innovation awards, long-term security needs such as housing and current needs like vehicle and scholarships. However, the Commission has not been able to establish and finance the proposed scheme for various reasons.

Human Resources and Capacity Development

Efficacy and the credibility of an institution depend on the competencies of its members, organizational ethos and its operational framework. Capacity development has always been a priority for the young organization. To sustain a high level of competency and motivation, various short and long-term trainings in the region and beyond, customized in-country trainings by local and foreign experts and orientation programs are conducted and in-house peer learning institutionalized.

During the period of reporting, sixty five members attended twenty five various regional and international workshops/seminars/trainings in different fields such as human values and professional ethics, disclosure systems and asset recovery, risk assessments and management, anti-money laundering, investigation, anti-cor-

ruption strategy, organizational integrity, corruption studies and surveillance.

Every training opportunity is used as a multiplier by sharing insights, skills and knowledge with other members. Conscious efforts are being made to apply the newly acquired competencies in the work place.

Further, the members continue to be exposed to various in-country trainings/workshops organized by different agencies, on universal human values, procurement, social accountability and related tools, legal drafting, project management, anti-money laundering, social media, media management, linux administration and net application development. Induction program has also been conducted for the new ACC recruits.

Making a Difference Together: Networking and Development Assistance

International and Regional Networking

The ACC endeavours to continuously learn from the international/regional/domestic best practices/standards through active participation in international and regional fora, networking with premier agencies in such fora and dialogue. Further, recognizing the ACC as one of the successful and progressive anti-corruption agencies in the region, it is invited to various fora to share its experiences.

In May 2013, the ACC participated in the FATF standards Risk Assessment/SIP follow-up workshop in Colombo, Sri Lanka. The workshop helped the ACC in updating on the important changes to the FATF recommendations and the review of the National Risk Assessment and Strategic Implementation Planning Framework. Participants from eight countries from Asia and Pacific participated in the workshop. The ACC is an active member in the Financial Intelligence Unit, Bhutan.

On the invitation of the World Bank, the ACC participated in the third World Bank Conference on *“Increasing the Effectiveness of Disclosure Systems through Innovation”* in May 2013 in Istanbul, Turkey to share its experience in financial disclosure system. The main objective of the conference was to share knowledge and exchange experiences on innovative ways vis-à-vis the use of technology, verification processes, legislation and lessons learnt in the process of operationalizing such disclosure system in the respective jurisdiction. The conference was attended by delegates from around twenty countries.

The ACC participated in the 16th Asia Pacific Chapter Retraining Conference in May 2013 in Bangkok, Thailand. The conference was aimed at bringing together all the FBINA graduates from the Asia Pacific region. The conference provided a platform for the participants to discuss and share experiences as well as to network and collaborate in the fight against common social menace such as transnational terrorism, human trafficking, drugs and money laundering worldwide. The first Bhutanese trainee of the academy is from the ACC (2012).

On the invitation of TI, the ACC participated in the Asia Pacific Experts’ Workshop on *“Methodology Development for the ACA Index”* in June, 2013 in Malaysia. This initiative was towards developing an index to assess the performance of the ACAs in Asia Pacific. A similar international conference, titled *“Principles for Anti-Corruption Agencies”* was conducted by the UNDP and UNODC in November 2012, in Jakarta, Indonesia. This is a regional effort towards building apolitical, strong and effective anti-corruption agencies, thus garnering the necessary political will, which is critical.

In July 2013, the ACC as the focal agency for INTERPOL anti-corruption affairs participated in the 4th Global Focal Point Conference on As-

set Recovery in Bangkok, Thailand, along with 155 anti-corruption and asset recovery experts. The conference was organized by the INTERPOL, StAR of the World Bank and the UNODC with the NACC of Thailand and the USA State Department. The theme for the conference was *“Operational Support for Asset Recovery”* and aimed at resolving the operational issues in implementing the UNCAC and providing opportunity for the INTERPOL focal points in building coalition to enhance international cooperation in asset recovery.

As a member of the ADB/OECD Anti-Corruption Initiative for Asia and Pacific, the ACC participated in the 18th Steering Group Meeting and 12th Regional Seminar in July 2013 in Dili, Timor-Leste. The events were attended by more than sixty participants and experts from twenty seven member countries, advisory group and observers. The seminar gave opportunities for the participants to discuss challenges and exchange knowledge and expertise on two themes, namely, *“Whistleblower Protection”* and *“Strengthening Anti-Corruption Agencies”*. The ACC was invited to share its experiences on the *“Independence and Operational Autonomy”* and its efforts related to strengthening ACC to execute its mandates effectively.

Bhutan became the member of the Initiative in 2007 and as of today, there are 31 members. The Initiative’s work is guided by the Steering Group, comprising representatives from the member countries, Advisory Group and the Secretariat. The Steering Group meets annually to review the progress of the implementation of the Action Plan and exchange experiences of reforms initiated by the member countries and agencies, discuss and agree on the work and strategy of the Initiative. Bhutan has been playing an active role in policy dialogue and capacity development, exchange of information/experience and strengthening cooperation between the members and its development partners.

In October 2013, on the invitation of UNODC and UNDP, the ACC attended the meeting on “2013 Asia regional meeting on anti-corruption strategies” in Kuala Lumpur, Malaysia. The meeting took stock of country experiences in developing, implementing and monitoring implementation of anti-corruption strategies as well as to seek clarification on the process of preparing anti-corruption strategies.

Celebrating Together : Foundation Day

It was on the 30th Day of the 10th Month of the Wood Bird Year corresponding to the 31st December, 2005 when His Majesty, the Fourth King decreed that an anti-corruption commission be established. Eight years of establishment, starting with just four people who worked from their previous offices and later from cramped private premises, the ACC has now grown to seventy-two members with a new modern office facility.

The ACC observed its Foundation Day on 31 December, 2012 for the first time. The occasion was graced by His Majesty the King. Last year, the ACC family observed its Foundation Day at a picnic, celebrating team spirit, solidarity, honour, pride, success and not the least of all drawing deeper inspiration and greater energy to continue the arduous journey relentlessly and resolutely with a clear sense of larger purpose.

Working in Partnership: Development Assistance

The ACC, as a critical institution of governance, has always enjoyed the goodwill and generous support of its development partners. The SDC is its traditional and primary partner. The ACC had received a generous support of Nu. 116.00 million from the SDC by the end of the tenth five year plan, during which it was the major development partner besides Government of India. The project ended in August 2013 with a total fund utilization of over 83%. RAA audited the project recently and gave a clean chit.

Swiss Agency for Development and Cooperation

In continuation to its generous support, SDC has committed an additional funding of Nu.100.662 million towards “Democratic Governance Programme (DG+)” for the Integrity Component for three years i.e. from September 2013 to August 2016. The expected main outcomes are:

- i. The ACC remains a credible and effective institution;
- ii. The NIACS 2014-2018 is mainstreamed and implemented; and
- iii. Civil society plays an active role in strengthening integrity systems.

The ACC as a credible and effective institution, TBG as an active CSO (which is in the process of being registered) in fighting corruption and BIG with the technical assistance in asset recovery/mutual legal assistance and lawful interception review and strategic advice to the ACC are the key drivers for the success of the project component. The overall budget is apportioned as below:

- i) In favor of ACC: Nu 73,302,000; and
- ii) In favor of SDC (for Bhutan Transparency Group, Journalist Association of Bhutan and BIG): Nu. 27,360,000.

The Integrity Component of the program is designed to mainstream integrity into governance systems and to strengthen the capacity of key institution by promoting and enhancing their roles.

DANIDA

As submitted in the last report, DANIDA committed Nu 8.460 million for the promotion of ethics and integrity in the civil service through the development of e-learning course on ethics

and anti-corruption. The project ended in February 2014; funds have been fully and effectively utilized. It was also audited recently and has received a clean chit from the RAA. The RCSC and RIM have taken charge of the program. Investments have been made in building RIM's capacity as it has to provide the technical and professional support to the RCSC and other programs in the future.

In November 2013, DANIDA generously committed an additional fund of Nu 5.675 million

for “*Ethics and Integrity Management in the Parliament and the Judiciary*”. The support will end in June 2014. A memorandum of understanding has been signed between the National Assembly, National Council, Royal Court of Justice, RIM and the ACC.

The ACC is in the process of recruiting TA for designing the course, which is expected to be rolled out by the end of June 2014. About sixty two justices/judges and seventy two parliamentarians are expected to enroll for the course.

“

Dereliction of ... duty (misfeasance, nonfeasance & malfeasance) is a breach of ... sacred trust & leads to moral bankruptcy. The primary duty of politicians & civil servants is to work for the peace & prosperity of the nation & the wellbeing & happiness of every citizen. To achieve this, regressive policies must be discarded & the country must be managed through clean, efficient and intelligent governance. Hence, His Majesty explained to us that good governance is free of corruption.

(Chief Justice of Bhutan, 2013, RIGSS)

”



National Council

“Leaders leading the way”

Managing
corruption
related risk in an
organization

ACC

SECTION 3

COMBATING AND PREVENTING CORRUPTION

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SECTION 3

COMBATING AND PREVENTING CORRUPTION

This section of the past reports, titled “*Being Accountable: Performance Evaluation*”, covered all services such as public education, prevention, legal, complaints management and investigation including national anti-corruption strategy, asset declaration, survey findings and partnership programs. Following the restructuring of the organization, this section will now only include analyses of complaints, few cases that are big and have larger national significance, issues related to the means and end of investigation and an update on the Gyelpozhing plot allotment case.

Performance of the sectors is a new feature. Although the activities are not new, they are now implemented with a sectoral thrust. Further, in view of the growing demand for investigation of corruption offences in the private sector and the associated challenges, a guideline has been drafted which provides a framework for coordination and cooperation between the ACC, OAG

and RBP. Asset declaration, though has partnership value, is also included under this section. Other issues that have the partnership dimension such as the awareness and advocacy program, national anti-corruption strategy and corruption risk management measures will be covered in the subsequent section.

Not mentioning “*being accountable*” should not be misconstrued as being free of scrutiny. Accountability has to be demanded of organizations such as the ACC for larger public good.

Public trust in the key institutions of governance emanates from their integrity, quality of services that they provide and their anti-corruption responsiveness. Public servants are expected to be trustworthy, fair, just, ethical, conscientious and competent in their work. Public policies are expected to be designed well, public money is spent wisely and public assets are used and cared for responsibly for larger public good.

“Corruption is a growing industry, globally. In Asia Pacific, 17% of GDP is lost to corruption. By that measure, Bhutan may be losing Nu.14.549 billion. But the bigger loss is trust between citizens and citizen’s trust in the Government. Can a small and fragile country like ours afford it? So, what am I doing about it? What are you doing about it? Problem is not with the corrupt few but the indifference and inaction of the good majority.”

Complaint Management, Investigation, Follow-up and Documentation

A Comprehensive Review of Complaints

As the basis of lodging complaints, Section 77 (1) of the Anti-Corruption Act of Bhutan 2011 states, “*A person has the duty to lodge complaint to the Commission against any person or entity, whether public or private, who has committed or is attempting to commit an offence under this Act*”. While the Act gives the legal basis and encourages filing complaints as a person’s duty, it is also the sacred responsibility of every citizen to file true complaints in the public interests. Larger public interests to improve systems or to stop corrupt acts must prevail over narrow self interests of vindictive nature. It is the responsibility of the ACC to take such complaints to logical conclusions in an effective manner.

In general, citizens lodging complaints is an indication of public trust and the existence of corruption in a country. According to internationally accepted norms, known complaints indicate public trust in the organization that deals with complaints. On the contrary, anonymous complaints indicate doubt and citizens may be taking a chance by reporting them. At the same time, complaints have values as intelligence on corruption and must be managed with a standard operating protocol.

Standard operating protocol in complaints management is to ensure fairness, consistent actions, transparency and accountability in effectively dealing with them. The ACC manages complaints in accordance with Complaints Management Policy and Procedure Manual 2012. It is a two-tier decision-making protocol for combined due diligence and transparency at the same time. Any complaint, depending on the information provided, would be categorized to, “*investigate*”, “*discreet inquiry*”, “*share with agencies*” and “*drop/database*”. In order to curb complaints of vindictive nature without public interests, it has an information enrichment pro-

tol through discreet inquiry to verify allegations before taking any concrete actions.

To “*investigate*” means the complaint has qualified for investigation with the information provided. This decision may change when actual investigation is initiated through desk reviews, information verification and cross-referencing with different sources. The experience is that many complaints which had qualified for investigation get dropped during desk reviews and information enrichment before the start of the full-fledged investigation. “*Discreet inquiry*” means information needs to be enriched, discreetly, in order to take further decision and place the complaint into a category. “*Share with agencies*” has two purposes; one to examine the complaints through administrative inquiry by agencies and report back to the Commission and the other is to sensitize the agencies, which requires no reporting back. “*Drop/database*” means complaints have no element of corruption and they are dropped or remain in database for future reference. There is a decision, known as “*hot pursuit*”. It is an emergency situation decision when complaints of corruption “in progress” are given immediate attention. After attending to the complaints, decisions are ratified through the same protocol based on their merits. All decisions taken, actions initiated, implemented and concluded are captured in a software-based system, known as IMS for security, transparency and archiving.

Indication of Complaints

Citizens have been filing complaints since the establishment of the ACC in 2006. More than one-third of these complaints, consistently over the years, have been on administrative lapses. While administrative lapses may not qualify as outright corruption, they signify three important dimensions related to it. First, the complaints indicate that the administrative system has loop-

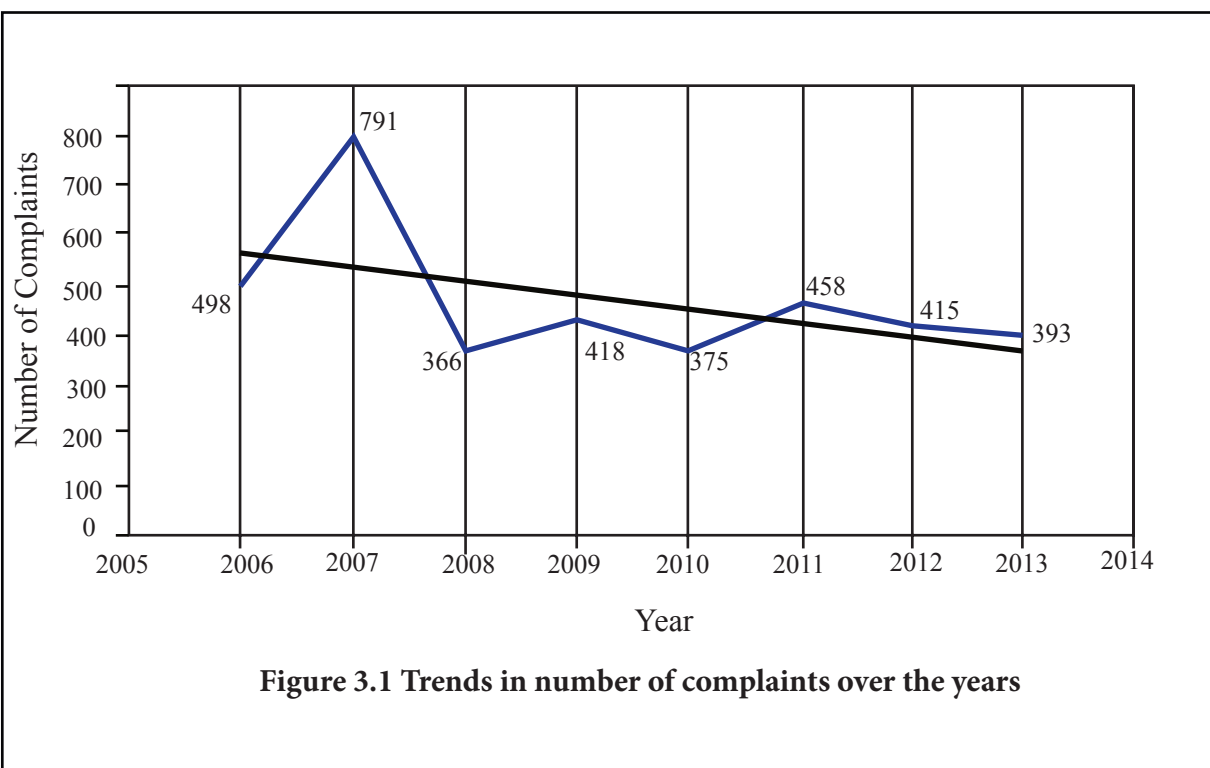
holes which make it highly prone to corruption. Second, the system improvement required to plug its loopholes is not done progressively by agencies. Third, administrative lapses are fertile breeding grounds for corruption and the boundary between them is blurred. These dimensions signify that systemic loopholes, if not addressed progressively by agencies will remain the perpetual breeding grounds for corrupt acts to occur. People with corrupt intent would be looking for loopholes and the vulnerable system would offer opportunities. This situation indicates that administrative system improvement needs to be carried out by agencies in a proactive manner. Corrupt acts as they surface would be investigated by the ACC for maximum deterrence. This principle forms the basis for the three-pronged strategies of public awareness, prevention and investigation in the collective fight against corruption.

Trends of Complaints

The highest complaints of 791 were received

in 2007. This figure is significantly higher in comparisons to other years. This may indicate the initial “burst” of complaints when people lodged their grievances without knowing well what constituted a corruption offence. Notably, during this initial period, complaints on chorten vandalism and family relationship issues like battery were received.

Vigorous public education on what constitutes a corruption offence, complaints be lodged in public interests and to provide accurate information has been a constant effort. The quality of complaints has not improved significantly, but the number of complaints over the years has seen a declining trend. This may be, to a certain extent, because of the “weeding effect”; alleged criminal offences other than corruption may not be reported. Not taking into account the first two years’ complaints (2006 & 2007), trend over the years is that the number of complaints annually is stabilizing well below 450. The average number of complaints over the years (2008-2013) is about 400.



Analyses of Complaints

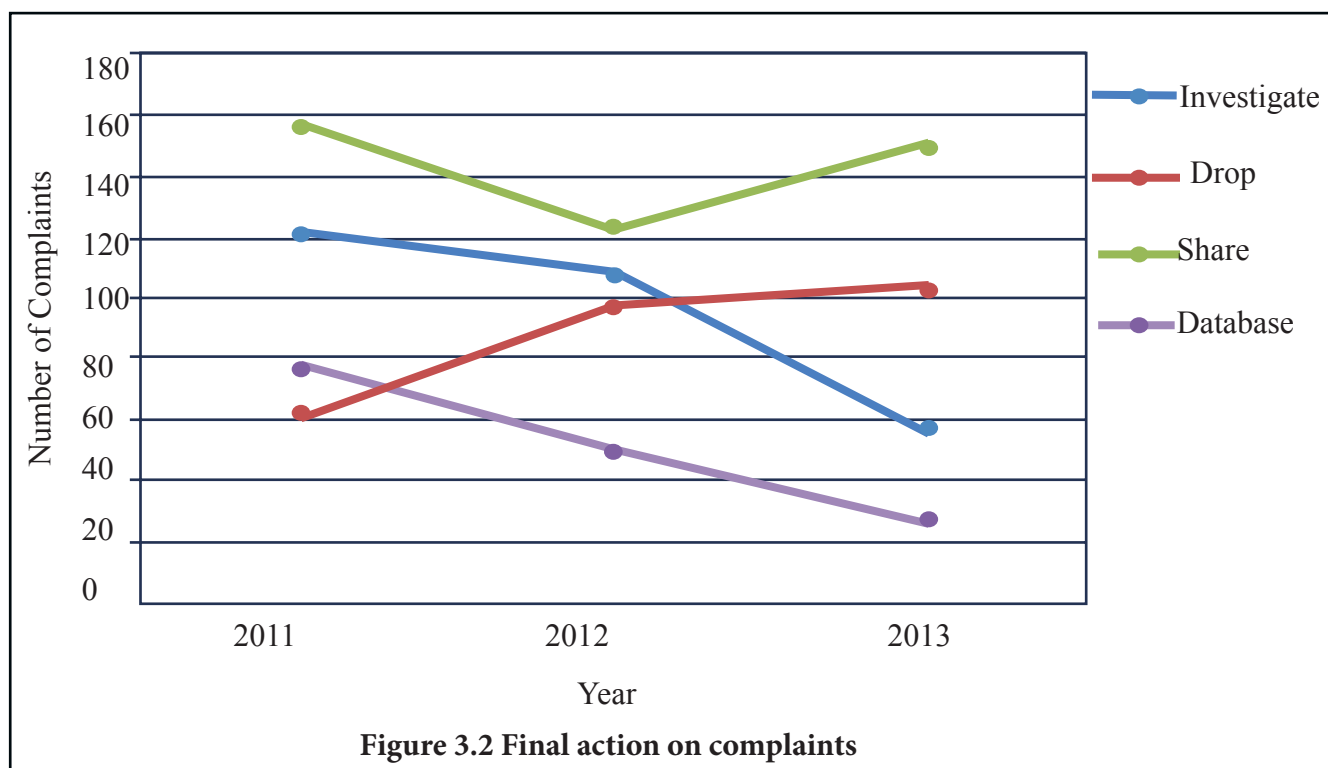
The screening of complaints through the decision-making protocol and further analyses culminate into three definite final decisions, i.e. to “investigate”, “share with agencies” and “drop/database”. These final decisions are reached based on desk reviews, discreet inquiries, information enrichment and even investigations, for some of them.

Complaints which fall under these three categories of actions comprise the total complaints in a year. It is safe to conclude that on average, less than one-third of the complaints qualify for investigation, about one-third of them are dropped without corruption element and more than one-third are shared with agencies for administrative actions or sensitization.

This result indicates that system improvement by proactive agencies would contribute to reducing complaints of administrative nature to a significant level. This would lead to cleaner

administrative systems. Other spin-off benefits would be people’s trust in agencies would improve and complaint of administrative nature would be addressed at source, thus relieving the ACC to address larger issues. Such complaints would be managed promptly by agencies, reducing the time loss of passing through the ACC’s system and referring back to them. This task is absolutely achievable.

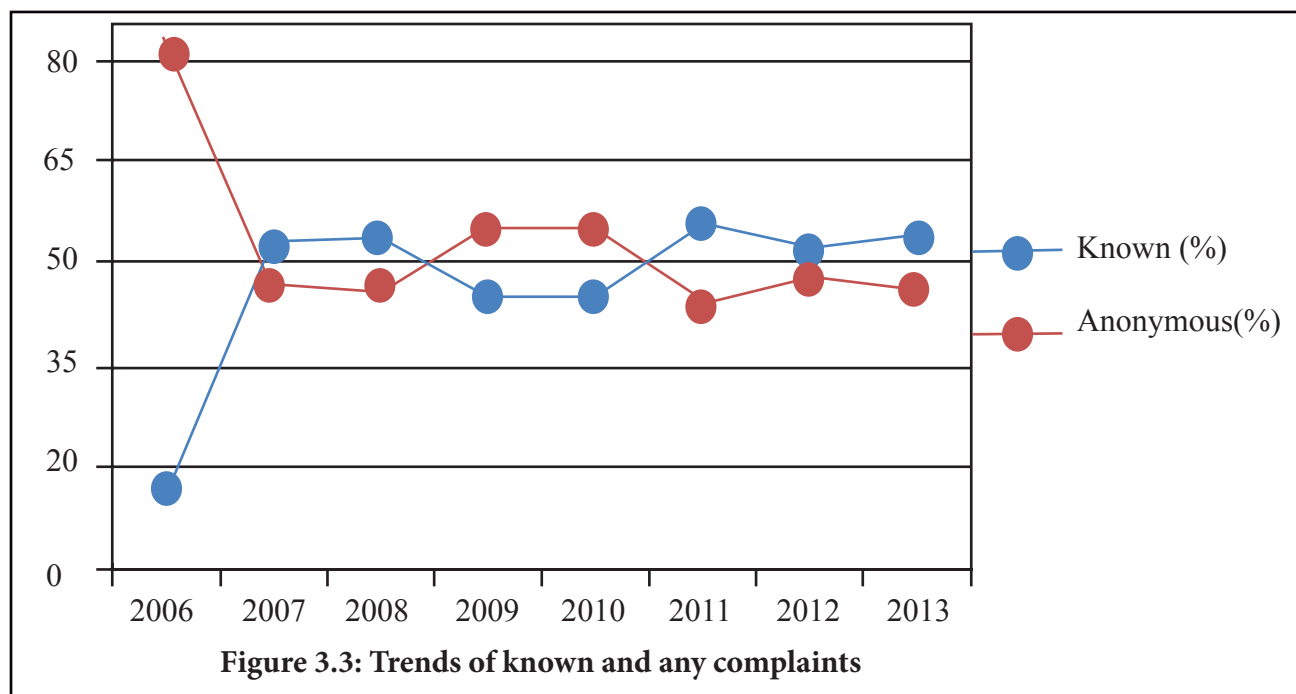
Eliminating “dropped” complaints appears difficult as people perceive any actions or decisions that impact them negatively as something wrong or corrupt acts. While the ACC’s efforts on public education would continue, changing perceptions takes time. Further, the ACC will continue exercising utmost due diligence in dealing with complaints that qualify for “investigation”. Likewise the citizens have to bear great responsibility and report corruption in public interests with correct and detailed information. This would assist the ACC in taking prompt decisions and actions. Investigation is an expensive exercise.



