



WE CAN **STOP** CORRUPTION!



*Destiny of BHUTAN lies in the hands of BHUTANESE*



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## ANTI-CORRUPTION COMMISSION

# ANNUAL REPORT

## 2007



**//**  
Commit not a single  
unwholesome action,  
Cultivate a wealth of virtue,  
To tame this mind of ours  
completely-  
This is the teaching of the  
Buddhas.  
**//**

**National prosperity hinges on quality of governance  
&  
governance on quality leadership!!!**

**// Lead by Example //**





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

***His Majesty, the 5th Druk Gyalpo***



**ACC**

*Annual Report*

**2007**





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## 1. INTRODUCTION

Vision 2020 envisions Bhutan as a nation of peace, prosperity and happiness. Gross National Happiness is the conscience, the beacon for the Royal Government's development policies and programme. It places people at the centre stage of all aspects of development and democracy vests sovereign power in the people. Bhutan, under the wise and caring leadership of her successive Druk Gyalpos indeed has witnessed unprecedented peace, prosperity and happiness. Bhutanese society has undergone dramatic transformation in its journey from subsistence farming to modernization. It has been the 3<sup>rd</sup> and 4<sup>th</sup> Druk Gyalpos' commitment to establish a system of governance that is responsive to people's aspirations and needs. They always placed importance on people's well-being and their active participation in the decision-making process.

The steady devolution of powers to the people with the establishment of the National Assembly in 1953, Royal Advisory Council in 1963, Cabinet in 1968, Dzongkhag Yargye Tshogdue (DYT) in 1981 and Geog Yargye Tshogdue (GYT) in 1991, devolution of executive powers to an elected Council of Ministers in 1998, enactment of Mechanism to Register a Vote of Confidence in His Majesty, the Druk Gyalpo in 1999, drafting of the Constitution in 2001, further devolution of administrative and financial powers to the GYT and DYT in 2003, introduction of adult franchise in 2004, establishment of two private newspapers in 2006, initiation of process towards the establishment of parliamentary democracy in 2008 and the 4<sup>th</sup> Druk Gyalpo voluntarily stepping down to make way for the future testify Their deep conviction in people's empowerment. Bhutan is indeed fortunate to be blessed with such wise and caring leadership.

As part of the ongoing political reforms and being deeply concerned over the growing corruption, the threat it posed to the very essence of democracy, stability and progress of the country, on December 31, 2005, the 4<sup>th</sup> Druk Gyalpo decreed that an

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

The Office of the Anti-Corruption Commission (OACC) was established on January 4, 2006. It is determined to fulfill the 4<sup>th</sup> and 5<sup>th</sup> Druk Gyalpos' and the people's aspirations for a morally pristine Bhutan but with the sustained and sincere support of the government and the people. Corruption is as ancient as it is universal and Bhutan is no exception. It is a global issue and fighting it, a global agenda. It breeds inequality and injustice, harbors disharmony and undermines the very essence of GNH.

Fighting corruption has to be a top national agenda with tough and concrete actions. The case-by-case and face-by-face approach should have no place at all in governance. Corruption is about values and human behavior, it is to do with individuals in relation to his/her family, community, organization, system and society at large. Therefore, the surest strategy is to begin the fight from within – with self. If every citizen truly lives by the simple rule promulgated by the 5<sup>th</sup> Druk Gyalpo, i.e. *"I will not be corrupt and I will not tolerate corruption in others,"* the battle is won.



## 2. ROYAL GOVERNMENT'S POLICY

Corruption is principally a governance issue - a lack of capacity to manage society by means of a social, judicial, political and economic checks and balances; weakness in the enforcement of laws and policies that ensure transparency and accountability. Someone said that getting good governance is not the whole answer, but of all ethos that kills the poor, none is as lethal as bad governance. Good governance has been the cornerstone of the government's development policies. The government continues to promulgate transparency, accountability, efficiency and professionalism, the hall-marks of good governance. To ensure continued justice, unity, peace and happiness of the people, institutions and systems are being established and people are being made aware not only of their rights but also of their fundamental duties, particularly in a new political milieu. Various judicial, legislative, administrative and civil service reforms have been introduced over the years, directly or indirectly impacting on the anti-corruption strategies.

Anti-corruption measures have been generally addressed through the good governance policies of the government and the important responsibility of taking anti-corruption initiatives resided in all agencies. In the late 1970s till early 1980s, there was an independent body called the Court of Vigilance. It had four members with Zhung Kalyon (Chairperson of Royal Advisory Council) as its chairperson. It reportedly functioned as a special audit and an investigation body. The Royal Audit Authority (RAA) was established in 1977. Corruption as an issue, however, was addressed only in 1999. When the 4<sup>th</sup> Druk Gyalpo graciously acceded to the repeated appeals of the ministers to commemorate 25 years of His glorious reign, He

expressed the desire that if at all the occasion had to be marked, it should help enhance the ability of the government to be sensitive and responsive to the needs of the people, that initiatives are taken to raise public awareness and prevent the evil of corruption from taking root in the society and to improve the morale of civil servants.