Trends of Known and Anonymous Complaints

The premise that citizens will test the new institution in the beginning is apparent from the

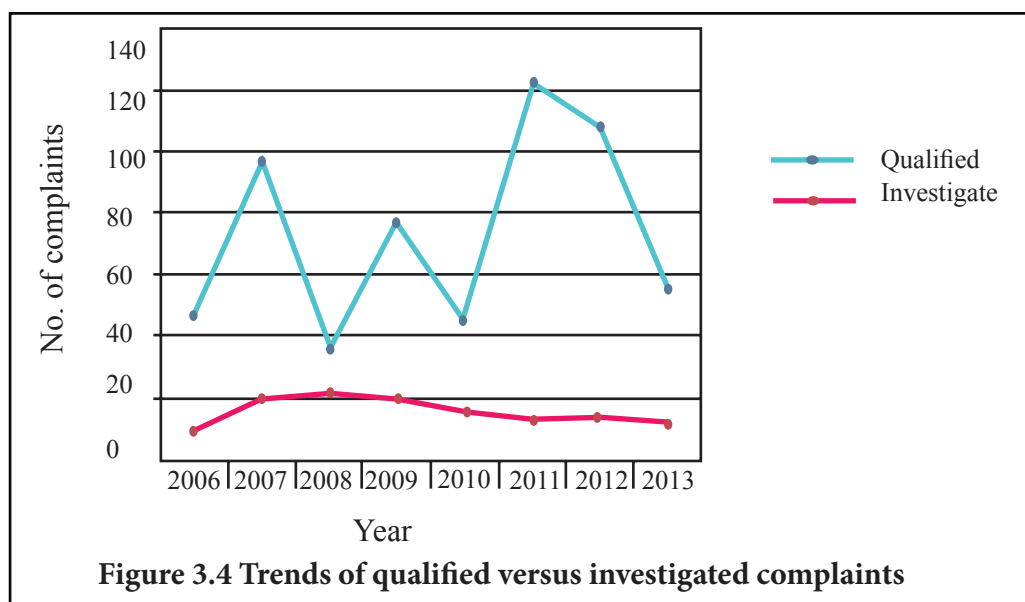
improvement in this trend. Percentage of known complaints scored above 50% and anonymous complaints dropped below 50%. This trend has been continuing consistently over the last three years. According to internationally accepted



trends of known and anonymous complaints filed with the ACC over the years. In 2006, when it started functioning, 83% of the complaints received were anonymous.

Over the years, there has been a drastic im-

provement in this trend. Percentage of known complaints scored above 50% and anonymous complaints dropped below 50%. This trend has been continuing consistently over the last three years. According to internationally accepted norms, known complaints indicate public trust in the organization. The trends indicate growing public trust in the ACC. Building trust requires continuous and determined efforts, while a single and a small error can destroy it within no time.



Investigation of Complaints

Over the last eight years, the number of investigations conducted per year range from 9-21 complaints or cases. This high variation is caused by two main factors, the complexity of the cases and the number of investigation officers, now called integrity promotion officers, available. From 2006 to March 2014, a total of 124 investigations have been completed and seventeen investigations are at different stages of completion. On average, the number of investigations conducted in a year is eighteen.

As reported in the past, there is a huge back-log of complaints to be investigated. The experience is that the back-log could be significantly reduced by desk reviews and information verification. This exercise has been on-going for the last one year in the procurement, construction and human resources sectors. The land sector has done this for a dzongkhag and a dungkhag.

This exercise has reduced the complaints for real investigation from the number qualified for investigation. Details are covered in the subsequent paragraphs of the sectors.

Another strategy adopted by the ACC to reduce back-log has been to conduct mop-up operations. Such an operation is conducted by different teams led by senior officers in different areas by taking all the complaints for those areas and verifying them and taking appropriate decisions at site. This exercise has been useful in zeroing down on complaints which need to be investigated from among those qualified for investigation and also in productively engaging the agencies in the field, which become part of the solution. However, due to limited people, mop-up operations could be conducted. The Commission is planning a mop-up operation in October 2014 to reduce the back-log to be handed over to the new commission in mid 2015.

Year	No. of Cases	Under Investigation	Case Prosecuted	Under Prosecution	Under OAG Review	Case referred for Administrative Action/ Systemic correction	Dropped/ closed
2006	9	Nil	8	Nil	Nil	1	Nil
2007	20	Nil	10	Nil	Nil	9	1
2008	21	Nil	9	Nil	Nil	10	Nil
2009	20	1	5	3	1	8	1
2010	15	2	7	2	Nil	3	1
2011	13	2	4	Nil	3	4	nil
2012	14	5	2	2	1	1	2
2013	12	7	Nil	2	Nil	1	1
2014	4	3	Nil	1	Nil	Nil	Nil
	128	20	45	10	5	37	6

Figure: 3.5 Status of cases

Area of Corruption	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Construction	Case 07/2006, 05/2007	Case 01/2007 06/2007, 07/2007, 09/2007, 15/2007, 16/2007,	Case 02/2008, 05/2008 (E), 07/2008, 08/2008	Case 01/2009, 02/2009, 3A/2009, 3B/2009, 3C/2009, 08/2009, 09/2009, 12/2009,	Case 01/2010 (B), 02/2010 (B), 04A/2009, 04B/2010, 04D/2010 08/2010, 09/2010 10/2010 11/2010	Case 01/2011 (B)	Case 02/2012, 09/2012, 12/2012 (E), 13/2012	Case 02/2013 (Tendering), 2011		40
Election		Case 18/2007, 20/2007	Case 01/2008, 16/2008							4
Land	Case 02/2006, 03/2006, 06/2006	Case 03/2007, 12/2007, 14/2007	Case 09/2008, 10/2008	Case 10/2009		Case 02/2011, 13/2011	Case 01/2012, 03/2012, 04/2012, 05/2012, 06/2012, 08/2012	Case 01/2013		19
Natural Resources		Case 05/2007	Case 18/2008, 21/2008	Case 07/2009, 16/2009						6
Permits & Licenses					Case 05/2010				Case 4/2014	2
Personnel			Case 15/2008		Case 04C/2010	Case 03/2011, 04/2011, 05/2011, 12/2011			Case 0/2013, 08/2013	8
Procurement*	Case 01/2006	Case 10/2007 (E), 11/2007	Case 17/2008	Case 11/2009, 13A/2009 (B), 13C/2009 (B), 15/2009 (F),	Case 03/2010	Case 08/2011, 09/2011, 10/2011 11/2011	Case 10/2012	10/2013		15
Resources*	Case 04/2006(E), 08/2006 (E)	Case 02/2007 (E), Case 04/2007 (E), Case 08/2007 (M), Case 13/2007 (E), Case 17/2007 (E),	Case 03/2008 (E), 04/2008, 06/2008 (E), 11/2008 (E), 13/2008 (E) 19/2008 , 20/2008 (E), 12/2008 (E), 14/2008 (E)	Case 04/2009 (E), 05/2009 (E), 06/2009 (T), 14/2009 (M)		Case 07/2011 (E)	Case 07/2012 (E), 11/2012 (F), 14/2012 (E)	Case 03/2013 (E), 05/2013 (E), 09/2013 (E),	Case 01/2014, 2/2014, 3/2014	30
Taxes & Revenues										0
Bribery				Case 13B/2009		Case 06/2011		Case 04/2013, 12/2013		4
Total	9	20	21	20	15	13	14	12	4	6

Procurement * : excluding construction

Resources * : excluding land and Natural Resources

Figure 3.6 Summary of cases taken to logical end till date

Complaints Management for 2013

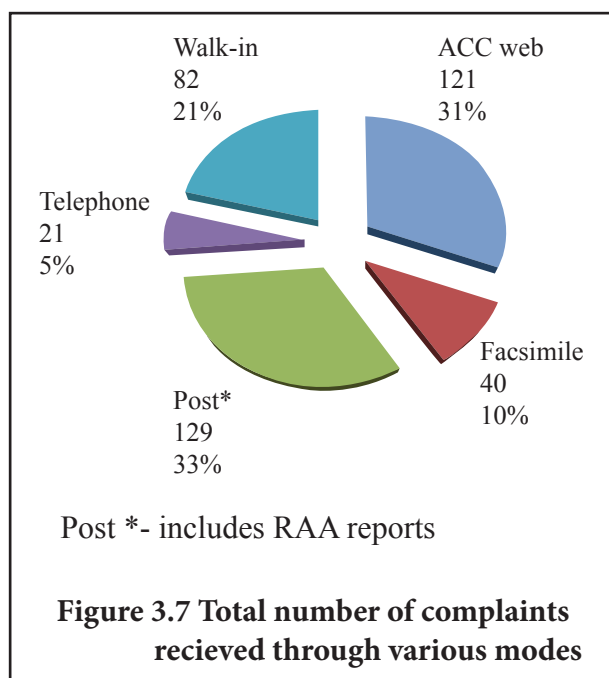
Number of Complaints Received

During the reporting period, the ACC received 393 complaints through its website, facsimile, post, telephone and walk-in. The break-down of the mode through which the complaints were received during the reporting period is as shown in Figure 3.7. The predominant mode of complaint is through post, making up about 33% of all complaints received.

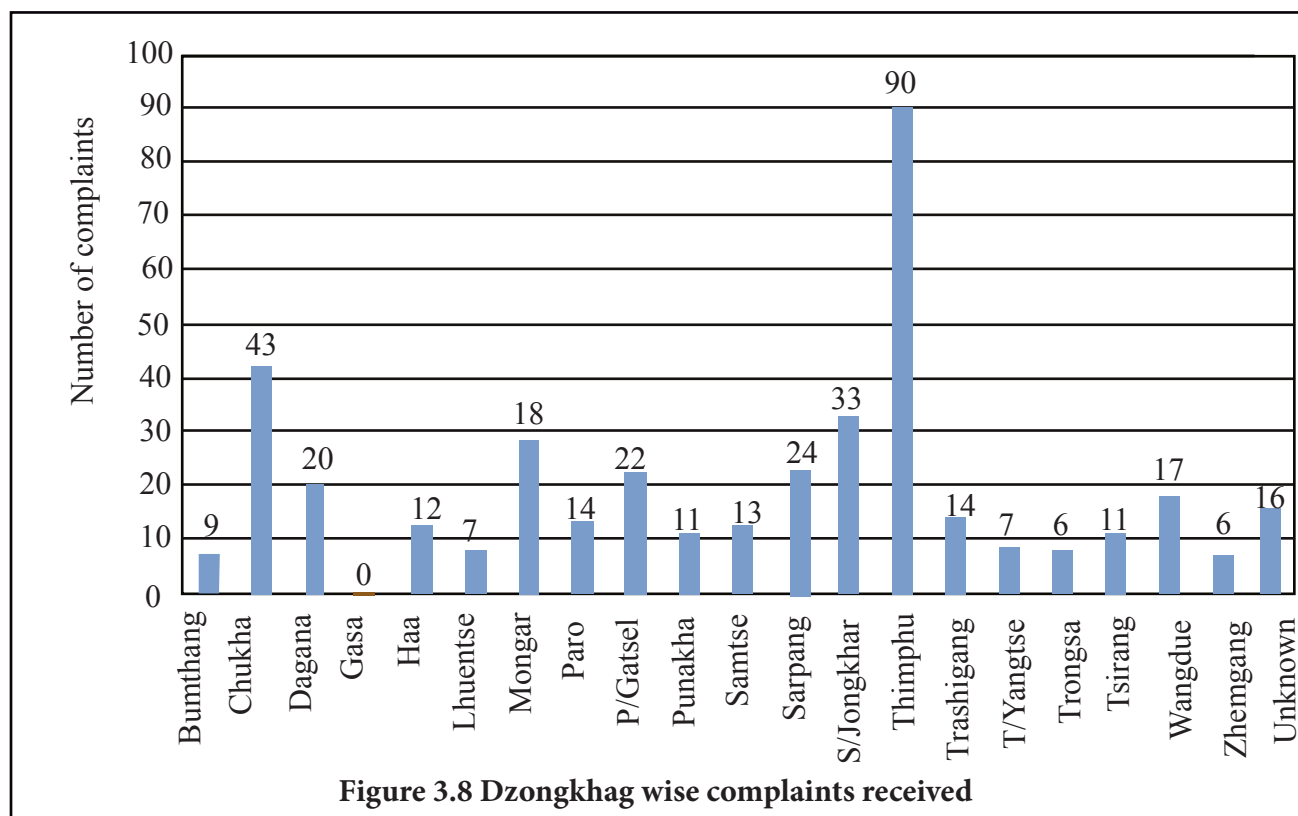
Complaints also include referrals from RAA which constitute alleged corruption offences. During the reporting period, the ACC received six such referrals. Five were shared with agencies for action and one was dropped.

Complaints Against Dzongkhags

Figure 3.8 shows the complaints received by the ACC against entities in each dzongkhag during the period of reporting. Thimphu Dzongkhag has the highest number of complaints (90,



22.9%) followed by Chukha (43, 10.9%) and Sarpang (33, 8.4%). Gasa, Trongsa and Zhemgang Dzongkhags have the least number of complaints (0, 0% and 6, 1.5% respectively). Such pattern of complaints, that is remote dzongkhags having lesser number of complaints, could be

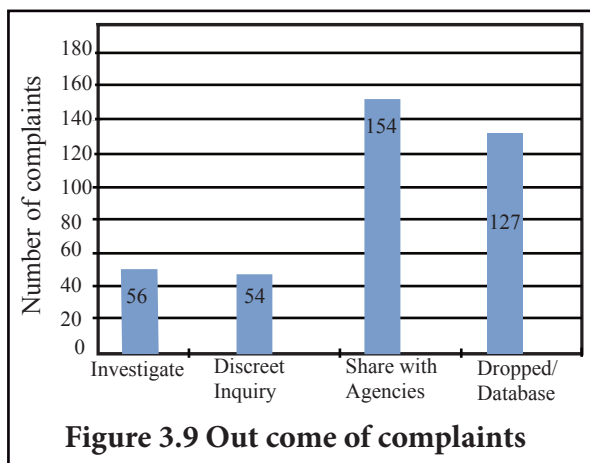


attributed to the ACC's proximity for complainants, level of developmental and commercial activities, level of public awareness on corruption and the knowledge of where and how to report corrupt practices.

Actions on Complaints

The actions on complaints, after evaluation by the Complaints Evaluation Committee, are classified into 4 categories, viz. (i) Investigate, (ii) Discreet Enquiry, (iii) Share with agencies, and (iv) Drop/Database. Figure 3.9 shows the actions on complaints for April 2013 – March 2014.

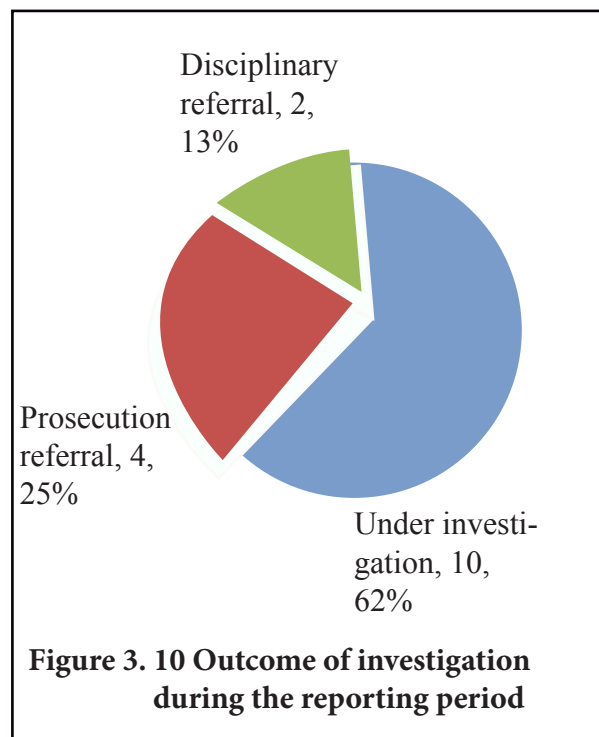
During the reporting period, out of the total 393 complaints, 391 have been evaluated and 2 are yet to be evaluated. Out of the 391 evaluated complaints, majority of the complaints (154, 39.4%) were shared with various agencies either for sensitization or for action. Out of the 154 shared complaints, actions have been taken



on 29 complaints by the concerned agencies. 127 complaints (32.5% of the 391 evaluated complaints) were dropped reflecting poorly on the quality of complaints. These dropped complaints either did not relate to corruption offences or did not have any substance. 56 complaints (14.3%) qualified for investigation and because of ongoing cases action could be initiated only against 12 complaints.

Investigation of Cases

During the reporting period, sixteen new cases were opened for investigation in addition to the cases in hand carried forward from the previous year(s). Out of the sixteen cases, seven (43.75%)



were related to corrupt practices in resources (funds & property), three (18.75%) each on procurement and permits & licenses and rest were on personnel (2, 12.5%) and land (1, 6.25%), respectively. Investigation of permits & licenses related complaints were prioritized over others since they underpinned larger national risks.

Outcomes of Investigation

The outcomes of the sixteen cases that were investigated during the reporting period are shown in Figure 3.10

Majority of the cases (10, 62%) opened for investigations are still ongoing. Six cases have been successfully investigated, out of which four have been referred to the OAG for prosecution and two referred to the concerned agencies

for administrative actions. The disciplinary referrals also arise after the prosecution wherein the court directs the agencies to take administrative actions against the offenders instead of giving criminal sentence.

Restitution

Proceeds of corruption are restituted in accordance with the provisions of the Penal Code of Bhutan. During the reporting period, the ACC has established the following proceeds of corruption:

- Nu. 2,106,183.69 against the deflection of 10,679.36 cubic feet of Kidu timber (as per court verdict)
- Nu. 6,918,759.45 from the embezzlement case in Bank of Bhutan Ltd.;
- Nu. 2,400,000.00 from the fraudulent claims in the transportation of fertilizers;
- Nu.1,300,000.00 against the penalty for breach of contract in the supply of fertilizers;
- Nu. 1,182,589.00 from the bribery case in RBP, Phuentsholing;
- Nu. 1,350,980.00 from the repatriation of Indian currency case; and
- Nu. 70,056,000.00 to be restituted administratively from the above case as per RMA guidelines.

A total restitution of Nu. 86,755,254.77 has been prayed for in the prosecution referral and will be affected as per the court order.

Highlights of Few Cases

The following cases are reported here as they bear larger national significance and highlight issues of paramount importance.

Case 1: Embezzlement of Fund for Compensation to Earthquake Victims in Paro

This corrupt offence is not only about fraudulent acts committed for benefits but also raises a deeper and larger question since it was perpetrated not only against the helpless and the

weakest section of the community but victims of a disaster, who are emotionally, psychologically and physically distraught. The highly depressing dimension of this corrupt act was the civil servants stealing from the very relief aid meant to lend solidarity and alleviate the victims' suffering during a crisis.

The investigation conducted in 2013 unearthed corrupt practices in a post earthquake disaster relief operation in Paro. On 18 September 2011, an earthquake of 6.9 magnitude on the Richter scale, with epi-centre in Sikkim left a trail of destruction across several places in Bhutan, particularly in the western dzongkhags. The RICBL had released Nu. 20.060 million as an insurance compensation amount for 195 affected households in Naja Gewog, Paro. This amount was released based on the survey and assessment of the structural damages carried out by the Paro Dzongkhag Administration in collaboration with the affected people. The compensation amount for each household ranged from Nu.20,000 to Nu. 80,000 depending on the scale of the damage assessed. The Dzongkhag Administration had fielded one revenue collection inspector to distribute the compensation money to the affected people.

The investigation revealed that the Revenue Collection Inspector, without valid reasons, had deducted a total amount of Nu.440,000 from at least twenty one households from Naja Gewog as excess fund. He had deposited this money in his private bank account maintained in Haa. Additional Nu. 170,000 had also been deposited in the same account from the fund meant for other affected gewogs in Paro. His place of residence was in Paro and he had gone all the way to Haa to deposit the money. It was found that he had refunded the money when some members from the public had lodged a complaint with the Dzongkhag Administration. The ACC had also shared the initial complaints with the Administration for action. Further, the investigation ascertained that he had misappropriated Nu.60,000

which had been fraudulently deducted from three households during the first disbursement. In the second round, he had colluded with the Mangmi to divert another Nu.90,000 from five households.

The Revenue Collection Inspector had dealt with the whole distribution process of the compensation money, sometimes in collusion with the local officials. Being the sole custodian of the official documents allowed him to manipulate and tamper with the official records. For example, the records showed that he had paid eight households as sanctioned by the RICBL when in reality less was paid to the victims and the rest was pocketed. He failed to submit the disbursement receipts to the RICBL contrary to what he was otherwise required to do under the “Guidelines for Rural House Insurance Scheme”; neither was it demanded from him by the RICBL, undermining the check and balance measure and accountability thereof.

The corrupt acts were perpetrated due to system deficiencies. There was no proper system of damage assessment by a competent team. RICBL, the agency which simply channeled the compensation on behalf of the Government was not involved in the damage assessment and distribution of compensation fund.

Generally, there is no transparency in relief resource management. Affected people do not know how much compensation they are entitled to. Further, they feel aggrieved that the compensation is not commensurate with the damage. Such an environment breeds potential risk of favouritism and nepotism, abuse of authority by and collusion between the local leaders, officials of the dzongkhag and gewog administration in relief resource management. The whole process is shrouded in secrecy; people have no access to information. There is no effective mechanism for checks and balance.

There are lessons to be learnt in the way agencies respond to disasters. The ACC has received

numerous complaints following the aftermath of such disasters from various dzongkhags. A constant issue that it has emphasized to the dzongkhag administrations, Department of Disaster Management and the RICBL has been the need to institutionalize a transparent system of managing relief resources and effective coordination among the actors for timely response to the victims. RICBL now receives Government subsidy upfront every year, which is managed as per their corporate principles. Therefore, it now assesses the damage and also disburses the compensation on site.

Natural disasters cannot be stopped, but coordinated; transparent and diligent responses from concerned agencies can save resources, lives and properties. Further, quick relief response urgently needed by the victims can be assured. The concerned agencies have to develop a disaster response strategy and there has to be a transparent and effective coordination mechanism among them. Disaster response must be swift, coordinated and transparent to support the people in crisis. On the other side, public must bring the check and balance and accountability by being vigilant, proactive in their engagement in the relief management.

The Commission investigated this case since it had larger implication on disaster management. Sometimes, the resources involved in the case may not be big, but the impact it has on the people is huge. Risk of corruption in a crisis situation is huge and such behavior should not be tolerated at all. Globally, corruption in humanitarian relief operation is reported to be increasing, with many relief operations in countries hit by disasters reporting widespread allegation of fraud, mismanagement and corruption.

Case 2: Fraud and Bribery in Repatriation of Indian Rupee

The INR crunch, as experts claim, is mainly because of supply of INR not keeping pace with the demand for it. The demand for INR surged

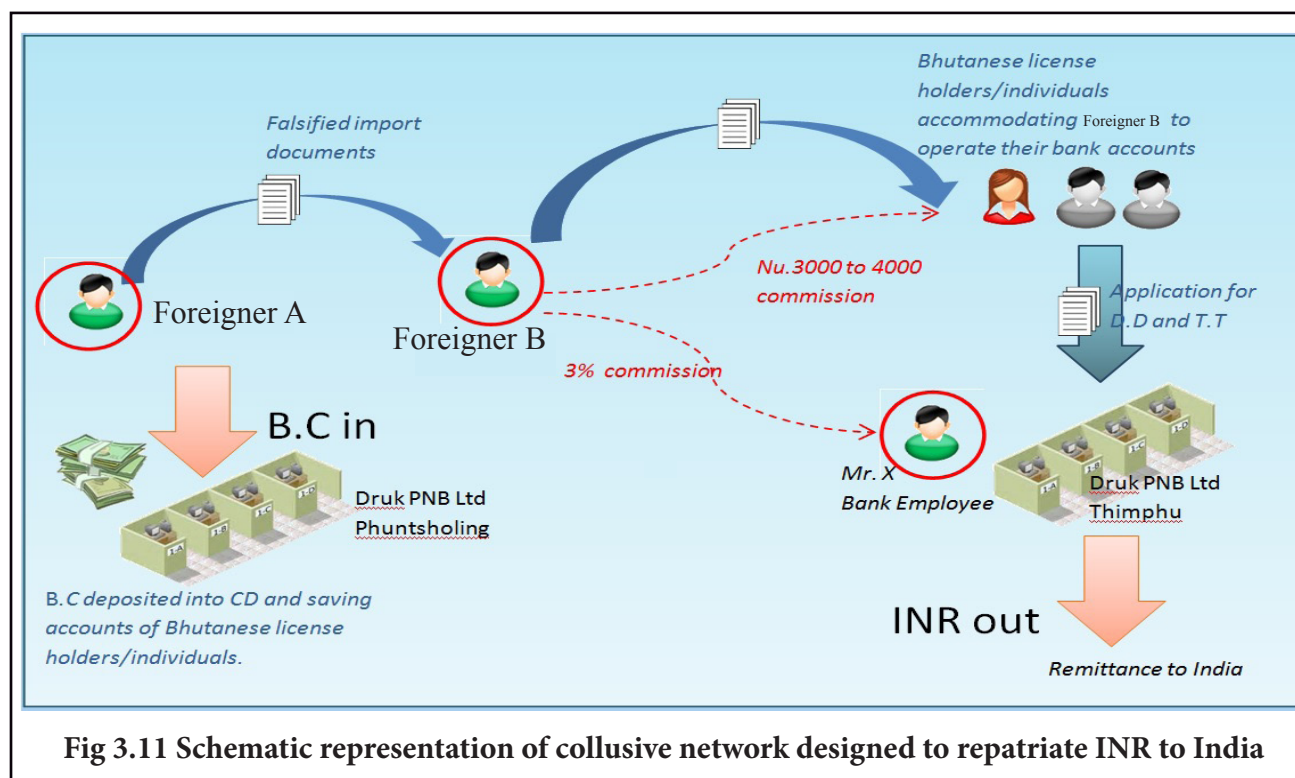


Fig 3.11 Schematic representation of collusive network designed to repatriate INR to India

with the country's economic progress. There were signs and symptoms of INR crunch since 2009. In March 2009, India extended a standby credit facility of Rs. 3000 million to help Bhutan overcome the crunch. The crunch, however, was officially acknowledged in May 2012.

Bhutan's current account deficit at the end of the fiscal year 2010-11 slipped to 22.2% of the GDP. At the end of 2011, the current deficit created an acute shortage of INR reserve prompting the RMA to sell US\$ 200 million from its foreign currency reserve to meet the current payment obligation to India. As the INR shortage became acute again in February 2012, the RMA suspended replenishing the requirement for INR from commercial banks and introduced several unprecedented measures to contain the escalating demand for INR. In May 2012, the RMA issued the "Operation Guidelines for Indian Rupee Transactions" aimed to streamline the management of depleting INR reserve. This guideline prescribed rules and procedures required to be complied with by all commercial banks in dealing with INR transaction in the

country.

As revealed by the investigation, the crisis and its corresponding response and the absence of effective oversight and monitoring, both by the banks as well as by the regulatory authority, led to the entrenchment of fraud and corruption in the system.

The investigation found that the scheme involved two foreigners. Figure 3.11 presents the modus operandi of how they had established a financial conduit to quickly deposit Ngultrum into the domestic financial system from one end and then as quickly to convert to INR from the other end, for repatriation to India.

Foreigner A, who operated from the border town essentially played as a focal person who collected Ngultrum and then deposited it into numerous bank accounts held by Bhutanese nationals with Druk PNB Ltd. in Phuntsholing. These bank accounts belonged to a number of Bhutanese individuals in Thimphu, who were personally known to Foreigner B, who operated in Thimphu. He had persuaded these individuals

to apply for commercial trade licenses primarily with the intention to open current accounts with the Druk PNB Ltd. in Thimphu to be used for remitting INR to India. For some individuals, he offered a commission ranging from Nu.3000 to Nu.4000 against each remittance depending on his ability to arrange custom documents. In some cases, he had committed to pay a lump sum commission of Nu.5000 per month to the licenses holders for using their bank accounts. Foreigner B retained the authorization to operate the bank accounts. In some cases, the account holders surrendered to him all their blank cheque books attesting their signatures at the back side of each leaf. On the other side, Foreigner A made multiple cash deposits in Ngultrum into the bank accounts from Phuntsholing branch while on the same day Foreigner B ensured that corresponding deposits were immediately taken out from the same account by way of D.D or T.T to India. In doing so, they had produced number of customs import document and invoices to the bank purporting to have imported goods into Bhutan. He declared zero tax items such as rice, corrugated sheets, edible oil, etc.

The scheme certainly would not have been successful without Foreigner B taking on board some employees of the bank. The investigation established that one employee from the bank was at the centre of the nexus. This young bank official had facilitated Foreigner B to frequently make D.D. and T.T. remittances, in most cases without proper documentation. In return, he received illicit commission of 3%, usually amounting to Nu.14000 on average, every time he processed such a D.D. or T.T. The investigation ascertained that he had illicitly gained more than Nu. 700,000 between July 2012 till January 2014. The investigation also determined that during the same period, about Rs.70.056 million had been remitted to India through eight CD accounts and eight saving accounts of Bhutanese nationals under this scheme.

The investigation also exposed a number of systemic weaknesses and other cross-cutting issues which the stakeholders need to address through more coordinated efforts. This case demonstrated clearly the lack of effective monitoring of banking transactions, implementation of customer due diligence and know your customers requirements of the bank. The case also demonstrated that the domestic banking system could be potentially vulnerable to money laundering and financing of criminal activities, if effective measures are not initiated and oversight not strengthened.

Another conspicuous issue that emerged was the easy access to micro trade licenses from the MoEA. At least six licenses involved in this case were solely acquired not to operate real business but only to open CD accounts to facilitate Foreigner B to receive and transfer funds. In less than a year, one couple had obtained as many as four trade licenses, none of which were in operation. Interestingly, one license was obtained in the name of one class X student. While the policy of liberalization may be good, licenses are becoming instruments to commit fraud and illegal activities. This incident is a good example of liberalization without the concomitant monitoring.

Some of the systemic weaknesses are:

1. While the RMA had made import document as a prerequisite for Bhutanese importers to make payments to India, there was apparent lack of coordination with the DRC to ensure effective implementation of the INR restriction. As a result there were no proper mechanisms for the banks to actually verify and authenticate import declarations presented by the importers. This weakness has been exploited by some individuals to fake import declaration form to transfer INR to India regularly. The investigation has revealed that many import declarations examined under this case were fictitious using the entry details of other import goods. Such

fraudulent activities could have been detected and prevented at source if the banks had been given access to BACS database for authentication purposes. Lack of coordination among different agencies continues to pose a serious challenge in the realization of the collective national goals.

2. There are some concerns about the security issue about the BACS used at the customs checkpoints in Phuntsholing. The investigation has detected that the fabricated import declarations presented to the bank were not just random forged documents. In fact, many of such documents contained import details that matched with other declared imports in the BAC system including the user identity of the clearing agent. The probability that such documents may have been generated from the BACS system remains a valid ground for suspicion. The existing import declaration form is still printed in a plain paper without any security features, such as watermarks, that can be used for identification and authentication. If DRC can address such issues sooner than later, the opportunity for fabricating import documents can be significantly reduced.

3. Sound Know Your Customer (KYC) policies and procedures are critical safeguards in protecting the integrity of any banking system. It is globally recognized that the lack of adequate customer due diligence procedures in banks can expose themselves to operational, legal and reputational risks. The investigation discovered that the operational activities relating to INR remittance lacked proper supervisory oversight and adequate prudential standards to prevent or detect criminal activities, particularly, money laundering. It was confounding to note how the bank had failed to act on several red flags pointing to potential fraudulent schemes. For example, in all 20 bank accounts reviewed in the investigation, records show that the requests for every outgoing remittance from the Thimphu branch had been made immediately after cash deposits were made from the Phunt-

sholing branch. In several instances, the bank continued to entertain import declarations with commodities not compatible to the client's business profile. For example, the bank had repeatedly accepted INR request from one pan shop license holder who had, on several instances, presented import documents for import of rice on a commercial scale.

In nutshell, as the case has demonstrated, there is need for the banks to seriously review their customer due diligence, KYC policies and their compliance regime in terms of adequacy of policies and procedures in place as an approach of risk management. Regulatory authorities like the RMA should increasingly play a more effective oversight role in ensuring that all banks implement such policies and procedures both in letter and spirit.

4. This investigation has also shed light on the failure of internal control systems in the bank. Separation of duties is an essential component of a sound internal control system. The investigation established that the bank employee who prepared D.D. had been completing all transactions, in most cases, all by himself from filling in application to recording in the system. The risk was further exacerbated by poor supervision from his two managers. As a result, the employee was able to perpetuate his misconduct in what appeared to be his routine work in the eyes of his colleagues and supervisors. The principle of maker and checker had failed. This was also a problem in the fraud case of Bank of Bhutan (reported in the subsequent paragraphs). Often, the problem arises when manager places too much trust in their subordinates. However, trust can never be a substitute for sound internal controls.

5. Another systemic issue inviting attention in this investigation was licensing by the MoEA. While liberalization of micro trade license is appreciated, uncontrolled issuance without an effective monitoring mechanism can seriously

undermine the efficacy of other sectoral policy implementation. It would not be an exaggeration to say that these days trade licenses have become tradable commodities in the market. Anyone can obtain a micro trade license with ease and rent it to someone for commission, regardless of consequences to the national interests. This has led to proliferation of shell entities conducting illicit activities without establishments. One element of the modus operandi in this case was the gross misuse of trade licenses by some Bhutanese individuals. About six trade licenses investigated were obtained solely to open current bank accounts for repatriating INR to India. While there were no business establishments, these bank accounts were actively used by perpetrators as a vehicle to repatriate INR based on forged import documents.

The Commission engaged the RMA in February 2014, even as the investigation was underway, to sensitize it on the systemic issues exposed by the investigation enabling it to take necessary

mitigation measures. Subsequently, the RMA engaged the commercial banks during which KYC and customer due diligence measures were discussed and unanimously agreed to be implemented diligently. The RMA is expected to release the guidelines soon. The Druk PNB Ltd. acknowledged the operational deficiencies and reported to have put in place several due diligence measures.

Another investigation of a similar case is underway.

Case 3: The Bangkok Embassy Case

People have the right to expect that financial resources are managed efficiently without wastage or loss to fraud, misuse and corruption. However, mismanagement, misappropriation and embezzlement of public fund in the public sector continue to be a challenge in the prudent management of scarce financial resources. The 2012 Annual Report of the Royal Audit Authority reported Nu.130.403 million under fraud, corruption and embezzlement making it the sec-

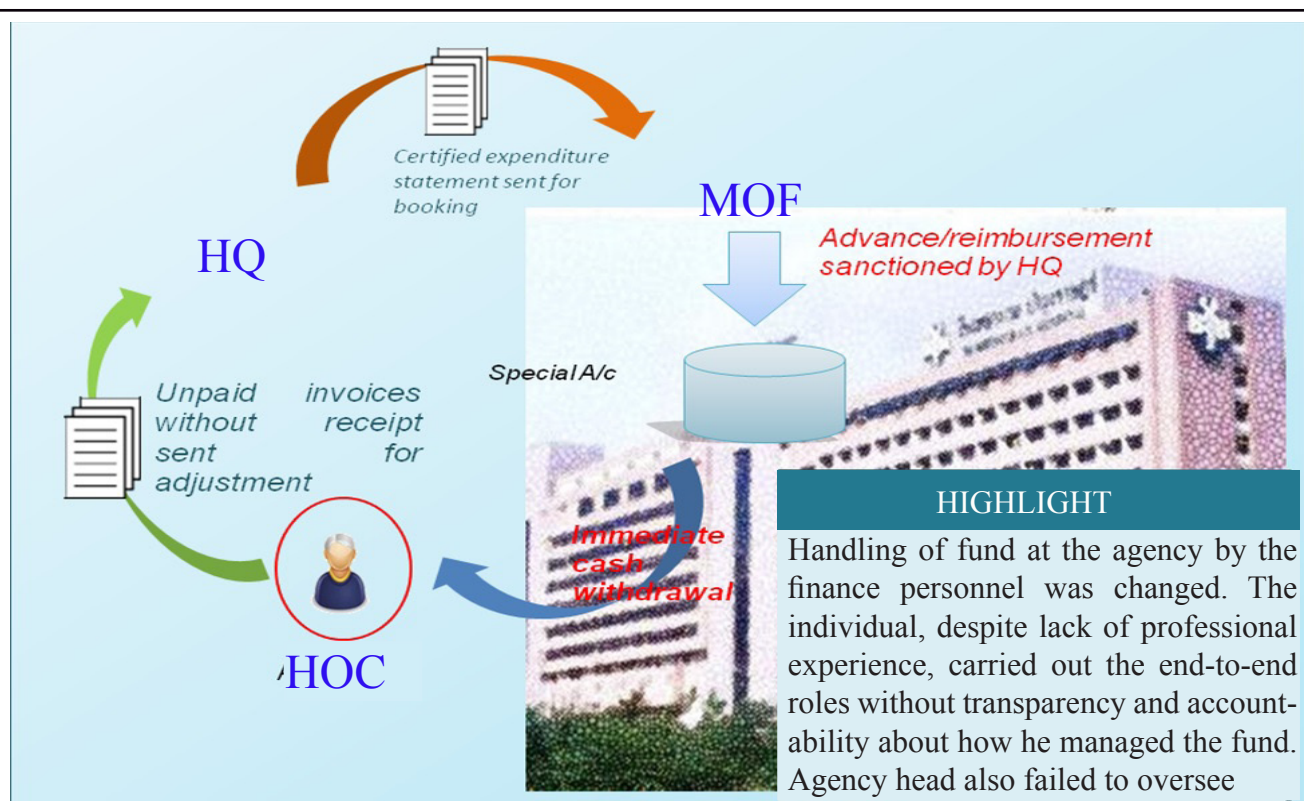


Figure 3.12 Fund operation of medical referrals to Bangkok

ond highest category of irregularities.

In November 2012, the ACC investigated a major fraud case involving a former head of chancery, Royal Bhutanese Embassy, Bangkok, Thailand. The investigation covered the period from February 2007 till August 2011. The investigation revealed that the HOC had grossly misused funds in millions, remitted to the Embassy to pay for the medical bills and related expenses in Bangkok. The matter had come to light sometime in 2011 when the Government became aware that a huge outstanding had accumulated with certain hospitals in Bangkok despite constant release of fund by the MoF.

From January 2008 to December 2010, the MoF had remitted about Nu. 84.095 million (equivalent to US\$ 1.814 million) to the Embassy as advance or reimbursement against medical treatments and travel expenses. However, the fund which was single handedly operated by the HOC did not go to the hospitals. Instead, he had frequently diverted the money for other purposes by flouting the system that was already in place. As a result, the outstanding medical bills with some hospitals continued to mount, particularly in 2009 and 2010. Eventually in 2011 the Government had to pay about THB 13 million (about Nu.18 million) when some hospitals threatened legal action against the Embassy. The HOC's conduct not only caused huge financial damage but also seriously tainted the reputation of the country amongst Thai business community in Bangkok.

The investigation revealed that the problem mainly started after the HOC was posted in the Royal Bhutanese Embassy, Bangkok. Prior to July 2008, a senior accounts personnel at the Embassy had managed the fund through proper books of accounts and the expenditure accounts were periodically submitted directly to the MoF either for adjustment or reimbursement. However, from July 2008, the HOC had withdrawn every incoming remittance from the MoF di-

rectly out of the Special US\$ account in cash and kept the Embassy oblivious to what he was doing with the money. He did not account for the expenditure to the Embassy and neither did the latter demand it. He also discontinued the earlier practice of maintaining subsidiary cash book to reflect receipts and payments.

Between July 2008 and December 2010, he had withdrawn about US\$ 1.363 million (approximately Nu. 63.545 million) for the purpose of settling medical bills and other related expenses. The investigation detected that he had frequently submitted expenditure statement to the HQ along with hospital invoices with respect to seventeen Bhutanese patients totaling to THB 5.966 million (Nu.8.369 million) which were later found to be unpaid. This was apparently done to conceal the fund diversion and liquidate the advances he had received and withdrawn from the bank account. The HQ in turn certified such invoices contrary to the fact that many such invoices did not carry evidence of payment, like money receipts. The investigation determined that the same invoices were found to be arrears in the books of concerned hospitals which eventually had to be settled by the Government in 2011. He had also misappropriated THB 1.728 million (approximately Nu.2.816 million) in respect of one private patient. Without prior authorization, he had allowed medical treatment for his family member on the Embassy's account in one of the expensive private hospitals in Bangkok from 2008 to 2010. The total bill outstanding accumulated to staggering THB 3.724 million (approximately Nu.6.068 million) which had to be eventually settled by the Government.

The system allowed the financial debacle to perpetrate. Facts and evidences on financial management point to several system deficiencies, specifically in enforcing human resource management rules (genesis of the problem), financial rules, administrative oversight and chain of control. The financial and administrative management of medical fund by concerned agencies

including the Embassy was done without financial discipline, lacked administrative procedure and effective chain of control. The system in place was highly vulnerable to manipulation to fit individual interests. This case calls for serious and concerted efforts by all agencies involved to review their system, procedures or practices vis-à-vis loopholes exposed by the investigation.

In November 2013, the ACC presented the case to the concerned agency. A separate prevention report containing twelve key recommendations has also been shared.

Case 4: The Immigration Case

Every government administrative system is vulnerable to corruption. However, vulnerability is greater in law enforcement agencies. When the gatekeepers are corrupt, systems fail. Some international research has shown that level of corruption is positively correlated to the prevalence of organized crime and vice versa. Quite often, petty corruption in law enforcement agencies is overshadowed by corruption by the rich and powerful. In reality, seemingly petty corruption can cause far reaching damage to the society and the nation, if left unchecked.

In 2013, the ACC investigated a case involving several taxi drivers, police personnel and immigration inspectors at Tanalum check post who allegedly received bribes in relation to illegal exit of absconding foreign workers. The investigation exposed larger and deeply entrenched systemic corruption in the immigration service in Phuentsholing. The investigation uncovered two distinct schemes, one at the entry level and another at the time of exit.

Many foreign workers were allowed to enter Bhutan with fake voter cards printed across the border. The fake voter cards were processed for work permits by FWRA who paid bribes not exceeding Nu.500 to immigration inspectors for every work permit issued. This arrangement specifically prevailed at two counters. Although the Regional Immigration Office, as part of its policy, rotated their frontline staff every forty five days or so, it barely seemed to have any effect in preventing corruption since accepting bribes had become a norm within the immigration work place. Many of the inspectors tainted with corruption are very young with less than five years of service.

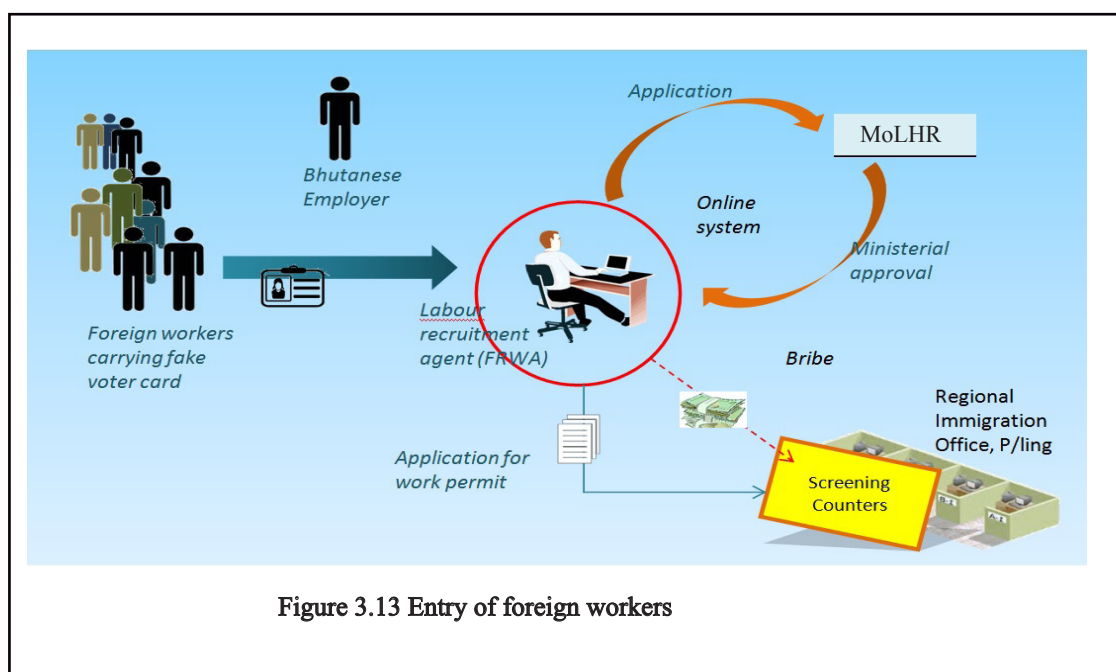


Figure 3.13 Entry of foreign workers

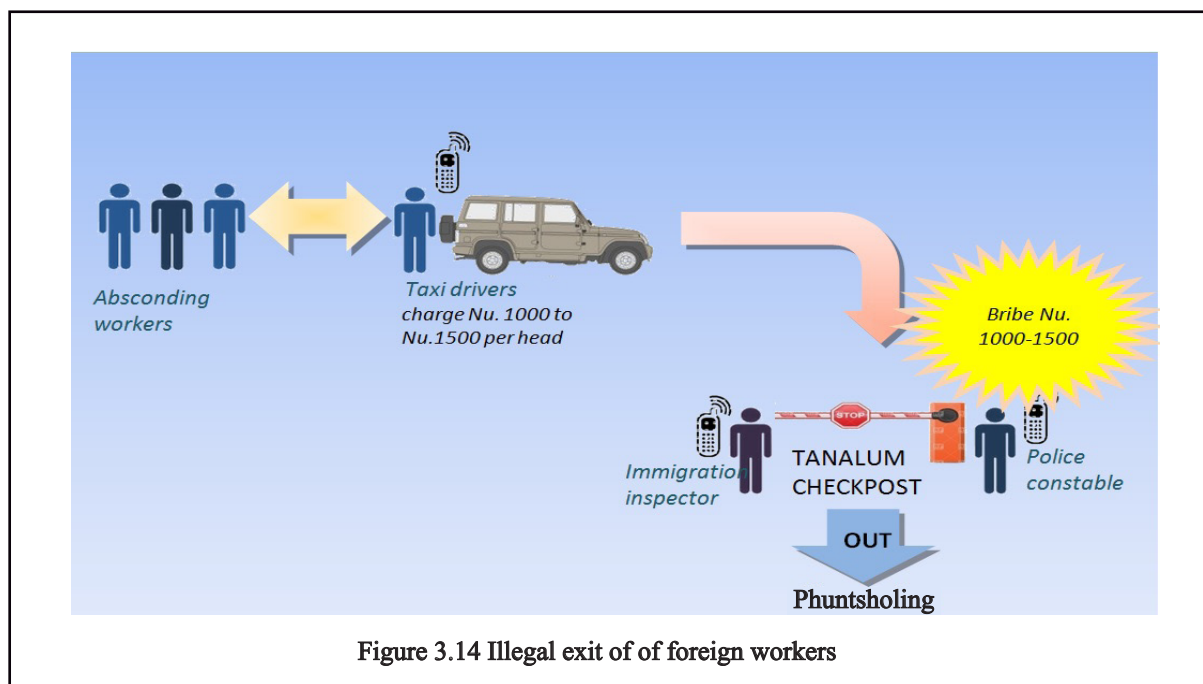


Figure 3.14 Illegal exit of of foreign workers

Majority of the immigration inspectors may have been involved at one time or the other in accepting bribes. Another incidental opportunity for an immigration inspector to negotiate bribes is during the detection of workers without work permits or expired permits. In such cases, they mostly dealt directly with the employers, who would deposit money into their bank accounts in lieu of the penalty.

Absconding workers is one of the persistent problems facing Bhutanese contractors, private builders and regulatory authorities like the Department of Labor and the DoI. The investigation found that a certain group of taxi drivers in Thimphu were the linchpins in the scheme, who guaranteed absconding workers a safe passage through Tanalum check post with assistance from their immigration or police accomplices. Workers without immigration documents are charged anywhere between Nu.1200 to Nu.1500 per head as taxi fare to Phuntsholing. The normal taxi fare for Phuntsholing may be about Nu.350 to Nu.450 per head. Further, the taxi drivers' accomplices at Tanalum also tip them off when complaints of absconding workers are lodged with the authorities by the employers.

This investigation has drawn the Commission's attention to issues of national concern, beyond what appears to be a low level corruption. Impacts of corruption, no matter how petty it may be, can be multifarious and far reaching. It is not difficult to comprehend the potential risk to the national security and related risks, if immigration system is weak and riddled with corruption with little or no regard to larger threats and ramification.

Similarly, corrupt policemen manning the check posts undermine effective law enforcement and security. It is not surprising to learn that the taxi driver who had paid bribes at Tanalum check post for ferrying illegal workers to Phuntsholing was also involved in smuggling tobacco on his way back to Thimphu. Drug peddlers may also find easy movement when the enforcement culture is slack.

In order to highlight the systemic issues raised by the investigation and the larger national concerns, it was imperative to disseminate information to leaders and all concerned stakeholders even as the investigation was underway. Separate presentations were made among others to

the Cabinet on 25 February, Prime Minister on 5 February, Home Minister on 21 January, Committee of Secretaries on 27 February and Director General, DoI on 23 January, 2014.

Further, engagement with other law enforcement agencies and focused awareness program with target audience will be organized.