Papers on corruption were presented at a seminar attended by a cross section of people at the Royal Institute of Management (RIM), a limited sample study on forms of corruption was conducted by the Centre for Bhutan Studies (CBS) and a panel discussion was organized also at the RIM which amongst other issues covered corruption. The establishment of internal audit units in the ministries in 2003 is an outcome of the 1999 commemorative activity, the good governance initiative, "Enhancing Good Governance: Promoting Efficiency, Transparency and Accountability for Gross National Happiness."

Fighting corruption as a national agenda, however, featured only in the 2005 Good Governance plus (GG+) Report, which requires all public and private entities to take anti-corruption initiatives. Whether they are being initiated and implemented is, however, a different issue. The civil service reforms focus on professionalism, public accountability and effective and efficient public service delivery.

Service delivery per se is not the responsibility of the OACC but it is the responsibility of the line managers of public agencies. Every line agency has a role in ensuring good governance and hence fighting corruption. Fighting corruption is multi-frontal.

## 3. ANTI-CORRUPTION POLICY IMPLICATIONS

The anti-corruption policy must address the needs and expectations of all strata of society, particularly the helpless poor and the socially disadvantaged, who are the ultimate victims of corruption. It calls for a multi-frontal action involving citizens,

public and private agencies, media, NGOs and civil societies. Good governance, service delivery and anti-corruption measures are mutually reinforcing and engage everyone in a partnership role. All line managers and agency heads are responsible





and accountable for the performance of public servants in these areas. Therefore, the policy must prescribe a comprehensive, aggressive, visible and an action-result-oriented approach. There is a need to manage public expectations and perception through a public communication plan.

Further, the policy also has to pay special attention to prosecution and the judiciary. Investigation no matter, how effective, is pointless if it does not result in effective prosecution and adjudication. A strong and credible judiciary makes a strong ACC.

The OACC has a five-pronged anti-corruption strategy, viz:

- Prevent corruption proactively through public education;
- Pre-empt corruption proactively through correcting systemic flaws that spawn corrupt acts;
- Enforce the Anti-Corruption Act of Bhutan 2006 stringently through timely and result-oriented investigation and proactively ferret out instances of corruption through an

efficient and effective intelligence system; investigation to target (i) corruption prone areas, (ii) significant few rather than trivial many, high impact approach focusing on large-scale entrenched corruption (however, this may be tempered by the nature of complaints) and (iii) service delivery that adversely affects the common people due to corruption;

- Partnership; and
- Capacity development of the OACC and its allies.

Creating a congenial operating climate, sincerity of purpose, tenacity, result-driven, commitment, impartiality, good infrastructural and public support, effective partnership of all stakeholders, far-sighted and enlightened employee-friendly personnel policies and practices to attract and retain good professionals in the OACC to sustain the anti-corruption effort are critical. Ultimately, what must be recognized is that the OACC can only do so much. It will be as effective or as ineffective as the people and government want it to be.

#### 4. NATIONAL ANTI-CORRUPTION STRATEGY & ACTION PLAN

National anticorruption strategy and action plan provide a platform for concerted anti-corruption efforts and optimization of limited resources. Good governance strategy also provides the platform but as it encompasses numerous wide-ranging issues it risks oversight of important issues like corruption and correspondingly effective measures to curb it. A comprehensive national anti-corruption strategy is imperative for greater focus and visible impact.

On April 11, 2006, the OACC conducted a one-day consultative workshop in Thimphu with over 138 participants from different government

agencies, people's representatives, corporations, armed forces, media, private sector and NGOs. The workshop focused on the nature and extent of corruption, causes of corruption, its ill effects and the role of stakeholders - private and public entities and citizens at large. It sensitized the participants of the need to discuss the problem openly and more importantly to forge the much desired will and synergy to fight corruption. The outcome of the workshop provided useful input to the preliminary draft of the national anticorruption strategy and action plan, which are yet to be finalized.



## 5. OPERATIONALIZATION OF ANTI-CORRUPTION ACT OF BHUTAN 2006

The Anti-Corruption Act, which was drafted by *Dasho Kunzang Wangdi*, the then Auditor General of Bhutan on the 4<sup>th</sup> Druk Gyalpo's Command, reviewed by the High Court, went through series of consultation with stakeholders, legal officers and RBP, reviewed vis-à-vis domestic laws, anti-corruption laws and best practices of many countries, reviewed by some external experts, by the Council of Ministers (twice), Lhengye Zhungtshog and the Legislative Committee of the National Assembly, was ratified by the National Assembly on July 3, 2006 during its 85<sup>th</sup> session. The Act has been distributed widely and is also posted on the ACC website. A (Kuensel) supplement containing salient features of the Act was also distributed.