An Update on Prosecution of Gyelpozhing Plot Allotment Case

The last report to the Parliament on the case raised many pertinent issues. The issues are still relevant now and will be in the future especially as encroachment of the scarce State land continues, politics deepen, fear of repercussions becomes pervasive in a well networked society and institutions become politicized. Lessons have to be learnt, pool of dynamic and visionary leaders have to be nurtured, trust and confidence of the citizens in the key institutions of democracy has to be instilled through active engagement, rule of law has to be strengthened and laws have to be enforced justly, indiscriminately and strictly.

The ACC had registered 18 criminal cases against the then members of Plot Allotment Committee for official misconduct and deceptive practices and 76 civil suit petitions against the plot recipients to restitute the plots and *Kidu* timber to the State before the Mongar Dzongkhag Court.

The Court rendered its judgment on 8 March 2013. All, except two, were convicted. All parties, except one, appealed to the High Court. The High Court not only upheld the trial court's judgment but also endorsed the Commission's locus standi to prosecute as per section 128(3) of the Anti-Corruption Act 2011. The defendants further appealed to the Supreme Court, which dismissed the appeal.

Subsequent to the completion of criminal prosecutions, civil suit prosecution began, which took

almost two months. Two committee members, who were out of country undergoing higher studies, were also prosecuted during the same time. Judgment is awaited.

The Mongar Court's judgment ordered the plot recipients to restitute the plots to the State and the State to reimburse the initial cost of the land to the recipients. The basis for restitution of plots was His Majesty the Fourth King's *Kasho* of 2 August, 1991, which clearly stated that only His Majesty shall grant land to His subjects and land allotted by any officials including the Royal Family Members must be cancelled and the said land must be restituted to the State.

The buildings constructed on the illegal plots were also ordered to be restituted to the State and the cost of any structure built on the plots to be reimbursed as per the *Kasho* of His Majesty the Fourth King of 19 November, 1984. In total, 78 plots measuring around 15 acres were ordered to be restituted along with twelve buildings including one semi-completed structure and one single storied semi-permanent house. Further, the Court also ordered fifteen *Kidu* timber (subsidized timber) recipients to restitute a total sum of Nu. 2,106,183.69 against 10,079.36 cubic feet of timber, which was not used for the intended purpose.

Some recipients appealed to the High Court. Two appeal proceedings before the High Court are over. One of the judgements rendered, upheld the trial court's verdict. Hearing on the rest is yet to start.

The allotment of plots grossly breached the laws. Post allotment agreements signed with the recipients were not enforced. Clause 2 of the terms and conditions states, "*no allottee shall be permitted to sell his/her plot within the period of five years from the date of allotment*". The Dzongkhag administration failed to monitor and enforce the above clause. Hence, many recipients sold the plots for a windfall profit. Clause

3 of the terms and conditions states, “*the construction of commercial buildings should start within the period of one year from the date of allotment*”. Failure to abide by the clauses mandatorily requires the cancellation of allotment. However, contrarily, the Administration turned down the applications for construction by citing lack of adequate income prospects and advised to start construction only upon the completion of Gyelpozhing-Naganglam highway to minimize the construction cost. Neither was the post allotment terms and condition amended nor did the plot recipients voice the need for such an amendment. This rendered the legitimate plots allotment illegitimate.

Suspension of public officials

Following the High Court’s stay order on the suspension of the two senior public officials, the ACC appealed to the Supreme Court, which rendered its judgment on 17 July 2013 with eighteen point directives.

The judgment ruled that the suspension provisions under the Anti-Corruption Act may be valid but their applications in most instances are inconsistent with the Constitution, especially the clause that specifies that suspension is indefinite and extent beyond twelve months. Under such circumstances section (167) (1) and (2) of the Anti-Corruption Act becomes ultra-vires and inconsistent with Article (7) sections (1), (15) and (16) as enshrined in the Constitution. Therefore, the Supreme Court in accordance with Article (21) section (10) of the Constitution issued eighteen point directives to rectify the inconsistency and ensure due process of law and application of constitutional guarantees. The Supreme Court through its directives, ordered, amongst others:

1. The suspension order under section (167) (2) of the Anti-Corruption Act must be discretionary and not mandatory in its application. A Competent Authority to be engaged in executing the administrative responsibility of

ordering suspension in consonance with the principles of administrative law, natural justice and procedural due process.

2. The administrative decision of the Competent Authority is thereafter, subject to judicial review. An appeal can be registered in the court of competent jurisdiction either by the ACC or the individual affected based on the right to appeal within ten days of the communication of the decision not to suspend by the Competent Authority to the ACC or issuance of the suspension order, respectively.

3. The ACC may unilaterally suspend officials during the course of investigation to ensure non-interference and prevent possible destruction of evidence or continuance of malfeasance by the individual while in office. However, the ACC must ensure that the investigation of a suspended official is completed expeditiously and charges filed in the court in cases of prosecution or served on the official in cases of departmental proceedings within three months of the date of suspension. In exceptional cases where it is not possible to adhere to the time limit, the ACC must submit a report explaining the reasons for delay. However, investigation of cases involving suspension must be resolved within a maximum period of twelve months and ninety days in cases involving civil servants/appointees and elected officials respectively.

4. No public servant or elected officials must be suspended beyond a period of twelve months or three months respectively for the conduct of investigation, unilaterally by the ACC, to avoid due process, equal protection and presumption of innocence issues. It must be ensured that at all times the exchequer is not burdened with having to pay subsistence allowance, with the public officials doing no beneficial work for the government.

5. In cases where the official concerned is engaged in activities prejudicial to the interests

of the “security and the sovereignty of the nation” or is charged for “an offence of or above felony of the second degree” suspension must be automatic.

6. The Constitution having conferred a prosecutorial discretion under Article (29) section (5), the Legislature in accordance with Article (10) Section (1) could retain it exclusively for the OAG or limit it as it did under section 128 (3) of the Anti-Corruption Act, 2011. The provision providing for an alternative does not unduly burden or substantially interfere with the prosecuting functions of the OAG. Therefore, it is not unconstitutional to subject the OAG’s prosecutorial discretion to a check and balance as contemplated by section 128(3) of the Anti-Corruption Act, 2011 which is further subject to judicial scrutiny. It is in fact desirable under a democratic system of governance.

7. The single minded enterprise on the part of the OAG to firstly wrongfully challenge without legal standing the authority of the ACC to suspend officials on behalf of individual ministers and secondly, as an afterthought questioning the authority of the ACC under section 128(3) to initiate prosecution after the OAG had exercised their discretion not to prosecute raises serious concern. The matter having been registered at the Mongar Court implies that prima facie case exists and the ACC was successful in convincing the Court in accordance with the requirements of section 128(3). Therefore, as the matter is subjudice and the due process of law must be complied. Any instance of similar adventurism on the part of OAG with regard to Gyelpoizhing case, will tantamount to obstruction of justice and rule of law.

8. The issue related to suspension needs to be revisited and comprehensive guidelines prepared either as a law by Parliament or Rules by the relevant agency. The simplistic approach to suspension to correct the mischief that officials are not being suspended by agencies incor-

porated in the Anti-Corruption Act, 2011 is ill conceived and illogical as it does not consider all the factors associated with suspension. In the relevant provision “shall” must be replaced with “may” making suspension discretionary and not automatic once charges are filed.

In line with these directives, a guideline on suspension has been drafted and incorporated in the investigation manual. The ACC now refers all suspension matters to the related competent authorities in executing administrative function of suspension when a public servant is charged before the court of law underlining the important need to ensure that he or she does not use State resources including time to attend private adjudication matter before the court.

Issues on Investigation, Prosecution and Adjudication

Speedy investigation, prosecution and adjudication, without undermining due process of law, is critical to create any visible impact on the integrity and anti-corruption responsiveness of the key institutions of governance and the behavioral change in public servants and citizens at large. Eight years’ of hard experience testify that it has been far from it. As submitted in the past, effective investigation without the corresponding effective prosecution and hence, adjudication the expected impact does not come to fruition. Further, investigation itself is a strenuous task since it has to follow the law and due diligence processes, making it highly information and time intensive. Investigation has to be conducted by trained and skilled professionals, with the support of investigative tools like computer forensic and forensic accountancy, etc.

For criminal investigations, the standard of proof is beyond reasonable doubt. In order to fulfill this high standard in the court of law, circumstantial evidences may not be adequate and the clinching evidence has to be produced. Such a situation coupled with complexity of cases

creates the condition for prolonged investigation period, subjecting the KPI of 60 days limit for investigation for review.

Further, documentation and information management system in general determines whether information is properly recorded and archived for easy retrieval in future. There is a general problem in the access to information due to poor record keeping. This will also be a potential impediment to the effective enforcement of the right to information legislation. The problem becomes more severe when clinching evidentiary documents have the risks of being destroyed by people who have access to them.

The output from a good investigation has to be followed up by a swift and effective prosecution. Prosecution of cases by the OAG has been delayed, some cases beyond two years (e.g. health case). The main reason for the delay has been mentioned as the shortage of prosecutors. As the prosecutor of the State, OAG has to prosecute all the cases referred to it by different agencies for prosecution. This issue deserves urgent interventions in terms of building its capacity, both in quality and quantity if criminal justice system is to be effective. As of now it has only twenty one full fledged lawyers, nine paralegals and six legal assistants.

The third in the trinity of actions is adjudication of cases by the courts. There is a general understanding that adjudication should be completed within 108 days of filing a case. Judgments have been passed by the courts in general fulfillment of this understanding. The delay in the swift adjudication occurs due to the appeal and the review system of the courts. Given the four-tier structure of the judiciary, the cases may take minimum of three years for final adjudication, if appealed right up to the Supreme Court

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

Judgment implementation is another serious issue. There is a general concept that judgment must be implemented by the executive. Other than this notion, there is no clarity on who should implement the judgment. In the absence of a clear system, no one takes the lead. Agencies develop “cold feet” in implementing the judgment of the courts. Those agencies following up on judgment implementation are seen as people who meddle or seen to be vindictive. Simply doing one’s work is perceived as being personalized. Judgment implementation at best has been done on a case by case basis in the past. Long after the judgments of the courts, restitution or recovery of proceeds of crime or administrative action still remains undone (e.g. mining case, health trip case, etc.). In the final analyses, without judgments being enforced, the whole cycle of the criminal justice system is rendered ineffective by the system and investigation redundant and waste of limited public resources.

Sectoral Performance

Human Resources Management and Development (HRMD) Sector (KPI- Strengthened human resource management systems established)

Analysis of backlog complaints

Reducing backlog of complaints is one of the persistent challenges facing the ACC and it is a priority. One of the tasks that every sector committed to undertake was to reassess and screen old complaints that had passed for investigation. Such an exercise was felt necessary not only to streamline increasing case load but also take correct stock of complaints that really warranted allocation of resources on investigation in a prudent way.

The Human Resource (HR) Sector compiled all HR related complaints from 2006 onwards that qualified for “discreet inquiry” or “investigation” for analysis. Of the 21 complaints that qualified for “discreet inquiry”, all were analyzed, closed and database updated accordingly. The process involved studying the complaints

to ascertain facts through conduct of discreet enquiry, study of available documents and audit reports. A total of 149 complaints from 2007 to 2010 were compiled and analyzed. These complaints were mostly on favoritism and nepotism during recruitment, selection, transfers and trainings. Figure 3.15 shows the year-wise break down of the complaints related to human resource.

Of the 149 complaints, 124 were closed either because the complaints had been shared with agencies for sensitization / action or the complaints had been investigated but the database had not been updated or too old to act for any benefit. Further, closure was also based on scrutiny of documents and audit reports. The remaining 25 complaints require further verification.

In this sector, besides the discrete enquiries and proactive engagement with agencies there was no substantive outcome from the two cases that were undertaken during the reporting report. Investigations largely confirm that weak personnel management and leadership are the underpinning causes for corruption. Interventions in these areas are strategically critical in the fight against corruption.

SN	Year	No. of backlog complaints compiled	No. of complaints closed	No. of complaints for further action
1	2007	27	24	3
2	2008	20	19	1
3	2009	69	56	13
4	2010	33	25	8
Total		149	124	25

Figure 3.15 Year-wise break down of the complaints related to human resource

Pro-active Interventions in Recruitment and Selection

The last report highlighted the challenge of corruption in the human resource sector in general. Nepotism and favoritism in recruitment and selection, promotion, training and such other personnel matters are among the highest complaints received by the ACC. In a small society, such forms of corruption or non-enforcement of rules in letter and spirit undermine the Government's objective of building a meritocratic public service of highly motivated professionals.

In a bid to foster transparency and to contain complaints of corruption in recruitment and selection, the sector proactively intervened in advising and making recommendations to the RICBL and BDBL, which were in the process of recruiting people. Besides sharing of common complaints in HR matters with these agencies, suggestions/recommendations for transparent recruitment processes were also provided.

The recommendations basically were directed at ensuring transparency, fairness and accountability in recruitment and selection. The two financial institutions appreciated the proactive intervention and committed to adhere to the set criteria and ensured that the best candidates are selected for the jobs. Efforts will be made to research on good practices in recruitment and selection, develop a "good practice" guideline and share with both public and private agencies.

Discreet Inquiry into Recruitment and Selection

During the reporting period, three discreet inquiries into the allegations of unfairness in recruitment and selection in the GNHC Secretariat and BNB and nomination for training for director of photography, in the Department of Information and Media (DoIM), MoIC and were conducted. Discreet inquiry on the selection of chemists by the Army Welfare Project was also conducted; Enquiry into these three complaints established

failure in exercising due diligence. In all the cases, the short listing criteria were flouted by the agencies. Changes in criteria were not recorded with justifications. In general, documentation of such important decisions in the agencies was weak. Declaration of conflict of interests was not seen to have been implemented in all the cases. The interview panel members in one of the selections had not exercised due diligence in the award of scores for assessment of the candidates' competencies. Fortunately, this had not affected the final result of the selection.

In BNBL, the vacancy was not even announced; the candidate was first recruited on the pretext of intern and later on regularized as his father was on the management committee of the same agency. However the Commission had to close the case as conflict of interest was not in place eight years before.

In DoIM, the selection committee had not verified the documents submitted by the applicants and a certificate was found to be forged. The sector engaged the agencies and some systemic recommendations were made. DoIM was advised to take action on the forged certificate as per the laws of the land.

Procurement & Construction Sector

Revision of Integrity Pact (IP)

The IP was adapted from the one formulated by the TI and was introduced in the local procurement system some time in 2009 in collaboration with the MoF. The pact is essentially an agreement between a bidder and a procuring agency not to engage in corrupt practices in works, goods or services. While the IP was introduced in 2009, there were several implementation challenges. Therefore, MoF after having received several feedback and inquiries held several bilateral discussions with the ACC to simplify and make the IP meaningful. The revised IP is less ambiguous and applies only to the procurement

of large scale works, goods and services. The revised IP came into effect from October 2013 with the issuance of a circular by MoF. The IP is to be executed between the bidders and the procuring agencies at the time of purchase of tender documents.

Analysis of Backlog Complaints

During the reporting period, 110 complaints from 2006 to 2010 related to procurement and construction were compiled and analyzed. These complaints were mostly on bid rigging, delay in completion or poor quality of works, civil servants engaging in contract works, works being awarded without following procurement rules or fronting in construction works. Figure 3.16 shows the year-wise break down of backlog complaints related to procurement.

Of the 110 complaints, 95 were closed either because the complaints had been shared with agencies for sensitization or action or the complaints had been investigated but the database had not been updated. This process facilitated the formal closure of complaints which had already been acted upon. Where required, discreet inquiries were conducted, audit reports referred to and complaints evaluation scores taken into

account to arrive at a logical conclusion. The remaining 15 complaints are to be either shared with the relevant agencies or to be closed upon further verifications. This exercise is also aimed at reducing the backlog of complaints through a logical or rational process. Similar exercise is being carried out for the remaining period of 2011-2014.

During the reporting report only one case was investigated (in progress), namely construction of Drubkhang at Shathonggoenpa, Dagana besides another which is nearing completion. As invariably revealed in the investigations of construction works, this also signals non-enforcement of contract terms and conditions, bid rigging, bribery and collusion between contractors and civil servants.

Constant revelations from such investigations are (i) good number of license holders especially those involved in medium and small works can barely read and write in English, knowledge on bidding processes far from it, (ii) dzongkhag engineers who are also involved in the estimation, administration of the bidding process, involved in tender evaluation, award and supervision of works and passage of bills fill the bids for the contractors, (iii) collusion between

SN	Year	No. of backlog complaints compiled	No. of complaints analyzed & closed	No. of complaints remaining for further action
1	2006	14	14	0
2	2007	24	22	2
3	2008	16	13	3
4	2009	56	46	10
Total		110	95	15

Figure 3.16 Status of complaints on procurement

contactors and engineers, (iv) contractors and engineers (sometimes in the name of their relatives) working in partnership for the very work that the latter supervises, (v) engineers actually executing the works in the name of the contractor, (vi) engineers preparing the running bills for the contractor, (vii) local government officials being involved, directly and indirectly and (iv) bid rigging among similar license holders. This may be becoming entrenched; appropriate interventions have to be made from the issuance of the license to the execution of works. This trend has a deleterious impact on the contractors who are committed to quality and honesty. Currently, there are 4117 license holders in the medium and small categories. This may be telling of the above situation.

Land and Natural Resources (KPI- Corruption in natural resource management minimized)

People are the custodians of the invaluable national assets such as land and natural resources. By that token benefit must also accrue, directly and indirectly, to them when the Government decides to use the national asset for economic development. The 2008 investigation into the mining operations in Samtse highlighted many issues related to environment degradation, loss

of agricultural land, watershed management, inconsistent and incommensurate royalty and fees, allotment of mines, etc. for the review of policy makers and related agencies. Complaints related to land continue to be one of the highest.

During the reporting period, Land and Natural Resources Sector reviewed all land related complaints under a dzongkhag. The Sector also reviewed the 2006 Audit Report on the System Audit on Land Administration and Management of TCC. About ninety three complaints received from 2006 till March 2013 in addition to the fifty five cases reflected in the RAA's above mentioned report were reviewed. The review detected statistical duplication and non-closure of the complaints against which action had already been taken but had not been updated in the system. As a result, the number of complaints that needed to be reviewed dropped to forty two from ninety three.

The forty two complaints were marked for preliminary investigation; fifty five from the RAA's report were to be pursued separately. Based on the preliminary inquiry, the sector proposed to drop seventeen complaints due to their generality and baselessness, adjudication, withdrawal of complaints by the complainant(s) themselves and some not being related to corruption.

SN	Year	No. of backlog compiled	No. of complaints closed	No. of complaints for further action.
1	2006	11	6	5
2	2007	18	12	6
3	2008	14	10	4
4	2009	14	8	5
5	2010	5	4	1
6	2011	14	10	4
7	2012	13	10	4
8	2013 till march	4	3	1
Total		93	63	30

Figure 3.17 Year wise complaint status (LNRS)

However, as some complaints required further enquiry only twelve complaints were dropped by the Commission. Thirty complaints required some kind of action including investigation. Constrained by limited human resource, only six complaints of greater gravity were prioritized for investigation. Although extensive information gathering process and field activities had been completed, full fledged investigation had to be deferred due to frequent mobilization of the sector's human resource for other active cases. This is the day to day reality of the ACC.

On the prevention and public education front, six members from the sector participated in the gewog outreach program in August and December 2013. On 15 July 2013, the sector organized a day's technical session specifically for senior officers of the NLCS which also served as an orientation to the sectoral team particularly with regards to the national surveys.

Few of the major challenges faced while gathering information from the NLCS were (i) unnecessary administrative burden, (ii) delay in obtaining information due to non-clarity of responsibility between TCC and NLCS and having to follow up repeatedly, which seriously undermined integrity of the investigation and (iii) reluctance to share information through the imposition of administrative hurdles.

Finance and Business (KPI- Strengthened transparent and accountable policy framework for the economic sectors established)

Corruption thrives mostly due to loopholes in systems. Corruption can only be curtailed if systems are strengthened, procedures streamlined, checks and balance instituted and stringent monitoring carried out.

Upon the conduct of an investigation (on the request of the Bank) into the fraudulent practices in the BoBL, few systemic lapses that enabled embezzlement and also assisted in concealing

corrupt acts and proceeds were observed. Some of the system weaknesses identified were (i) weak check and balance, (ii) use of various settlement accounts and (iii) weak supervision and monitoring. To prevent the recurrence of similar fraudulent practices, the study recommended several remedial measures such as (i) review of the current check and balance mechanism and strengthening it with clear standards of procedure, (ii) review the use of various settlement accounts and to discard unnecessary requirements, (iii) institution of an effective supervision and monitoring system to track and validate transactions, (iv) life style watch, (v) review and enhance effectiveness of the audit trail mechanism, (vi) establishment of a dedicated unit to study and analyze transactions and accordingly submit suspicious transactions report to RMA and (vii) due diligence with respect to issuing cash warrant facility.

A reactive system study was also conducted in the management and operation of the transportation of fertilizers, seeds and seedlings of the National Seed Centre, Paro. Various weaknesses in the system assisted the smooth perpetration of corrupt acts resulting in massive financial loss to the Government with the benefit not reaching the needy farmers.

The study of the existing system pointed out the following issues: (i) ineffective check and balance system prompting perpetrators to commit frequent breach of conduct and fraud, (ii) opportunities for deceptive practice provided by the current practice of issuing challans, (iii) poor supervision and monitoring, (iv) lack of proper system for limiting tonnage, (v) inconsistent information/details (vi) pilferage of goods while repacking, (vi) remaining in the same post for many years and (vii) contradicting policies/guidelines.

The study recommended, amongst others, some preventive measures such as; (1) review of the existing system of authenticating the route used

for transporting goods and collaborating with law enforcement agencies with proper fixing of accountability, (ii) redesign challans or institute a different system of recording at different check posts and delivery destinations, (iii) improve supervision and monitoring, (iv) establish a proper system of limiting and abide by the RSTA regulations, (v) examine and work out distance between various destinations and ensure its strict implementation, (vi) abandon the practice of repackaging and accordingly adopt other measures to facilitate small quantity sales to small buyers, (vii) institute job rotation and (viii) review the existing guidelines/procedures and simplify procedures.

Guideline on Investigation and Prosecution of Private Sector Corruption

The Anti-Corruption Act 2011, conferred power to the ACC as the competent authority to investigate corruption offences, irrespective of whether in private or public sector. Section 4 (1) (b) of the Act, which brought the private sector under the investigative authority of the Commission, states, *“Employees who hold positions related to fulfillment of organizational or administrative duties or who fulfill such duties under special authorization at enterprises, institutions or organizations of private ownership”* shall be held liable for the commission of an offence under this Act. Corruption is the subject matter of investigation by the Commission alone as envisaged under section 83 (2) which states, *“Notwithstanding any law to the contrary, corruption shall be the subject matter of investigation by the Commission alone unless otherwise stated in this Act”*.

Triggered by these provisions in the Act, a court had refused to admit a corruption case in the private sector investigated by the RBP. As a spillover effect, the OAG was not comfortable prosecuting corruption cases in the private sector referred to by the RBP. The RBP, in turn, was reluctant to investigate corruption cases

in private sector organizations. On the other hand, the Commission and OAG, severely constrained by human resources were already *“in-undated”* with corruption cases in the public sector. Therefore, the ACC and OAG required the necessary support in dealing with corruption cases in the private sector for larger public good. Hence, the situation called for concerted efforts by the stakeholders to deal with corruption cases in the private sector as required by the Act.

Under the initiative of the RBP, a tripartite meeting between the ACC, OAG and RBP was convened on 20 June 2013. During the meeting, a common understanding on dealing with corruption cases in the private sector was reached. One of the outcomes of the meeting was to develop a tripartite collaboration amongst the three agencies.

Section 9 (1) (a) of the Act states, *“In exercising its power or discharging its functions under this Act, the Commission: shall, as far as possible, work in cooperation with police or other law enforcement bodies”*. Further, Section 9 (1) (b) (ii) of the Act states, *“In exercising its power or discharging its functions under this Act, the Commission: may, as it deems fit, work in co-operation with: any person or body in the private sector”*. Similarly, Section 33(1) of the Act states, *“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”*.

Drawing cue from *“unless otherwise stated in this Act”*, under Sections 83 (2), 9 (1) (a), 9 (1) (b) (ii), and 33(1) which form the legal basis for collaboration among the tri-partite partners to deal with corruption cases in the private sector. A guideline on investigation and prosecution of private sector corruption has been drafted, since there is no *per se* constitutional or other

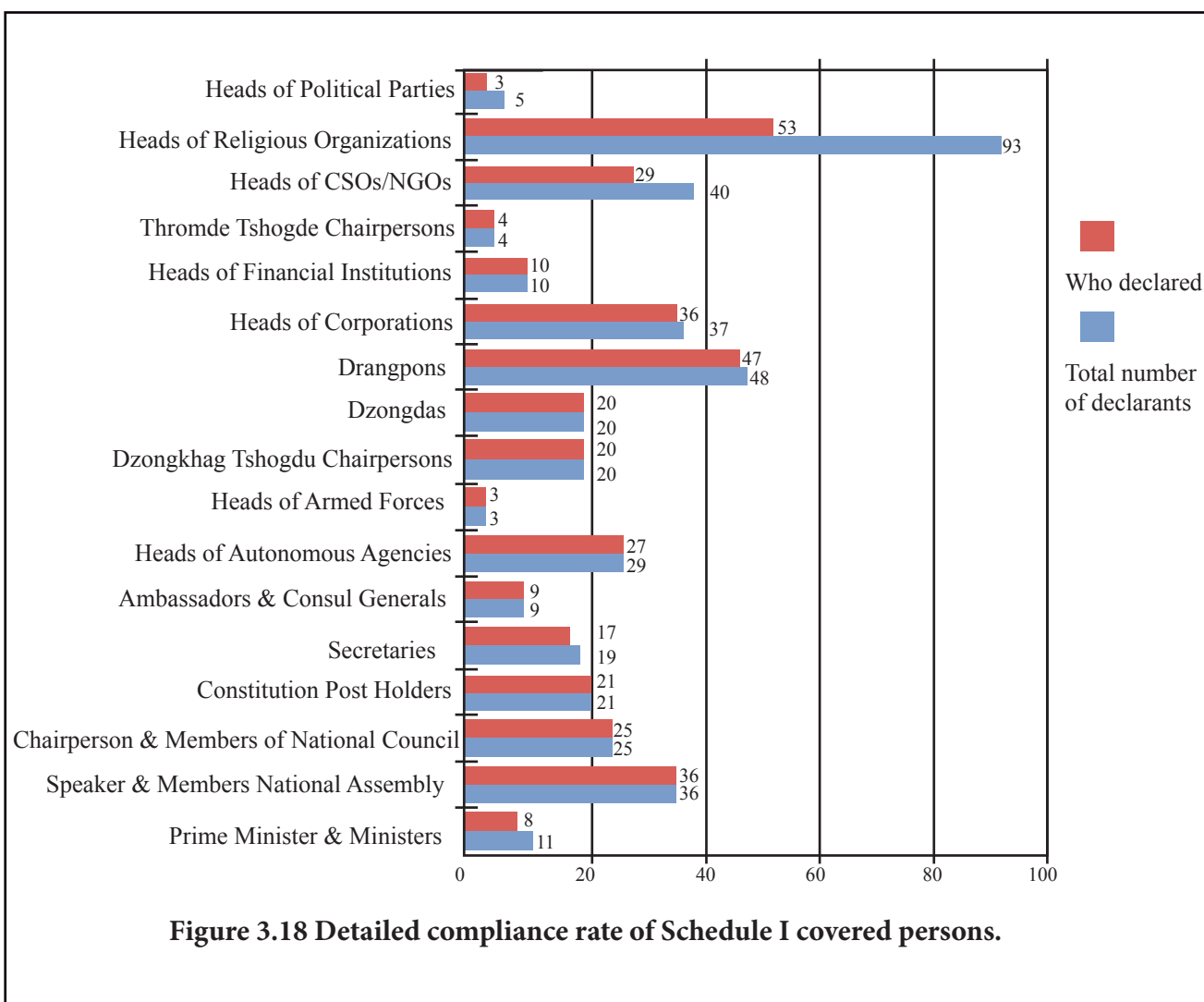
statutory prohibition against the tri-partite partners to deal with corruption cases in the private sector.

The draft guideline proposes for the usage or hiring of an external independent investigator/prosecutor or employees of the private sector agency by that agency to investigate and prosecute private sector corruption. However, these investigators and prosecutors shall be under the direct supervision of the ACC and OAG, respectively. The draft has been shared amongst the tripartite partners and is yet to be finalized. Upon finalization, it will be submitted to the Supreme Court for endorsement.

Public Accountability Tool : Asset and Liabilities Declaration

To ensure public accountability and efficient use of public resources, a system of AD has been in place ever since the establishment of the ACC in 2006. Since then as the custodian of public resources, public servants have been declaring their asset and liabilities annually.

Out of 428 Schedule I covered persons identified for 2013, 366 filed their declaration, bringing the compliance rate to 85.5% as against 85.98% last year (325 declared out of 378), a mere decline of 0.28%. Figure 3.18 presents the



detailed compliance rate of Schedule I covered persons.

The Speaker and members of the National Assembly, Chairperson and members of National Council, constitutional post holders, ambassadors & consul generals, heads of armed forces, Dzongkhag Tshogdu chairpersons, dzongdags, heads of financial institutions and the chairpersons of Thromde Tshogdes achieved 100% compliance for the year 2013, as of 30 April 2014 (grace period).

Fourteen percent or 62 Schedule I covered persons failed to declare their assets and liabilities. The non declarants have increased from fifty three to sixty two individuals.

Of the 429 Schedule I declarants, 254 (59.5%) filed their declaration online as against 62.77% (204) last year. 26.2% of the covered persons chose to declare in hard copy. Towards achieving the common goal of e-governance, most of the agencies have made online declaration mandatory for their declarants.

With regards to the compliance rate of Schedule II declarants, the rate cannot be ascertained pending the reports from their agencies. However, as of 30th April 2014, approximately 19,652 declarants have filed their declarations as against 12,862 last year.

Starting the AD implementation in 2006, its compliance among the Schedule I covered persons has been increasing until 2009. The decline in the compliance rate in 2010 prompted the Commission to review, amend and adopt the AD Rules 2012 and ensure its strict enforcement.

The year 2011 saw the highest compliance rate of Schedule I covered persons. However, the rate dropped in the following year largely due to the non-compliance by the increased number of registered ROs, which are located in the remote areas and are ignorant of the AD Rules.

Pertaining to the asset and liabilities declaration of 2012 (last year), fine of Nu. 89, 900/- has been collected from the non-declarants. As per the requirement of Asset Declaration Rules 2012, agencies need to submit the AD report to the ACC. In this regard, twelve agencies failed to submit the report, which is a breach of responsibility by the head of the agency and the asset declaration administrator. Nu. 805,349/- was collected as penalty for failure to submit the report.

The RAA has agreed to audit the AD compliance by the agencies and the fines collected as a part of their annual auditing of agencies.

Regarding the DA, which is the main objective of AD, a total of 42 Schedule I covered persons were triggered with DA. Based on the causes for DA as reviewed by the ACC's in-house committee and decided by the Commission, eleven AD have been forwarded for investigation as further review was required, 28 cases were dropped and to the rest a letter was sent asking them to ensure proper declaration in future (since most of the causes for the DA were typographical error).

In 2013, a total of 146 out of 166 agencies submitted their AD report to the ACC. Non-declarants and disproportionate asset of Schedule II covered persons for 2012 were 1269 and 460 respectively.

Four hundred and sixty declarants who were red flagged with DA, 29 were given the opportunity to justify, 34 were issued with a letter to ensure proper declaration and rest were dropped. From the 29 justifications received, 19 were found to be valid while the rest are being verified further.

For greater emphasis on the advocacy and awareness of the asset declaration system among the covered persons, a Public Service Announcement was broadcasted on the BBS. Moreover, in collaboration with BBS, two talk shows on AD featured on BBS radio and television.

AD Compliance Rate (%)

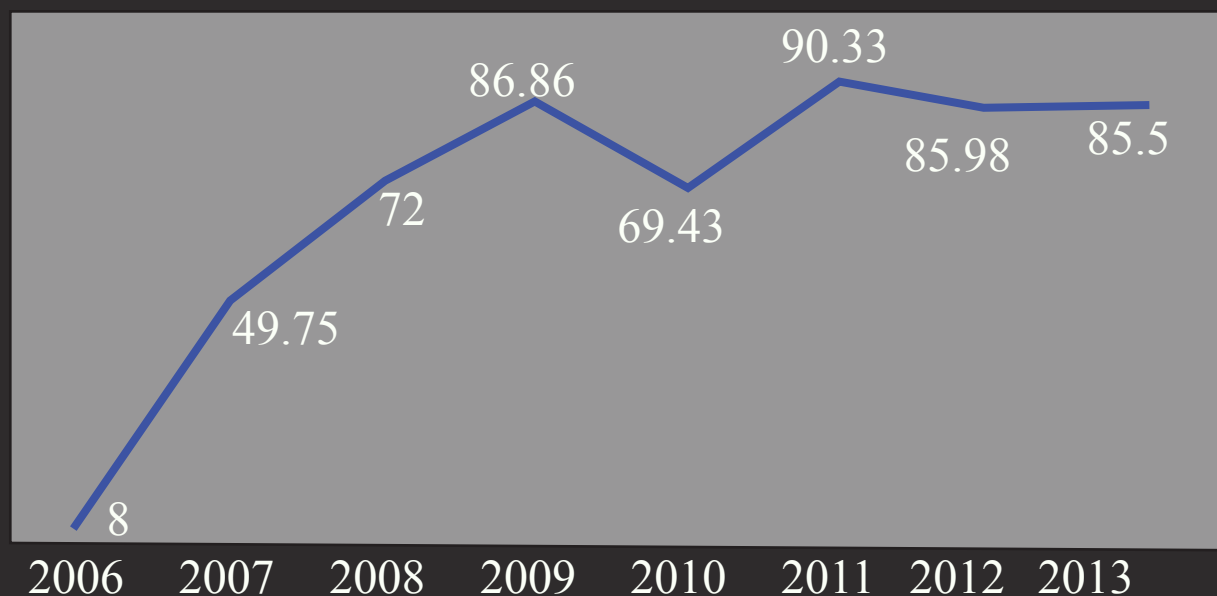


Figure 3.19 AD compliance rate over the last eight years

With the heads of ROs being the least compliant last year, the Commission had a session with them during the second annual congregation of ROs, feedback for which was positive. However, their compliance rate still has not improved.

The Commission acknowledges the progress of the AD System over the years and the hard work committed by the heads and ADAs of all agencies. Nonetheless, Asset and Liabilities Declaration is generally perceived as an additional burden by the declarants and the ADAs alike. *“It is not our obligation and we don’t benefit from it”* is a common statement of the ADAs. Some covered persons consider it a nuisance. Lack of serious implementation of the Rules by the agencies is yet another challenge.

An introductory paragraph of this section states, *“People expect public servants to be trustworthy, fair, just, ethical, conscientious and competent in their work. Public policies are expected to be designed well, public money is spent wisely and public assets are used and cared for responsibly for larger public good”*. Such a spirit does not happen automatically through circulars and rule books. Building such a cadre constantly demands mindful investment, not of funds but of the leaders’ will, time and communications. The number and content of complaints that the ACC receives, revelations of its investigations, leaders’ and senior managers’ response to organizational development, inefficiency and corrupt behavior of their employees and the palpable complacency and cynicism in the larger environment call for deep introspection and some tough decisions.

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SECTION 4

PARTNERSHIP AND COLLECTIVE RESPONSIBILITY

The GCB 2013, a report by TI that surveyed 114,000 respondents in 107 countries highlights that corruption is a very real burden affecting the quality of life and is seen to be running through the foundations of the democratic and legal processes in many countries, affecting public trust. About two out of three people believe that personal contacts and relationships help to get things done in the public sector. From among the eleven corrupt or extremely corrupt institutions, public officials/civil servants rank third with a score of 3.6 (scale of 0-5) after political parties and police; it was ranked fourth in 2012 (see Figure 4.1). Although Bhutan is not included in the survey, the revelations are equally relevant and important to her.

Further, the aggregate integrity scores of the NIAS 2012 which is based on service delivery,

are commendable. The inherent cultural and political underpinnings of such surveys, however, cannot be undermined. Only twenty-nine respondents admitted of having paid bribe or some form of gratification/convenience while availing themselves of services. Although disaggregated scores are also not bad, the anti-corruption system score of 6.62, integrity culture index of 7.21, effectiveness of whistle blowing system of 5.99 and over 90% respondents stating reasons such as *“to speed up the process, appreciation and being a customary practice”* for offering gratification/convenience may allude to the larger systemic and cultural reality, which may concur with the rich findings of the GCR 2013-2014 and GCB 2013.

The GCR 2013-14 highlights excessive bureaucracy and red tape, over regulation, corrup-

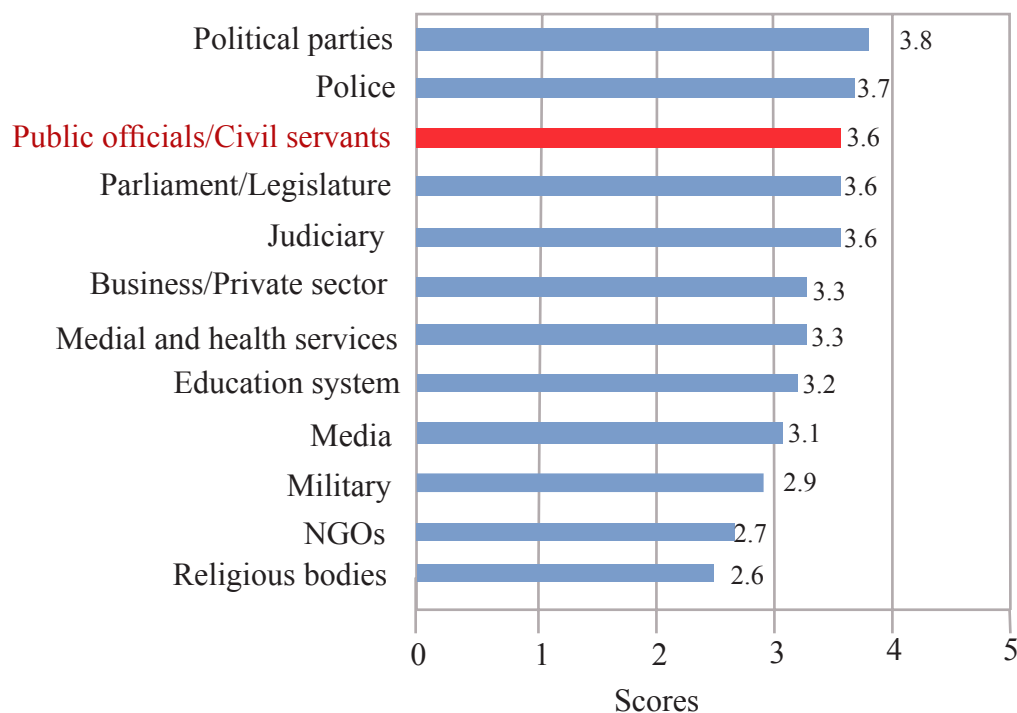


Figure 4.1 Most corrupt institutions, GCB 2013

tion, fraud in public contracts, lack of transparency and trustworthiness, poor service delivery and political dependence of the judicial system as causes for slowing down economic progress of a nation. It also highlights the relevance of accounting and reporting standards, transparency, ensuring good governance, honesty, ethical practices and timely access to information.

Figure 4.2 may reconfirm the areas of challenge and the possible entry points for interventions. The low scores against the aggregates and their disaggregates of the first pillar “*Institution*” of competitiveness of GCR 2013-2014 are low and the Government has to be concerned.

Further, Figure 4.3 corroborates the scores. It presents the impediments in doing business. From the list of the factors indicated in the figure, respondents were asked to select the five most problematic factors in doing business in their country and to rank them between 1 (most problematic) and 5.

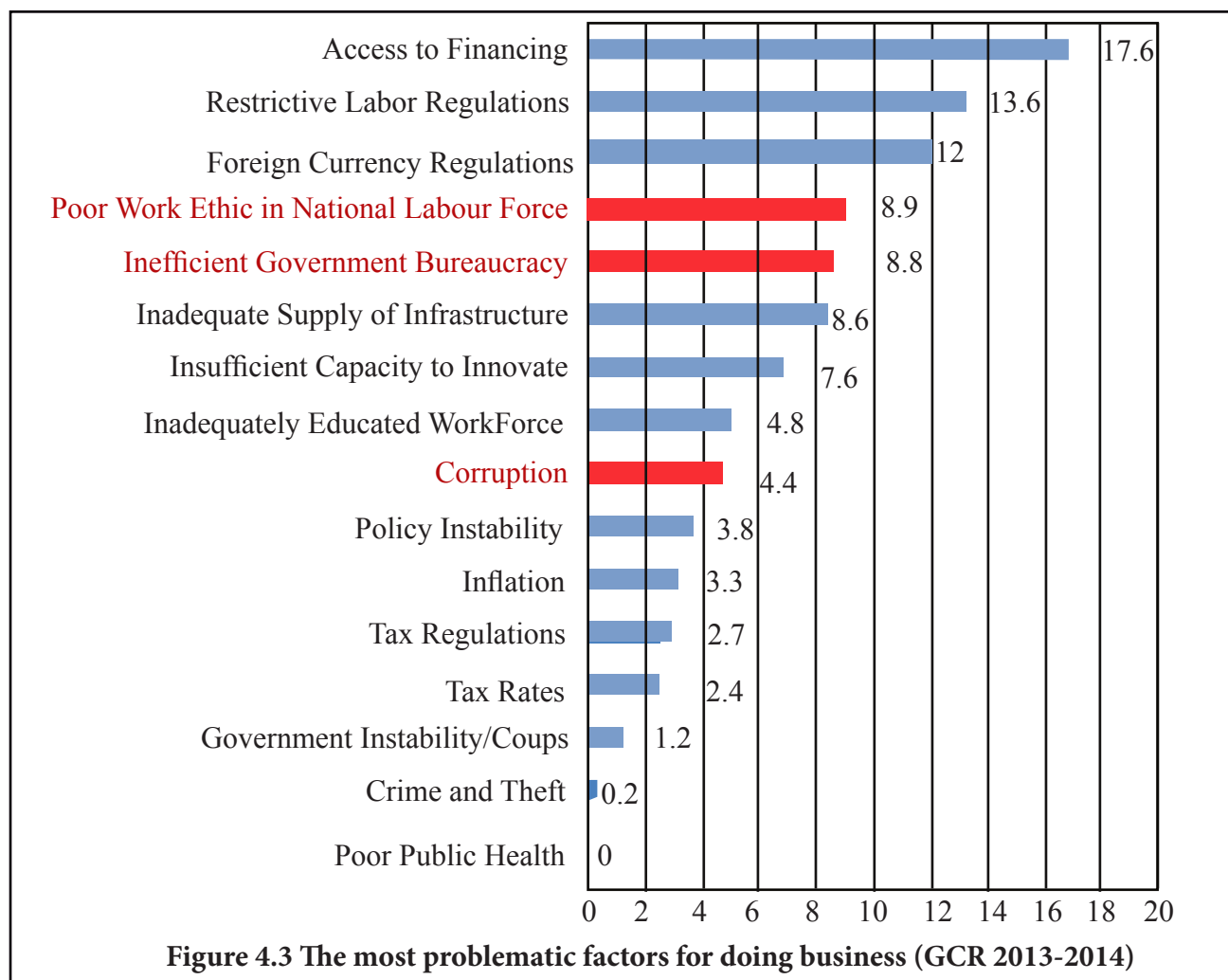
Recommendations to combating corruption by the GCB 2013 suggest emphasis on integrity, transparency, accountability and trust; adequate checks and balance; holding the corrupt into account; and equipping the citizens with tools and protection to fight against corruption.

This section looks at various programs and strategies to promote integrity and prevent corruption in the system and society at large through active and productive partnership between stakeholders and between the ACC and the stakeholders.

The ACC’s priority focus is not investigation but systems strengthening and behavioural change. However, when people who manage the systems fail opportunity for corruption increases, thus corrupt acts increase which invariable lead to investigation.

1st Pillar	Institutions	Value (1-7)	Rank /148
A	Public Institutions		
Ethics and Corruption	Diversion of public funds	3.1	81
	Public trust in politicians	3.1	61
	Irregular payments and bribes	2.9	124
Undue Influence	Judicial independence	2.8	115
	Favoritism in decisions of government officials	3.1	70
Government efficiency	Wastefulness of government spending	3.2	73
	Burden of government regulation	3.5	70
	Transparency of government policy making	3.6	119
B	Private Institutions		
Corporate ethics	Ethical behavior of firms	3.8	80

Figure 4.2 Select aggregates of 1st pillar of competitiveness for Bhutan
(source: GCR 2013-2014)



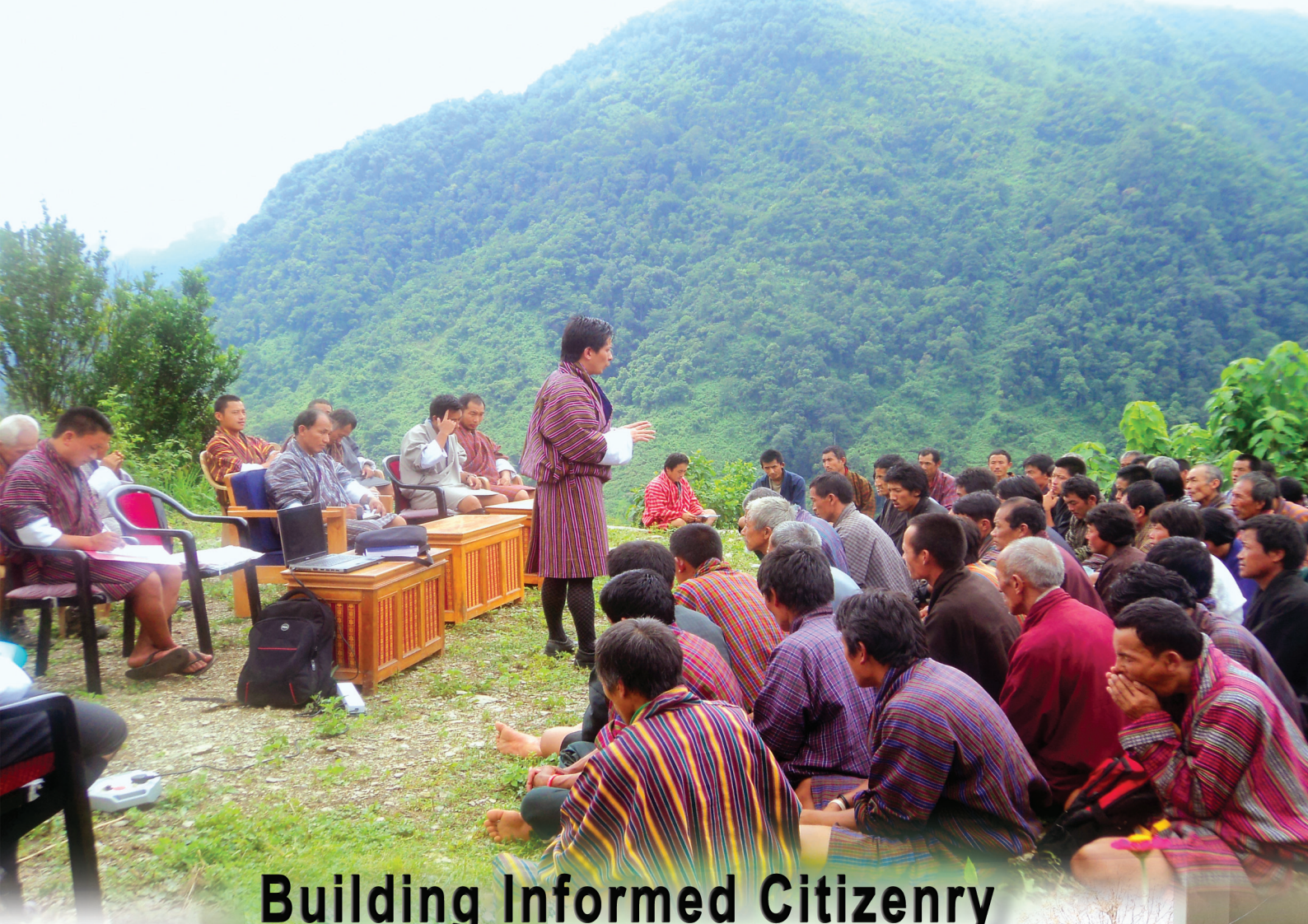
Awareness and Advocacy Programs

Gewog Advocacy Programs

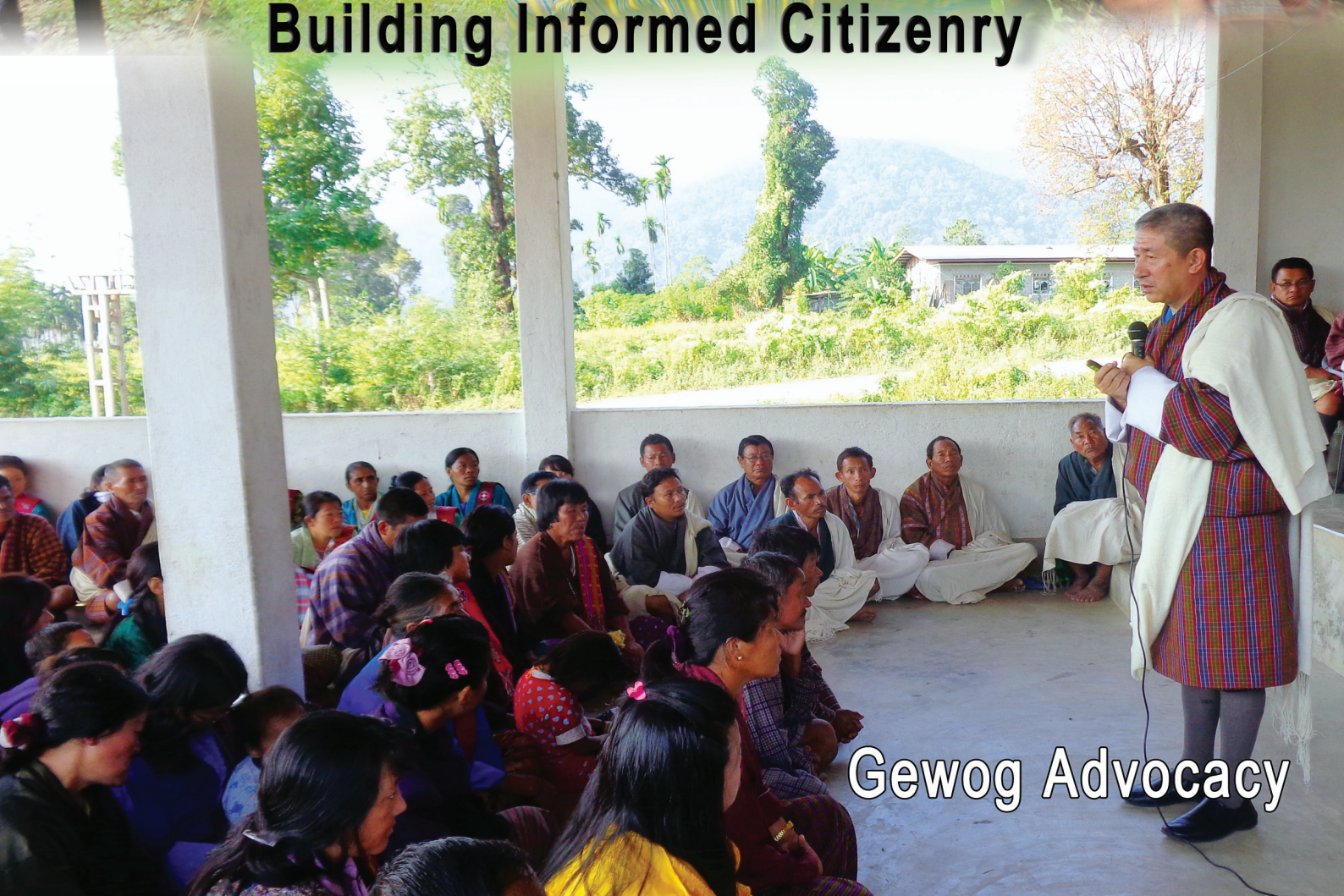
Building an informed and awakened citizenry has always been an important priority strategy to combat corruption. The high level of societal tolerance for corruption in Bhutan has to change. The prognosis of the “disease” on the small nation can be socially, culturally and politically deleterious. While no one escapes the contagion, ordinary citizens are the first ones to be hit. It is time being a quintessential Bhutanese citizen is understood and internalized, more so now in a democracy where the sovereign power is expected to be in the hands of the citizens. While they may clamour for their rights and entitlements, they cannot conveniently overlook their fundamental duties. Article 8

(9) of the Constitution of the Kingdom of Bhutan states, “Every person shall have the duty to uphold justice and act against corruption”. Leaders, national and local, have to consciously work towards fostering an environment of trust and confidence and not fear to enable the citizens to play their rightful role. Globally, people do not view themselves as powerless victims of corruption and believe that they can be part of the solution (GCB 2013).

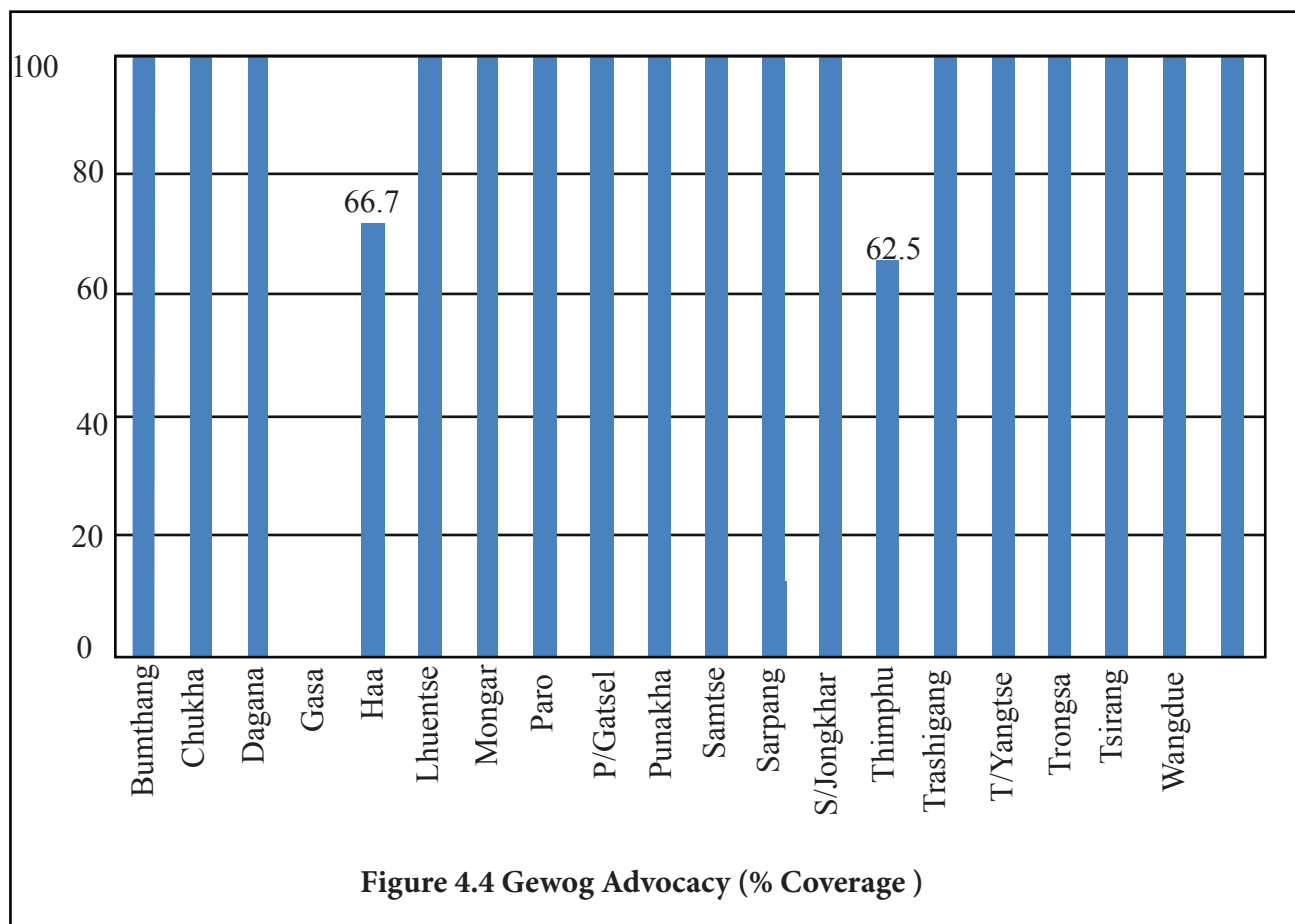
The ACC and its partners have always endeavoured to build this social capital. Since its establishment in 2006 till May 2012, the ACC conducted awareness and advocacy programs in 70 gewogs reaching out to about 5660 people. The year 2013 saw more aggressive programs at all levels including cabinet ministers, heads of agencies, CSOs, training institutes, youth, pub-



Building Informed Citizenry



Gewog Advocacy



lic servants, etc. with greater focus on the gewogs. In August and December of 2013 alone, 126 gewogs have been covered, reaching out to about 20605 people and taking the total coverage of gewogs to 95.6%.

Similar program in the remaining nine gewogs of Lunana, Laya, Khatoe & Khamey of Gasa Dzongkhag, Sombaykha and Gakiling of Haa Dzongkhag and Lingzhi, Naro and Soe of Thimphu Dzongkhag is proposed to be conducted before June 2014.

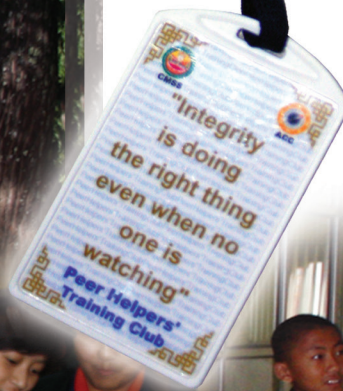
More than 65% of the Bhutanese population live in rural areas; greater powers and resources are being devolved to the local government, which is important. Concomitantly, corruption is also hitting the local government and more so with a largely ignorant and fearful rural populace and in the absence of effective check and balance structures. Complaints related to local

governance has been consistently the highest over the last few years; local government impacts on people's lives almost on a daily basis.

The awareness and gewog advocacy programs targeted villagers, dzongkhag officials, other public servants such as teachers, health workers, RNR staff and field division officials and the business community. It basically focused on making the people at the grass roots understand the causes, forms and impact of corruption through, among others, sharing of survey findings and complaints, case studies; making them understand the legal provisions, their rights, responsibilities and duties to resist, refrain and report corruption, possible ways such as the social accountability tools and lodging of complaints that they could use to curb corruption in their communities; and larger consequences of indulging in corrupt acts.



Infusing integrity through Peer Helpers' Training Club



Students from Changangkha MSS visiting ACC office

The programs sensitized the citizens on their basic rights, duties and responsibility to act against corruption; enhanced their understanding on the need to demand accountability and transparency in the local governance system; and also garnered public trust and support in combating corruption through refraining, reporting and resisting corruption.

The general feedback on the awareness and advocacy program has been positive; people have expressed their desire for more frequent engagement. Citizens participating in the discussions voiced the need for transparency and sharing of information and the importance of community participation during gewog development project discussions. The need to build technical capacity while carrying out inspection of the quality of construction works during handing/taking was seriously felt.

International Anti-Corruption Day (IACD) and National Anti-Corruption Week (NACW)

Bhutan joined the international community in commemorating the 11th IACD and 8th NACW on the theme “*Zero Corruption, 100% Development*”. This time, the activities focused on reaching out to a wider audience and were not limited to the capital city alone.

Five teams were dispatched to eight dzongkhags by November end and early December of 2013 conducting awareness and advocacy programs and reaching out to citizens in 42 gewogs that concluded on 9 December, the IACD. The teams interacted with villagers, local government officials, public servants, business community and dzongkhag officials. The gewog awareness and advocacy programs conducted during the month of December saw direct interaction with 7062 people; the programs were widely covered in the media reaching out to the larger section of the society.

Further, separate interactive sessions were con-

ducted with over 330 participants, comprising students, lecturers of Jigme Namgyel Polytechnic, and local government officials of Trashigang, Trashigang, Pema Gatshel and Samdrup Jongkhar Dzongkhags, other officials from the police, thromde, corporations and private sector. This was taking advantage of the program organized by the Election Commission of Bhutan for the officials of the four dzongkhags.

In the capital, the commemorative event was graced by the Chairperson of the National Council of Bhutan and attended by various stakeholders including representatives from the National Assembly of Bhutan, National Council of Bhutan, Ministry of Education, Royal University of Bhutan, CSOs, media and SDC and most importantly, the schools represented by their principals, teachers and students.

The IACD also saw the launching of the report on ‘*Integrity and Value Education in Schools*’ that mainly emphasizes on being role models for the younger generation and upholding integrity by all individuals, teachers, family and the society. The members of the PHTC of Changangkha Middle Secondary School, ACC’s young traditional partner, not only coordinated the event but also performed; they composed a song and a skit that underlined the importance of inculcating fundamental human values as an ultimate strategy in curbing corruption and ensuring a prosperous and harmonious society. It was their show!

Four schools, namely, Yangchenphug, Motithang, Pelkhil Pvt. and Rinchen Pvt. Higher Secondary Schools participated in a debate. The topic was, “*The present generation upholds better values than the earlier generation*”. The schools who spoke against the motion won the debate, implying degeneration of values. Leaders, parents, educators and the society at large have to deeply intro-

spect, debate and act at home, in communities, in institutions; leaders must lead by example and make strategic policy interventions. The ultimate analysis of causes of corruption is degeneration of fundamental human values.

The NACW saw a series of live panel discussions on BBS TV and radio, both in Dzongkha and English, on various topics like the National Integrity Assessment 2012, Integrity and Value Education in Schools, Social Accountability, Policy and Political Corruption, Leadership and Role of Youth in Democracy and Combating Corruption. The panelists for the discussion included cabinet ministers, parliamentarians, educationists, public servants, local government officials and students, with call-in service made available to the general public.

In-Dialogue Sessions

Fighting Corruption: Collective Responsibility

The ACC, because of its much publicized mandate of investigation, is generally feared and a few even perceive it to be more of a foe than an ally. A feedback from one of the dialogue sessions, reads, *“People should know that ACC is not going to fix them just like that-rather, ACC is an organisation that works with us and not against us. Awareness has to be built up”*.

Strategy to curb corruption has to be multi-pronged with multi-actors within the larger governance system. Mainstreaming and partnership has been the mainstay of ACC’s policies, strategies and programs. Dialogue with agencies is a way towards creating deeper mutual understanding, building mutual trust and confidence, learning from each other on issues related to strong integrity promotion and systems improvement measures, building a culture of intolerance for corruption through education on various aspects and impact of corruption, corruption scenario in the country and paving way for active partnership.

Dialogue sessions were conducted in six agencies, namely, NC, NLCS, NECS, DHI, BDBL and TCC. Nineteen parliamentarians and 229 public servants participated in the interactive sessions. Prior to the six agencies mentioned, the Commission also engaged all the ministries except the Ministry of Home and Cultural Affairs involving 663 civil servants across all ranks.

The dialogue sessions include presentations by the ACC on (i) domestic corruption scenario and anti-corruption measures, (ii) corruption prevention measures in relation to the national integrity and anti-corruption strategies, (iii) salient features of anti-corruption legislation, (iv) complaint management and investigative processes and (v) learning from the ACC investigations-sharing of a few case studies. The dialogue sessions also invite open discussion on all matters requiring clarification and also receiving critical feedback on the ACC’s performance. Sometimes, partner agencies also make presentations of their operations, programs and policies.

As in the past sessions, participants have generally appreciated the conduct of such sessions which reportedly has enhanced their understanding of corruption and anti-corruption measures. The feedback has been positive.

Other Awareness Sessions

Leadership by Example

The NIACS 2013-18 has *‘Ensuring political will, promoting leadership and integrity’* as one of the six strategic objectives and accords utmost priority to it. To successfully prevent and combat corruption, leadership by example is one of the most critical preconditions. Leaders should exhibit qualities of exemplary behavior, adhere to the highest standards of integrity and allow others to scrutinize their actions.

The ACC conducted a session each on *“Ethics, Integrity and Professionalism in Public Ser-*

vice”, a unit under the “Governance and Leadership” module with the first and second batch of trainees undergoing the SELP at the RIGSS, Phuentsholing, in October 2013 and March 2014.

The RIGSS was established under the noble vision of His Majesty the King to develop the intellectual capacity of Bhutanese leaders and promote good governance in the country as a cornerstone for Bhutan’s long term peace, prosperity and unity. The RIGSS, as a premier institute in the country aspires to be a high-quality education and discourse on governance, public policy and leadership, aided by result-oriented research to influence and shape real-life public policy decisions and will provide, for the first time in Bhutan, a Think Tank that will engage in critical thinking and research and serve as an incubator for new ideas for both governmental and non-governmental organizations.

The ACC expects leaders to exert self policing, uphold integrity, lead by example and set the right tone from the top in their organizations. Leaders cannot treat anti-corruption and integrity measures as additional administrative burden but support and ensure integration of these measures as a part of the organization’s good governance strategies.

The NIACS 2014-18 specifically mentions introduction of dedicated leadership and integrity training modules as prerequisite for recruitment and promotion with the lead role to be taken by the RCSC.

De-Suups

A constant message that the ACC drums into every batch of De-suups is, *“It is very easy to respond to natural disasters and besides it can be noticed by people. But, will you respond to disasters that occur in the offices every day, where no one will notice you?”*

The ACC engaged four (7th-10th) batches of 467 De-suups during the reporting period. As guard-

ians of peace, they have the sacred responsibility of fulfilling His Majesty’s noble aspirations of a unified, stable, secure and prosperous nation which is also the vision of the ACC in striving towards a happy, harmonious and corruption free society.

De-suups have a role to play, not only in fighting natural disasters but also in fighting moral disasters that pervade in every organization and community, which have far reaching impact on the country’s long-term well being. Corruption is a symptom of larger and deeper problems and recognizing and addressing that is of paramount importance and it is every citizen’s responsibility.

Session with the ‘Gewog Dakchongs’ (GAO)

With the devolution of authority and resources to the local government in an environment of weak monitoring and accountability systems, local governance has become highly vulnerable to corruption. Opportunities for corruption in land, natural resources, fund use and procurement are on the rise. Realizing their important role as ambassadors of positive change, the ACC engaged with 122 GAOs while they were attending the training on *“Community facilitation training on mainstreaming environment, climate change and poverty issues into local development plans and programs”* organized by the DLG in Thimphu and Phuentsholing.

Emphasis was laid on exercising due diligence and the ‘natural responsibility’ of GAOs in ensuring transparency and accountability and more importantly on the institutionalization and dissemination of information to citizens on resource allocations, development activities and Gewog Tshogde decisions, thereby enabling citizens to demand accountability from the service providers. Delivery of quality public services determines the level of public trust.

The session also briefly discussed the NIACS, NIA Report 2012, Integrity and Value Education



In Dialogue with Agencies



Report 2012, conflict of interest management and social accountability tools.

National Graduate Orientation Program, 2013

During this reporting period, the ACC interacted with 2404 aspiring graduates, young men and women with dreams to live up to the expectations of their family and the nation and who have great potential to contribute individually and collectively towards nation building. Positive change starting with “themselves” first, without burdening the society with environmental, social and moral garbage, was emphasized. The graduates were reminded of their fundamental duty, role and natural responsibility to make a difference in the fight against corruption.

Religious Organizations

Religious organizations (RO) and spiritual leaders continue to play a pivotal role in the lives of people and have strong influence especially in rural communities. Till date, the country has ninety three registered ROs, roughly one RO for every 5000 Bhutanese. Close proximity with religious artifacts/antiques, exercising of discretionary power, ability to influence decisions of people, etc. provides avenues for religious personalities to indulge in corrupt acts. Due to this vulnerability, the Asset Declaration Rules, 2012 has categorized all the heads of ROs under Schedule I covered persons. In 2012, the AD compliance rate for the heads of ROs stood at 45.6% which was also one of the main causes of bringing the overall AD compliance rate of Schedule I covered persons to 85.97%. Out of 51 late/non AD declarants, 41 were heads of ROs.

Realizing their role and responsibility and looking at the vulnerability of their position, the ACC engaged with the heads of ROs and the culture officers of the 20 dzongkhags during the 2nd National Congregation of the Chairmen of

ROs in Thimphu. General issues of anti-corruption measures were discussed with them. Much of the discussions revolved around issues related to Asset and Liabilities Declaration

Sessions with Technical Graduates : The Nation Builders

Engineers

During the reporting period, the ACC engaged with 101 engineers at the orientation program organized by the Ministry of Work and Human Settlement. Discussions revolved around issues concerning corruption, anti-corruption and the role of individuals/agencies in combating it; principle of public procurement; genesis of corruption in procurement and some red flags. Using case studies, the engineers were taken through the forms of corruption like collusion, bid rigging, tampering, forgery, misinterpretation and payment fraud that generally occur during the procurement of goods and works.

Amongst other values, upholding values of integrity, patriotism, dedication and deep sense of responsibility by the engineers in their line of work would surely change from the current image of “corrupt engineers” to “true nation builders”.

Further, the ACC engaged with over 250 future engineers and faculty members of the College of Science and Technology, Phuntsholing. Besides discussing on various issues of corruption and anti-corruption measures, the session stressed on every individual’s natural responsibility as a citizen of this country to combat corruption.

Other Technical Graduates

The ACC also engaged with 187 technical graduates from various academic background during the orientation program themed “*Grooming the leaders; Building a GNH Civil Service*” organized by the RIM. The graduates were briefed

on corruption offences, causal theory of corruption and fraud, importance of promoting “*ethics and integrity*” and the need to articulate the vision, mission and values of the civil service in their thoughts, speeches and actions. It was impressed upon the young graduates to earn their salary lest they burden themselves with “*kor*” and to discharge their sacredness responsibilities without fear, favor and prejudice.

Business Students

The ACC also interacted with over 250 faculty members and students of Gaeddu College of Business Studies. The message focused on corruption issues, anti-corruption measures and role of every individual/citizen in upholding integrity and promoting a clean working culture. As the country’s premier institute in promoting effective management and business practices and moulding future accountants, managers, bankers, teachers and various other important professionals, it was very important to emphasize on ethics and integrity, upholding one’s responsibility and acting in the best interest of the organization and the nation, which ultimately was serving one’s own well being. Instilling fundamental human values is a core program of the college, which works closely with a group of human value practitioners from International Institute of Information Technology, Hyderabad. It is taking a lead role in also sensitizing and facilitating capacity development of other colleges, schools and organizations in partnership with International Institute of Information Technology, Hyderabad.

Nurses

Upon the invitation of the Royal Institute of Health Sciences, the ACC participated in one of the weekly talk series on issues related to good governance, corruption and citizenship. In addition to sharing some salient findings of the surveys on value education in schools and the National Integrity Assessment, values such

as caring which was also core to nursing, taking responsibilities, staying informed, being responsible, being active and demanding transparency and accountability from public servants were emphasized.

Private Sector: A Key Institution of Governance

Recognizing the private sector as an engine of growth and the vulnerability of the public-private interface to corruption, conducting clean business and promoting integrity and ethics in business transactions is not a matter of choice but a critical governance imperative. The ACC interacted with contractors and other participants from the private sector during the awareness workshop on public procurement organized by the Public Procurement Policy Division, MoF. Presentations were made on the principles and process of procurement with case studies, anti-corruption legal framework and the salient provisions of Debarment Rules 2013.

Activities identified in the NIACS 2014-18 has signing of integrity pledges as a precondition for registration/licensing of new businesses with the Ministry of Economic Affairs taking the lead role and the ACC encouraging private sector reports on corruption.

Youth: The Future of the Nation

His Majesty, the 4th King constantly said, “*The destiny of our country lies in the hands of the younger generation*”. Investment for the future is investment in the youth. The environment and value systems at home, among friends, in communities, in schools and certainly that of the larger society mould the character of the youth and ultimately the health of the nation. Honesty, dignity, self esteem, trustworthiness and creativity should manifest in the character of the young Bhutanese.

The ACC has endeavoured to exploit every program conducted for the youth to understand,



Scouts Commitment Ceremony at Druk School

Engaging youth in the fight against corruption



NGOP 2013

RIHS

inform, share, interact and learn from them. Programs and interactive sessions that the ACC has been involved in during the reporting period range from scouts commitment ceremony, sessions on “*Role of ACC in Good Governance*”, which was part of a workshop on ‘*Good Governance*’, and a training on the theme “*Making Democracy Work for Us*” organized by BCMD. Interaction with schools forms an important part of it.

During the reporting period, ACC interacted with 1830 students and 103 teachers of Phuentsholing and Sherubling Higher Secondary schools. Schools are ACC’s critical partners in the fight against corruption as they build honest, just, caring and responsible citizens, which is the most sustainable anti-corruption strategy.

Ensuring ‘Value for Money’ in Procurement

The ACC, on the request of the DGPC, trained 67 participants comprising engineers, finance managers and procurement officers from Tala, Chukha, Basochhu and Kurichhu hydro-power plants on “*Securing Value for Money in Procurement*” in March 2014. The training mainly focused on understanding and dealing with corruption, principle and process of public procurement and sharing of a few case studies with emphasis on stringent bench-marking, due diligence and transparency promotion measures. The participants were also made to work on a typical Bid Evaluation Report and its contents. With huge public funds being invested in hydro-power projects, such proactive measures to prevent corruption by the organizations is imperative and appreciated.

Product Development

With a lone person, who is also handling multiple tasks of planning, coordination and managing other activities, the product development unit has been able to develop only the “*Corporate Brochure*” and the “*Asset Declaration*”

video. The brochure provides information on the ACC’s vision, mission, values, organogram, its powers and functions with a focus on causes, types and impact of corruption. It also provides valuable information on the complaint management system, integrity promotion tools, check and balance within the ACC, institutional linkages, etc. The ACC will be developing a corporate video soon. The AD video takes the declarants through the process of asset declaration, who have to declare, when to declare and the penalties for non declaration.

Behavioural Change Program

e-learning Program on Ethics

In addition to the e-learning course on Ethics and Integrity Management of the civil service, as submitted in the last report, development of a similar e-learning course for the Parliament and Judiciary is in progress also with the generous support of DANIDA. This has been well received by Speaker and Chairperson of the National Council of Bhutan and the Chief Justice of Bhutan.

The Parliament and Judiciary are critical supreme institutions of democracy. People invest their trust in these institutions. Their performances, perceived and real, have far reaching bearing on the country’s governance and people’s sense of security. They have to lead by example and be the role model for the other institutions. Therefore, the parliamentarians and the justices/judges have to be people with impeccable character and track record, who embody the highest standards of ethics, integrity and professionalism, who are incorruptible and who discharge their sacred duties without fear, favour and prejudice. The e-learning course is a very small step towards building that class of leaders; it is a tool to operationalize the prescription of codes of conduct and ethics; behavioral change of the leaders is also expected to create a wider societal awareness on ethics and integrity.

A memorandum of understanding has been signed between the National Assembly of Bhutan, National Council of Bhutan, Royal Court of Justice, ACC and RIM. The designing, launching and rolling out of the course covering about 62 justices/judges and 72 parliamentarians is expected to be completed by the end of June 2014.

The e-learning course on Ethics and Integrity Management of the civil service, a partnership behavioral change program of the RCSC, RIM and the ACC, was initiated with a long term goal of building a clean civil service that upholds integrity, honesty, justice and rule of law. It is in its third year of implementation.

As of January 30, 2014, only 3350 civil servants (14%) had undertaken the course. The poor compliance points towards lack of appreciation and ownership by the agencies and the absence of corresponding accountability measure. The RCSC has made this course mandatory as per clause 3.2.1.1 (iv) of the BCSR 2012, which states that a civil servant shall “Undertake courses on code of conduct and ethics as and when made available”; it will have a bearing on the advancement of a civil servant’s career. The RCSC has also issued a notification to the government agencies that all the civil servants above position level S5 should complete the course by the end of June, 2014.

Till date, a total of five orientation programs and trainings for 103 focal persons and facilitators have been conducted to ensure austere administration of the course including the one conducted for the HROs during the annual HR conference in Thimphu. Further, for the smooth administration and future sustainability of the course, network administrators of the e-learning course from the RIM attended a ten day training on M.O.O.D.L.E (Modular Object-Oriented Dynamic Learning Environment) e-learning platforms and SCROM (Shareable Content Object Reference Model) in Philippines.

Mainstreaming Integrity and Values in Schools

His Majesty, the 4th King once said to a group of educators, “*We can make mistakes in other sectors but we cannot afford to make mistakes in the education sector. If we do so, we will lose a generation.*” Have we lost a generation? In order to understand the values that students articulate in their behavior, measures adopted by the schools to instill values that would contribute to corruption reduction and the impact of such values on the students, the ACC conducted a survey across the country on the theme “*Integrity and Value Education in Schools*” from May-June 2012. It covered 91 schools with 2500 respondents of whom 2000 were students, 400 teachers and 100 heads of schools. The age cohort of student respondents belonged to classes VII to XII.

The report has been published and distributed to all concerned agencies and schools in the country and was formally launched by the Chairperson, National Council of Bhutan during the celebration of the IACD, 2013 amidst an audience of educationists, public officials, media, teachers and students. Its findings were extensively covered in the last report. However, it is again included in this report because of its significance, for further discourse and most importantly to underpin the pressing need for collective and mindful effort towards developing a concrete plan of action. The ACC, besides using the survey findings in its interactive sessions with various target groups and some in-house analysis, it has not been able to do anything with the report.

Some salient findings of the survey are:

85% of the student respondents experience the positive impact of meditation, 79% realize the important role of religion in shaping their lives, 64% assert that they are well behaved even in the absence of supervision, more than 78% of the student respondents are taught the values of accountability by their parents, more than 71%

say that they take care of school properties the same way that they handle home equipments, more than 55% are happy with what their parents provide and 82 % of the respondents are aware of how school funds are utilized.

While there are positive revelations (there may be inherent incompatibilities), there are revelations that are disconcerting and cannot be ignored. Such as, more than 54% (59.4% & 42.7% from students in urban areas & rural areas, respectively) of the student respondents believe that they have to lie or cheat occasionally in order to do well in life; more than 43% of the student respondents are willing to lie/bribe/use influence to get admission into a better school; more than 49% would lie to their parents and teachers to get out of a difficult situation; and more than 51% (50.1% and 18% from classes VII & XII, respectively) of the student respondents would not report against a friend cheating in the exams.

The ACC acknowledges the Ministry of Education's noble initiative of "*Educating for GNH*". This report is expected to compel all stakeholders to take stock of the policies and strategies on development and investments as a whole, value education, strengthen the existing delivery systems and explore more effective ways to instill values and integrity in the youth, thereby contributing to building an awakened citizenry. There are multiple dynamic factors that influence the youth and hence the actors of the multiple factors have to work together and not leave the great onus on the ministry alone. Besides, in aspiring to change the youth the environment within which the youth is nurtured has to first change. The behavior of the youth is a response to the wider happenings, socio-culture-economic-politics.

The ACC believes that education, as the most sustainable anti-corruption measure, is core to building a responsible, ethical and an awakened citizenry that is core to the fight against corrup-

tion and in ensuring a vibrant democracy for a strong and harmonious nation. Only such a citizenry can demand ethical behavior from public servants in the delivery of public services.

Standardized Assessment Methods and Transparent Systems

National Integrity and Anti-Corruption Strategy (2014 - 2018)

As reported in the past, the implementation of the NACS 2009 by the three branches of the Government, constitutional bodies, armed forces, civil society, media and the private sector has made some progress over the past five years. Besides the lack of ownership by the key institutions of governance, there was also an inherent weakness in its monitoring.

Towards ensuring more conscious and robust institutionalization, the implementation of NACS has been included as one of the KPIs under the NKRA of "*Corruption Reduced*" in the EFYP. The budgetary agencies will be required to report on the progress of the NKRA and the KPIs through the existing PlaMS directly to the GNHC and other agencies will report to the ACC.

Thus, in a move towards sustained, concerted and result driven effort, NACS 2009 was reviewed by a team of three consultants, from BIG, Switzerland and RIM, with the generous support from the SDC. The review reconfirmed the lack of ownership, absence of communications strategy, lack of effective monitoring mechanism and perception of NACS as the ACC's mandate.

Drawing lessons from NACS 2009, a new NI-ACS 2014-2018 has been developed with six strategic objectives which in essence remains the same as in the earlier NACS: 1) ensure political will, promote leadership and integrity; 2) promote cooperation and partnerships; 3) raise



Political Will

Cooperation and Partnership

Corruption Risk Assessment

Awareness and Integrity Education

Institutional Capacity

Legal and Regulatory Framework



Mainstreaming National Integrity and Anti-Corruption Strategy



awareness and foster integrity education; 4) mitigate corruption risks; 5) strengthen institutional capacity by enhancing prevention and standardizing systems and 6) strengthen the legal and regulatory framework. The strategy contains new approach on reporting mechanism and a broad implementation matrix.

The ACC presented the NIACS to the Cabinet and the CoS in February, 2014, who are prime movers for its implementation. An important outcome of the meeting was to incorporate the implementation of NIACS in the GPMS initiative.

As the ACC lacked the in-house capacity to develop and design clear indicators and processes to measure and monitor the implementation of NIACS across agencies, support from NKRA-Against Corruption (it is one of the seven NKRAs of the Malaysian Government Transformation Program), Malaysia was sought to assist it in designing a comprehensive implementation approach for NKRA “*Corruption Reduced*”.

A three day workshop on the implementation of NIACS was conducted in Thimphu from 5-7 March, 2014. Over fifty participants representing the legislature, judiciary, executive, constitutional bodies, dratshang, corporate entities, financial institutions, armed forces, CSOs and political parties attended the workshop. The Minister of Economic Affairs, who is also the vice chair of the GPMS, graced the occasion. It was facilitated (pro bono) by two resource persons from NKRA-Against Corruption. The Malaysian Government’s rich experience of transformation programs under the leadership of its Prime Minister is insightful and inspiring.

The objectives of the workshop were to: (i) identify indicators, (ii) review internal and external reporting/monitoring mechanisms, (iii) develop a communications strategy, (iv) identify capacity development needs and (v) develop an action plan.

A six member team from the RCSC, ACC, GNHC, MoHCA, MoWHS and RMA is currently consolidating the outputs from the workshop and strengthening the NIACS implementation matrix. There will be an official launch of the NIACS 2014-2018 by the Government followed by a series of activities with various entities, jointly and bilaterally.

Corruption Risk Management (CRM)

The CRM is an in-house risk assessment and management tool that the ACC has been pursuing since 2010. The ACC facilitates the conduct of CRM in the agencies either upon the request of agencies or proactively.

During the reporting period, the ACC facilitated the conduct of CRM in the NC, Trongsa Dzongkhag Administration, BoBL, BPCL and within its own organization. Till date, 23 agencies involving 747 participants have undertaken CRM; 2 ToT involving 77 internal auditors of various agencies were also conducted. The ACC, upon the conduct of the CRM would monitor the implementation of the action plan on a bi-annual basis.

The CRM in BoBL was conducted in the human resource services. Favoritism and nepotism in recruitment, promotion and nominations for trainings and scholarships and abuse of discretionary power were some of the major risks identified during the workshop. Probable causes to these risks were identified as unchecked discretionary power; lack of integrity, accountability, check and balance and transparency in the systems. To enhance transparency, accountability and professionalism in the administration of human resource services and to build a culture of integrity within the organization, the workshop recommended the initiation of an aggressive integrity education, formulation of a clear HR policy, institution of a “*grievance redress mechanism*” and awareness and enforcement of the code of conduct.

As requested by the NC, the second round of CRM was conducted in the organization with the objective to work towards minimizing corruption through *'leading by example'* and to serve as a constant reminder to the house to be mindful of one's actions, uphold integrity and to exert self policing. It was also a familiarization exercise for the new members as well as invitation of new ideas and recommendations for further systems improvement. Recognizing the vulnerability of the services identified during the conduct of the first CRM, conducted in 2012, the second exercise also emphasized on the three services, namely legal review process, trainings and daily subsistence allowance claims by the members.

Some of the major risks identified during the workshop were members being politically affiliated, thereby, leading to influencing of voters, review of policies/laws being influenced by vested interest groups overlooking national issues, policy corruption, favoritism/nepotism, false claims, information leakage and bribery. The workshop among others recommended the publication of voting records, signing of pledge to uphold integrity and carry out functions in the best interest of the nation during oath of office, periodic reminders, assessment and monitoring of members by the House Committee, conflict of interest management, transparency in ex-country and in-country training nomination procedures through circulation of the minutes of meetings, institution of a protocol on internal meetings and trainings, review of electoral laws to prohibit personal pledges and most importantly-self policing.

After the first CRM, the NC, in promoting good governance measures alias integrity promotion initiatives have developed an orientation manual and created awareness of the same among the members, instituted a grievance redressal system in the NC secretariat and has reviewed the rules of procedure.

was conducted in the human resource services involving recruitment, promotion, trainings and transfers. A few of the major risks identified were abuse of authority, favoritism and nepotism pointing towards unchecked discretionary power, lack of integrity, accountability, transparency and professionalism in the overall administration of human resource services. The workshop recommended the review of its draft Service Manual within the broad framework of Recruitment and Selection Regulation 2012 and Labour and Employment Act 2007; formulation of a clear HR policy; institution of an HR auditing system; enhancement of transparency and accountability in HR activities; and development, awareness, stringent implementation and monitoring of the code of conduct.

The In-house capacity of Bhutan Post Corporation Limited to conduct CRM has been built. As strongly indicated in the workshop feedback, the ACC has advised it to conduct CRM in the procurement and finance. It is expected to be conducted in the third quarter of the year.

The CRM workshop in Trongsa Dzongkhag Administration was conducted in *"procurement of works"*. Bribery of public officials, collusion, muster roll manipulation, embezzlement, bill manipulation, favoritism/nepotism, fronting and bid rigging were some of the major risks identified during the workshop. The causes as identified by the participants were lack of integrity, professionalism, check and balance mechanisms, timely monitoring, stringent enforcement of rules, accountability and absence of clear guidelines. The workshop identified, amongst other good practices, the need to create awareness and strict enforcement of the guidelines, policies, systems, procedures and codes of conduct. Fixing accountability, taking responsibility, proper follow up and monitoring, enhancing skills and conflict of interest management were some of the other measures identified. From this CRM, it reconfirms that though systems, rules, procedures, guidelines, etc. are

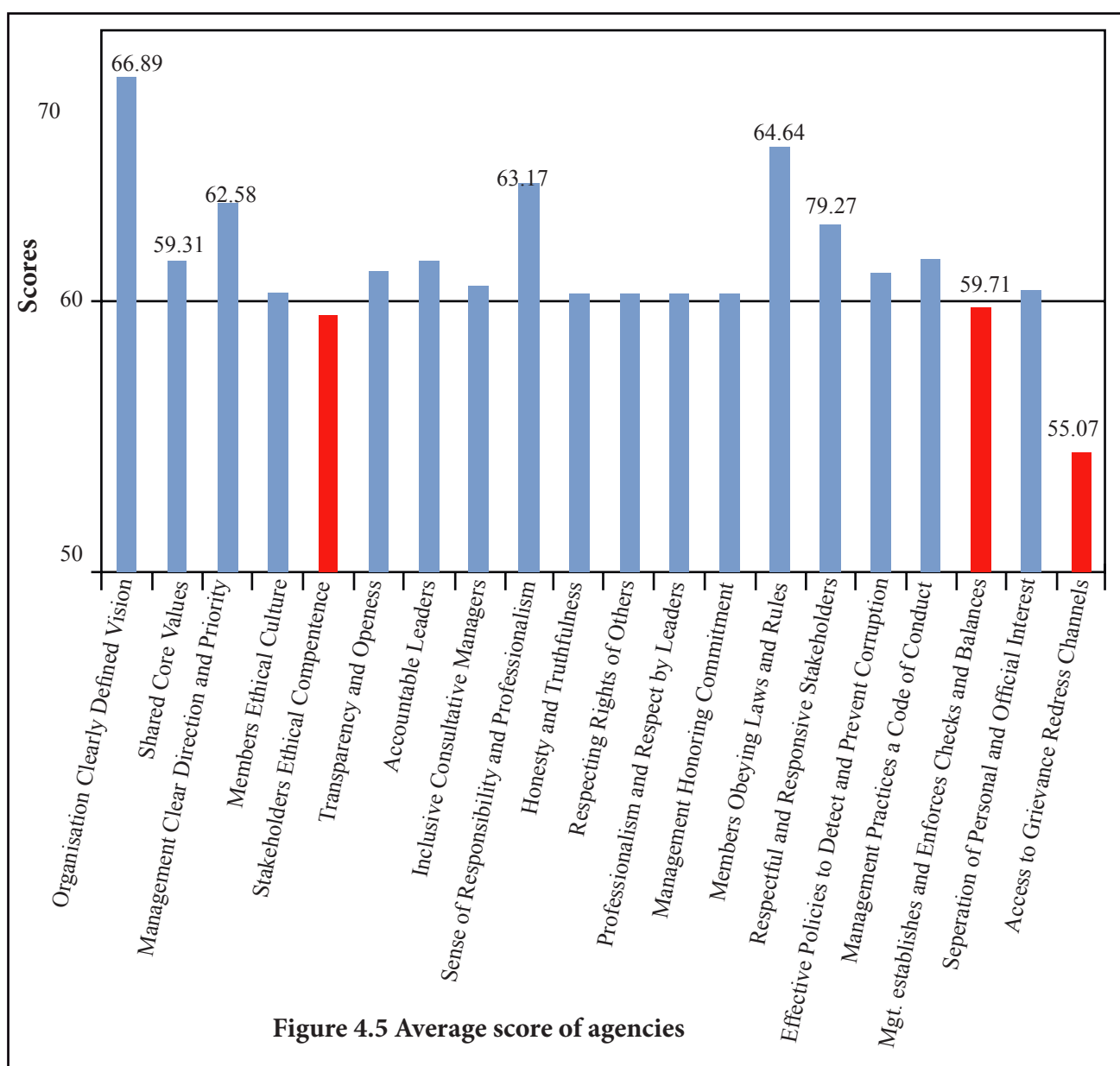
The CRM for Bhutan Post Corporation Limited

in place, their implementation and monitoring is starkly lacking.

Initially, the primary focus was on building the capacity of agencies in how to conduct CRM through the involvement of IAs and the agencies themselves. The ACC emphasizes that the CRM, among other tools, has to be an integral part of an agency's management and administration system and it has to take ownership of the CRM action plan and make conscious efforts in implementing the recommendations to strengthen its internal governance system. The ACC, within its own limitations, will continue to support the agencies.

Integrity Diagnostic Tool

Integrity Diagnostic Tool is a preventive organizational self assessment tool that identifies organizational strengths and weaknesses based on the four pillars of compass, character, conscience and control. The tool involves three basic steps of (i) diagnosis-which is done through administering of a questionnaire across all sections of employees in the organization; (ii) analysis-segregation of the data (overall, by department, by years of service, by gender, by positions), analysis of the same and identification of strengths and weaknesses as learnt from the results; and (iii) treatment-the results are communicated to



the respective agencies who are then expected to further study them, identify within themselves the probable cause for the low scores, study and improve upon the existing measures, study and develop further improvements in the systems and integrate integrity promotion instruments in the organization through development of a time bound action plan.

The IDT is simple management tool which the agencies must institutionalize in their system and administer it from time to time to check their organizational health. As mentioned in the earlier report, for the integrity diagnosis to be meaningful and effective, it is vital for the leadership of an agency to build the confidence and trust in the employees to enable them to be truthful and the employees in turn have to be objective.

Till date, the ACC has administered the tool in thirty agencies involving 1175 participants. Figure 4.5 shows the average scores of the parameters of the agencies where IDT has been admin-

istered. Organizational strengths, as shown by the scores, indicate clear and well understood vision and mission, direction and priorities consistent with vision and mission and trustworthy, responsible and professional members who obey rules and regulations.

The weaknesses identified point out the need to have checks and balance mechanism in place with stringent supervision and monitoring, establishment of proper grievance redress mechanism and the requirement to create awareness and build the ethical capacity of stakeholders.

The diagnosis creates a baseline for organizational integrity interventions to track progress and demonstrate integrity gains in an agency. Benchmarks can be set against the current (or baseline) profile or a target threshold. Changes in the profile can illustrate gains or gaps in integrity development over time. Further, the profile can also be compared with those of other agencies. Figures 4.6 and Figure 4.7 show the comparison between corporations and dzongkhags respectively.

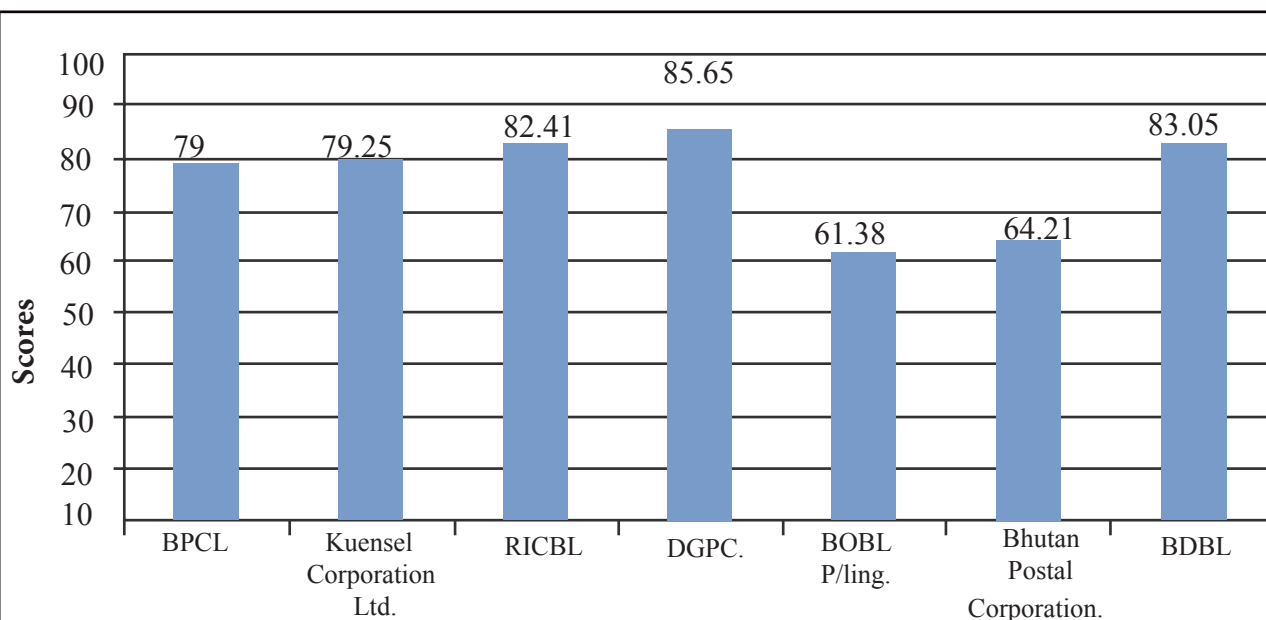


Figure 4.6: Organisational integrity scores of corporations

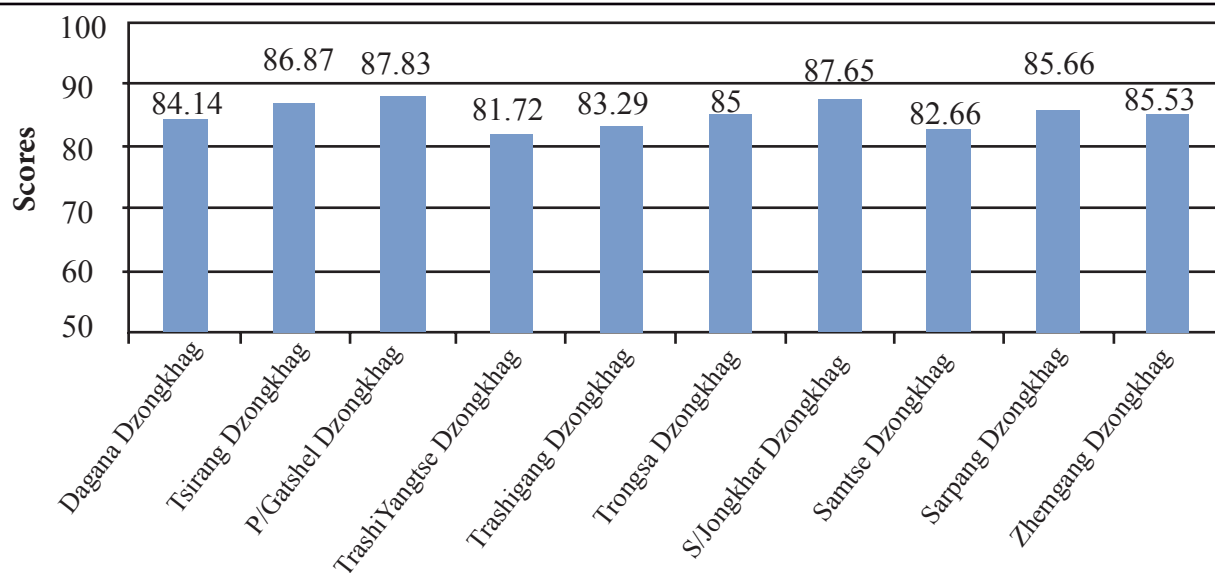


Figure 4.7 Organisational integrity scores of dzongkhags

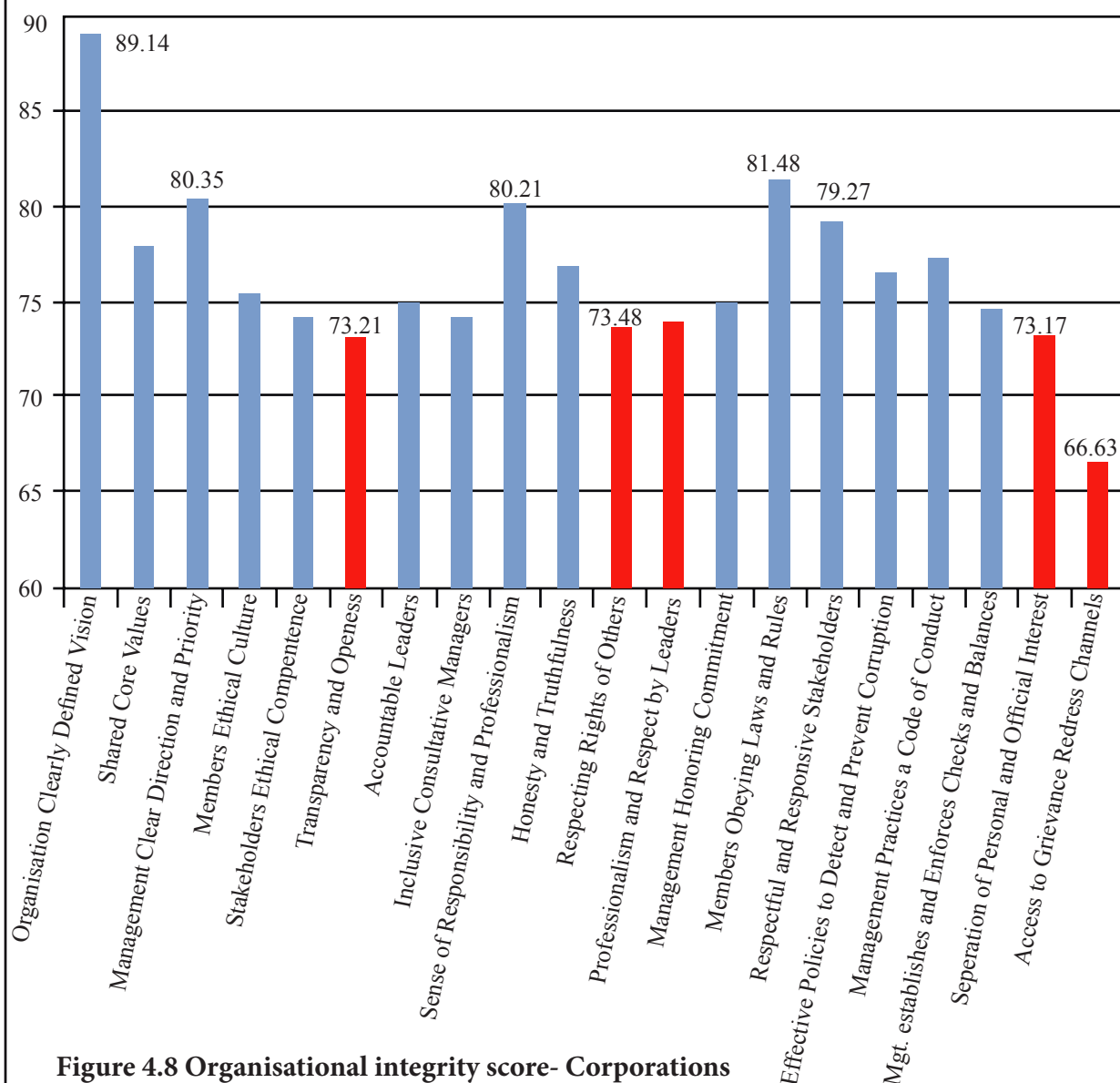


Figure 4.8 Organisational integrity score- Corporations

Figure 4.8 presents the average scores for corporations where IDT has been administered. Analysis of the IDT scores of corporations also point out clear vision/mission, trustworthy/responsible employees and adherence to rules and procedures. The analysis also suggests improvements to be made in enhancing transparency, fairness, openness and respect for others. The results also suggest the need to distinguished between official and personal interests and the need to establish and enforce a grievance redress mechanism.

National Integrity Assessment 2012

The major findings of the NIA 2012, second such survey, were submitted in the last report. NIA is *“an assessment of whether, in an agency, a public official follows standard procedures in providing public services fairly and transparently and that the services are not processed based on personal propensity towards a special condition or inducement”*. The NIA survey is conducted every three years in collaboration with the NSB. The survey is based on the first hand experience of service users over a definite period of time. The first NIA survey was conducted in 2009. The second survey was conducted in the beginning of 2013 covering 379 services from 67 agencies and involving 107 departments/agencies. The assessment was based on the services provided in the year 2011 by the concerned departments and assessed both the external (service users) and internal (service providers) clients.

The National Integrity score is 8.37 on a scale of 10-highly transparent and 0-highly corrupt fulfilling the ACC’s EFYP KPI. The NIA report was published in August and was distributed to all agencies by September 2013. The NIA results have been segregated agency-wise, analyzed and shared with all the 67 agencies. The agency specific results have been presented and discussed with ten agencies, namely NECS, DRA, MoWHS, Samtse, Thimphu, Trongsa

and Zhemgang Dzongkhags, BDBL, BOBL and BNBL along with recommendations for better service delivery.

In addition to the other good practices of the agencies, the NIA results will enable the them to identify areas that require attention in the process of service delivery and address them proactively. They can also strive towards achieving a higher score during the next NIA survey through integration of holistic integrity promotion measures in the day to day functioning, systemic improvements and effective monitoring.

The next NIA will see comparisons between agencies and the information will be made public.

The ACC will engage the agencies more productively to minimize the limitations of the survey in the third round.

Towards Better Coordination and Meaningful Cooperation

Section (9) of the Anti-Corruption Act requires the Commission to, while exercising its power or discharging its function, as far as practicable, to work in cooperation with other governmental or non-governmental bodies. The ACC, in order to establish a guiding framework for collaboration to underpin effective functional relationship with relevant bodies without prejudice to respective institutional independence and statutory mandates under respective legislation, signed MoUs with OAG, RSTA, CDB and MoFA.

Last year the ACC signed MOU with OAG (5 April) to provide a clear understanding of respective roles and responsibility during the investigation and prosecution of a case, to improve the efficacy of prosecution and to implement strategies to enhance the quality of investigation and of the case presented at the trial; with the RSTA (6 August) to provide online access to e-RaLIS (e-Registration and Licensing Infor-

mation System) by the RSTA to the ACC; with Construction Development Board(19 September) to set forth policies and procedures for the use of e-Tool (electronic evaluation tools-new point based system), registration data (CRPS) and sharing of other relevant information; and with the MoFA (30 December) to provide access to passport database and other information as may be deemed necessary.

As per the direction setting for 2014 (Section 2), MOU with about eleven agencies are expected to be signed this year including the one to be signed between the ACC, DLG, MoHCA and RIM on social accountability. As also mentioned under Section 3, a guideline for investigation and prosecution of private sector corruption has been drafted for clear coordination and cooperation between the ACC, OAG and RBP.

Status of the Regulations

Debarment Rules

The Debarment Rules 2013 (Rules), drafted in accordance with Section (40) (3) of the Anti-Corruption Act of Bhutan 2011 to ensure the conduct of business with responsible persons or entities by public agencies, has been finalized, translated into Dzongkha and printed. The dissemination and release of the Rules, which had been planned for early 2014, has been delayed because the MoF is yet to constitute the Debarment Committee.

A meeting of the implementing partners, namely the ACC, MoF, MoEA and CDB was convened on 4 November, 2013 and discussed the constitution of the Debarment Committee and the modalities of operationalizing the Rules including public advocacy and awareness programs.

Gift Rules

The Regulatory Impact Assessment unit of the Cabinet Secretariat cleared the amended Gift

Rules. It has been now been finalized and translated into Dzongkha with expert input from the Dzongkha Development Commission. The Rules will be printed and distributed soon for implementation. Dissemination sessions to educate the general mass on the Rules will also be conducted before its enforcement.

Ratification of United Nations Convention Against Corruption

The UNCAC is one of the most dynamic international conventions and also has one of the highest membership. With the UNCAC self assessment exercise completed, unlike many countries Bhutan's anti-corruption legislation is based on the UNCAC provisions. Therefore, ratification for Bhutan is more symbolic. The ACC has written to the Cabinet and the Ministry of Foreign Affairs for ratification.

Social Accountability (SA) Tools :Lending Meaning to WangsteChirpel

In most situations, the spirit and practice of democracy is often reduced to the ritual of elections with very little emphasis on engaging the citizenry with institutions of the state in an organized and sustained manner. Citizens' engagement is no more a matter of choice but a development imperative, quintessential *Wangste Chirpel*. Constructive citizen engagement in policy prioritization, budget allocation, expenditure tracking and monitoring results is essential for just and equitable development, which characterizes a strong and vibrant democracy. SA is one such tool that offers effective means to help leaders shift from sloganeering to concrete and mindful result driven action plans. In essence, it is the spirit of a functional democracy, the process through which citizens exact responsiveness and accountability from their representatives and the public servants.

For an enhanced anti-corruption effort, it is essential to involve citizens in monitoring govern-

ment performance, demanding and enhancing transparency and exposing government failures and misdeeds. SA mechanisms, which empower citizens, are potentially powerful tools against public sector corruption and poor service delivery. By enhancing citizen information and voice, introducing incentives for downward accountability and creating mechanisms for participatory monitoring and citizen-state dialogue and negotiation, SA mechanisms can make an important contribution to more informed policy design and improved public service delivery. This will compliment the ACC in building citizen's trust in the public institutions. Figure 4.9 presents the four broad strategies for building social accountability capital.

However, demanding accountability and entitlements as a matter of right is undesirable and will generate confrontation and antagonism instead of fostering a spirit of collaboration and cooperation. Therefore, the initial phase of the implementation of SA tools has to be managed sensitively and focused on promoting an environment of trust, confidence and partnership.

A workshop on SA, first-of-its kind in Bhutan was conducted in August 2013 as an initial

step to sensitize key stakeholders including the government, polity, civil society and the media about the core concepts and practices of SA and provide an open and inclusive platform for discussion and exploration of avenues to embed pilot initiatives in the country.

This workshop recommended a roll out of SA tools. Accordingly trainings on CSC, CRC and BAA were conducted in December, 2013 and February, 2014 in Gelephu, Samtse and Zhemgang.

The trainings have been well received by the participants representing central agencies (DLG, DIT and ACC), parliament, civil society organizations, media, training institutes, district administration, local government representatives and gosheynyensheys (wise village elders). The participants expressed the need for capacity development at the grass roots to be able to understand transparency and accountability and to demand them from the service providers and to also have a platform to engage citizens and the Government in providing constructive feedback.

As a follow up of the CSC training at Gelephu,





Social Accountability

"Lending meaning to Wangtse Chirphel"



Votes

Voices

to

Citizen Report Card
Community Score Card
Budget Analysis and Advocacy



Interviewing community members during CRC exercise

an awareness workshop was co-organized by the DLG and the ACC with the support of the Gewog Administrative Officer of Lingbukha Gewog, Punakha in February, 2014. Aum Dorji Om of Lingbukha Chiwog, a participant at the training said, *“The workshop really helped me in understanding that, we the people also have a responsibility and it should not be left only to the Government”*. RIM facilitated the training.

The next training will be on social audit which is an in-depth scrutiny and analysis of the working of any public service apropos its social relevance. After introduction of these four SA tools, a comprehensive action plan will be drawn in addition to the action plan of the three initial tools (CSC, CRA and BAA). Since the DLG has a larger outreach to the grass roots and local governance being its jurisdiction, it will take the lead role to roll out the SA tools, with technical support from the ACC, if needed and local expertise delivered by the RIM. A, MOU will

be signed amongst the three partner agencies for better results in rolling out SA initiatives and clarity of responsibilities.

The authorities, national and local, have to play a more active role in sustaining the important initiative through conscious confidence building measures. SA will be a total failure in an environment of fear with the looming risk of reprisals.

Corruption generally occurs because of lack ethical competencies, weak tenets of governance system and changing value systems. By virtue of the inextricable multifarious dynamics and every individual and entity, either as a potential perpetrator of corruption or its victim, is an important stakeholder in the fight against corruption. This cardinal fact cannot be stressed enough. Besides, if institutions such as the Judiciary, RCSC, RAA, media and CSOs are strong, ACC is not required and this is its ultimate goal.

“

Citizens’ engagement is no more a matter of choice but a development imperative, quintessential Wangste Chirpel.

”

**Strengthening
Cooperation**

**Building
coalition
against
corruption**



Memorandum of Understanding
"Platform for collective action"

SECTION 5

A CHALLENGE : LACK OF COORDINATION AND COOPERATION

This year the report highlights the challenge of immemorial and perennial problem of lack of coordination and cooperation among agencies that plague the system. Investigations into the earthquake relief fund management in Paro, illegal immigration and emigration, INR repatriation and embezzlement of huge fund in Bangkok amply exemplify the challenge. As the investigations indicate, the cost to the State is huge. Further, the pilot studies on the administrative burden due to superfluous rules and procedures conducted in three service areas, namely, driving license (RSTA), micro trade license (MoEA) and building clearance (TCC) may also allude to other price that the State may be paying. Administrative burden in the issuance of (i) driving license was Nu.29.123 million (Nu. 13.7 million for service recipients & Nu. 13.7 million for service provider), (ii) micro trade license was Nu. 98.025 million (Nu. 88.867 million & Nu. 9.158 million) and (iii) building clearance was Nu. 40.321 million (Nu. 23.724 million and Nu. 16.597 million) (source: ACC Annual Report 2008, page 22). Further, lack of coordination and cooperation may also undermine larger national stake, when offences may go beyond simple breach of laws where normally the concerned enforcement agencies would simply impose penalties and let go.

Why is coordination and cooperation among agencies such a challenge despite the commonsensical benefits? Tom Rieger, author of the book titled, *“Breaking the Fear Barriers”* claims that such culture emanates from fear of losing power, resources, decision rights and respect, among others. Fear compels employees and managers to protect themselves by creating seemingly impenetrable barriers fortified by rules and practices that benefit one group while harming others. The barriers manifest themselves in agencies as bureaucracy, organizational inefficiency and inertia. The top three barriers of the bureaucracy

pyramid are (i) parochialism, (ii) territorialism and (iii) empire building. In such an environment, agencies and people work in silos, process becomes outcome, stifles productivity and success, leads to organizational malaise or even destruction.

Further, commonly reported barriers to inter-agency coordination and cooperation include the lack of mechanisms for sharing confidential data among agencies, lack of guidance with regard to interagency coordination, legal barriers, differing agency structures and culture and absence of shared accountabilities.

There is strength in working together, agencies mutually reinforce each other, sharing of information and resources avoid duplications, save resources and produce more effective results. Unified by the larger goals, the reality of limited resources and for better outcomes, heads of agencies have to collaborate and seamlessly work together. Removing barriers takes a strong commitment from the top. Results can be transformational.

Focusing on coordination and cooperation among law enforcement agencies, they could develop formal and informal relationships to facilitate routine cooperation; joint training to foster trust and an appreciation of each agency’s role; and early involvement by multiagency partners in the development of preparedness and response strategies and procedures. From the ACC’s experience in this area, an important precondition is that the heads of agencies have to collectively take the initiative and work together with a clear plan of action and outcome. Signing of MOUs is a move towards it, but has to go beyond mere signing.

An effective information exchange with clear protocol is a requisite for the success of any

investigation or law enforcement. The enforcement agencies can use technology to find patterns and connections of crime through searchable database, biographical information, biometrics, travel histories, criminal histories and financial records. The law enforcement incident reports, records of judicial actions and decisions and watch lists of known and suspected criminals are all essential sources of vital data that provide accurate, timely and complete information to the enforcement agencies.

Few best practices of effective information sharing and coordination among enforcement agencies adopted by a premier international enforcement agency are presented below. The format can be adapted to the local situation and to cover sharing of other important information and data maintained not only by the enforcement agencies but others as well.

Law Enforcement Information Sharing Center: It can serve as focal points for receipt, analysis, gathering and sharing of information within the government, regional and local partners pertaining to volumes of subject records related to persons of interest, including suspects in smuggling, fraud and a wide range of other cases. It is a web based data exchange platform that allows enforcement agencies to rapidly share and access data related to criminal and national security investigations that can provide secure and online information on incident, arrest, conviction, imprisonment and other reports.

Joint Task Forces: It would represent willingness to share information among agencies and across all levels of government. The partnerships would rely on new policies, standards and systems that provide users the ability to collaborate and share information and results in exchange of operational data reports, case files, and similar information on both open and closed investigations.

Nationwide Suspicious Activity Reporting Initiative: It would facilitate reporting, tracking and accessing any untoward activity and emphasize the importance of reporting suspicious activity to the proper national and local law enforcement authorities. The nation-wide public awareness campaign like *'If You See Something, Say Something Initiative'* would serve as a simple and effective program to raise public awareness on indicators of crime or corruption.

Technology can play a vital role in combating crime. Law enforcement agencies can enhance their effectiveness by integrating technology and coordinating their operations. As per the information obtained from the MoIC, all government agencies are connected to Thimphu Wide Area Network which is a dedicated, secured and high speed network that will enable better sharing of government information. As long as the information is online, it could be accessible to all other agencies with high speed download. This network is expected to be connected to all 205 gewogs and will bring all government offices within the fold of the whole government system. The MoIC is also in the process of establishing the long awaited government data center to improve public service delivery and avoid duplication of investments among the government agencies in maintaining their own data center. This offers great opportunity for effective coordination and cooperation among agencies.

Technology, however, is just the hard infrastructure. Unless the parochial and territorial culture in the public service changes, the state of the art technology becomes irrelevant and the perennial problem will fester. The Cabinet and the CoS have to lead the change. Walls have to be torn down; policies and mindset have to change; and collective accountability has to be fixed before the State continues to suffer from further loss.



Accountability
Integrity
Integrity Leadership
Credibility
Fearlessness Emp
Credibility Transparency
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Leadersh
Integrity
Accountability
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Transparency
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Integrity
Leadership
Empathy
Integrity
Transparency
Empathy

Team work
Humility
Creativity
Tenacity of purpose
Expediency
Impartiality
Creativity
Humility
Professionalism
Humility
Impartiality
Humility
Impar
Impartiality
Expediency
Professionalism
Result-driven
Humility
Professionalism
Tenacity of purpose
Creativity
Humility
Expediency
Professionalism
Humility
Creativity
Humility
Result-driven
Tenacity of purpose
Creativity
Humility

Social Work

Beyond investigation.....

CONCLUSION

The Annual Report 2013 once again presents an impressive list of activities that the ACC, in collaboration with its partners, has initiated and implemented. During this reporting period, a priority was on enhancing citizens' participation in the fight against corruption in particular and governance in general through aggressive dzongkhag and gewog awareness and advocacy programs reaching out to about 20,605 people in 126 gewogs of twelve dzongkhags, introduction of SA tools in an endeavour to lend meaning to *wangste chirpel* and the sovereign power that lie in the hands of the people. However, in lending meaning to the political expressions of democracy, national and local government leaders' support towards citizens' engagement program have to be more demonstrative and visible.

Another priority was been on instilling the value of shared responsibility premised on mutual understanding, trust and confidence generated through dialogue sessions with agencies (six agencies and 248 participants), signing of MOUs and building a critical mass by engaging De-Suups (447) gewog administrative officers (122), youth (6391), ROs' representatives (about 90), engineers, contractors and procurement officers (67). Engagement with over 27,616 representatives from the public and private sectors and youth during the reporting period has built a huge social capital, working to a ratio of one engaged person to about 24 citizens. In the last eight years, the ACC would have engaged over 70,000 people. Youth, representatives of religious organizations, leaders and citizens are considered as vehicles of change. Is the multiplier effect palpable?

The corporate entities have been more proactive and responsive than the government agencies.

Further, as NACS 2009 faced implementation challenges, it was reviewed and NIACS 2014-2018 was formulated. It is a comprehensive integrity promotion and anti-corruption document,

which is identified as a KPI under the NKRA of "*Corruption Reduced*" in the EFYP. For it to be successfully implemented, its ownership has to reside primarily with the Government and the other key institutions such as the legislature and judiciary. Its success will lie in how these institutions embed it in their internal governance system and behavioral standards.

The complaints and cases once again tell the same story of absence or weak compliance regime for the code of conduct and ethics, weak oversight, internal control systems, accountability and enforcement of laws, reluctance to cooperate and coordinate and public distrust in the agencies. The content of the complaints have generally remained the same but reportedly being more tainted with politics. The investigations reconfirm that no agency is free from corruption, difference being only in the degree of perpetration and that there will always be some people who will not even spare the nation and the anguished fellow citizens for their own illicit benefit. It also conveys that regardless of the aggressive awareness, advocacy and other engagement programs, agencies and individuals will continue to choose to do what they want to do. Unless the deep culture of tolerance for corruption and "*kidu*" change and effective and no-nonsense accountability systems are put in place, it may not be misplaced to opine that the impact of all other interventions will have minimal impact in the fight against corruption and integrity promotion measures. Hence, the ACC will continue to be burdened with investigations. This incidentally provokes another issue i.e. ACC's independence.

The ACC has been persuasive about its "independence" because of its investigative mandate, potential risks associated with the political climate, commitment to build itself into an incorruptible, credible and fearless institution and besides, it is guaranteed by the Constitution of the Kingdom. Negotiation and tinkering with the rules belie the political commitment to fight corruption. It is not

important what institutions such as the ACC desires but what the Government considers critical based on what the country needs now and in the future.

In conclusion, a simple but essential and compelling question to be asked is, *“Are we committed, in body, speech and mind, to building a more just, caring, responsive, ethical and professional public service that is characterized by active civic engagement, ensuring quality service from the basics such as drinking water to higher service of justice and security?”* The corollary questions are, *“Is corruption a serious challenge in Bhutan? Are the key institutions of governance serious about fighting corruption? Or are they simply satisfied with the appearance of ACC doing something? Do their leaders have the will to take hard decisions? Do the people and the Government want a strong, effective and a fearless ACC?”* Many people will have many varied answers to the questions. For the ACC, the simple test lies in the plans and priorities of the key institutions of governance towards building ethical leadership, ethical systems and ethical public servants, timeliness of actions taken against perpetrators of corruption, appropriateness of the actions themselves and in general the tone that the leaders set in their commitment to promote integrity and fight corruption. The key institutions are the legislature, judiciary, executive, constitutional bodies, law enforcement agencies, corporate entities, political parties, media, civil society organizations and private sector.

The ACC is convinced that corruption in the country’s evolving democracy is a serious challenge. The trend of unsustainable, dispassionate and disparate action by few institutions in a deeply regulation driven culture has to shift to coordinated and concrete actions targeted towards behavioural change, shifting from regulation driven culture to stimulation. Integrating NIACS 2014-2018 into the EFYP and anti-corruption measures into the GPMS, introduction of e-learning on ethics and anti-corruption in the Parliament and Judiciary, National Council con-

ducting CRM (part of NIACS) and the modest social accountability initiatives are positive developments. However, the impact will again depend on how they are implemented, monitored and accountability fixed thereof.

Admittedly, the political commitment to fight corruption is embedded in the GNHC Chairperson’s forward of the EFYP document, which states, *“... good progress in laying a strong foundation for our democratic process ... much remains to be done in ... strengthening it through greater transparency, efficiency & accountability in the political & administrative processes. Most significantly, combating corruption in all its forms must remain an utmost priority”*. This is echoed in the ruling party’s 2013 manifesto on good governance, which states, *“... we adopt a policy of zero tolerance to corruption. It will not only be reiterated in words unlike in the past but the PDP will ensure that corruption is not tolerated in any form...”*.

Further, the EFYP also mentions that, *“In particular, strengthening and supporting institutions combating corruption must be accorded high priority as there is no room for complacency when it comes to addressing this challenge”*. The national goal of self reliance and inclusive green socio-economic development cannot be achieved if corruption prevails. Perpetual dependence on aid and imbalanced growth will undermine sovereignty and security of the nation and the well-being of her people.

Political statements are important and they have to be made but they are as good as their implementation, in body, speech and mind.

Bhutan has enjoyed impressive economic growth and continued stability. However, despite the GNH and the impressive socio-economic development, the society may be paying a costly price with unabated material pursuit that hits the very essence of GNH i.e. contentment, growing income disparities, deep distrust within communities and in the institutions of governance and

youth disgruntlement, among others. The emerging political milieu is a harbinger of great challenges, which may potentially embed corruption in the larger governance system. This was also highlighted in the last report. There is a poten-

tial risk and unless the leaders address the larger national issues concertedly and mindfully, the ACC's efforts will be a travesty of fighting corruption and promoting integrity.

“

It is no longer a question of whether we can do it or whether we can't. It is a question of whether we get up & do it. It is a question whether we care enough about our future.

~His Majesty, NGOP, 2013

”

“

May all sentient beings be free from wanting to be praised and not wanting to be criticized, wanting to gain and not wanting to lose, wanting to be famous and not wanting to be ignored and wanting to be happy and not wanting to be unhappy.

Sarva Mangalam!

”

GLOSSARY OF DZONGKHA WORDS

Chorten-	Stupa
Dagchong-	Administration
De-suups -	Guardians of Peace
Drangpon -	Judge or Justice of Royal Court of Justice
Dratshang-	Monastic Body
Drubkhang -	Hermitage
Druk -	Bhutan
Dungkhag-	Sub District
Dzongda -	District Administrator
Dzongkha-	National Language
Dzongkhag -	District
Dzongkhag Court-	District Court
Dzongkhag Tshogdu -	District Council
Gewog Dakchongs -	Gewog Administrators
Gewog -	County
Gup -	Head of gewog
Jabmi -	Legal counsel
Kasho -	Written Order
Kidu -	Welfare
Kuensel -	Bhutan daily newspaper
Lhakhang -	Temple
Mangmi -	An elected representative of Gewog, who is also a deputy Gup
Mongar Court -	Mongar District Court
Ngultrum -	Bhutanese Currency
Thromde Tshogdes -	Municiple Committee
Wangtse Chirphel -	Devolution of power

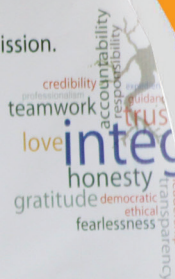
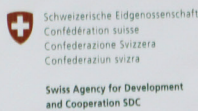
Youth's Voices

December 9
International Anti-Corruption Day

International Anti-Corruption Day, December 9, 2014
and
National Anti-Corruption Week, December 10-16, 2014
-School Debate Competition
on
ent generation upholds better values than the earlier generation.

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