### 5.1 Status of the ACC

The principle premise of determining the ACC's status is that every citizen and agency can be its potential client. Its work generate resistance from people and agencies, who are directly or indirectly affected (territorialism and small society syndrome). If the government and the people are truly sincere about fighting corruption, the ACC must be enabled to be strong, fearless and effective. It cannot be subjected to political or ministerial dictates or be rendered vulnerable to undesirable influences due to lack of autonomy or structural deficiencies in terms of authority, accountability and security of its employees. It should be separated from the institutions that it will be responsible for investigating. Its accountability is equally critical. These institutional dimensions are indispensable as social and political influences can be serious impediments to good governance in general and fighting corruption in particular.

#### 5.1.1 Independence

Independence has different dimensions: legal, operations, financing and budgeting, personnel and accountability relationships. Except for financing, other dimensions of independence are ensured by the Constitution and Anti-Corruption

Act. The extent to which the ACC is able to undertake personnel reform will be indicative of its level of independence. Empirical studies establish that what has mattered most for improved performance is personnel administration system – recruitment, retrenchment, appraisal, pay and service conditions with a focus on professionalism and personnel integrity. The goal of an autonomous personnel system is to allow the ACC the flexibility to attract and retain high caliber professionals with high integrity standards. Experiences of other countries particularly in important areas such as tax administration, services, corporate governance, auditing and anticorruption suggest that a good deal of independence from the general administration system is necessary. Further, red tape-laden processes and procedures impede development of a competent and effective personnel management. Government salaries are often insufficient to attract high caliber professionals with high ethical standard that complex and challenging mandate demands.

This, however, is not to say that independence is the only factor that determines performance. Independence is merely the first step. Subsequent and important action has to focus on leadership, good management, healthy organizational culture, a sound administration strategy and effective operational procedures. It would be foolish to establish an independent authority and then staff it with unprofessional managers and staff; it defeats the purpose. Nor is it to say that politics does not matter. Clearly, it is the political will that established the ACC in the first place and hopefully it will be the source of ACC's strength.

The independence accorded to the ACC by law has to be operationalized fully with a flexible personnel management system. If the ACC cannot determine its organizational structure, service conditions, hire and fire its staff, their loyalty will reside in the agency responsible for their career advancement and wellbeing. Such a conflict of interests will seriously undermine the ACC's performance.



The impact of ACC's financial dependence on its independence over personnel management and administration and its performance (to some extent) also cannot be overlooked.

Further, the reality of the OACC remaining a small institution and its mandate isolating, marginalizing and immobilizing its inmates and making them and their family vulnerable also cannot be overlooked. The troubling paradox of "doing a good job" and "being victimized" should not find place in the system at all if the government is sincere about fighting corruption and achieving excellence.

Ideally, institutions such as the ACC should be de-linked from the civil service. However, envisaging OACC to remain a small office, inherent problems of immobility and stagnation, isolation and fatigue may work against the institution. The desired option is for the OACC's inmates to remain within the civil service but to be administered and managed by the ACC and not the Royal Civil Service Commission. The OACC should be an organization that is free of bureaucratic, rigid and unhealthy procedures, one that operates on corporate principles and which responds proactively to the needs of changing times.

Character and competence of the inmates impinge on the character and performance of an institution. For the anti-corruption officials to discharge their challenging responsibilities fearlessly and indiscriminately, they need to feel secure – economically (remuneration), professionally (job security, enrichment & career mobility) and physically (safety for the individual & family). The work demands endurance, perseverance, courage, firmness, sacrifice and absolute integrity. It is stressful, physically and psychologically, risky and requires people to work beyond normal working hours.

The OACC inmates have to be assured better pay and service conditions than the general civil servants for reasons stated above. A proposal has been submitted to the concerned authority. Besides this, other attractions will be institutionalization of a dynamic professional development plan, performance based incentives

and increment, promotion of an organizational culture that fosters professionalism, nurtures a sense of belongingness and team work and motivates people to perform, grow and make a difference to the lives of fellow citizens.

### **5.1.2 Accountability**

Independence and authority are critical but equally critical is the countervailing checks and balances. The ACC must be empowered to be effective but it must be made accountable while it exercises the power. Effective accountability instruments to check undue exercise of power by the Commission and its inmates need to be in place. The Anti-Corruption Act contains stringent Code of Conduct and Ethics which governs the performance of the Commission and its inmates. Violation of the code by the Chairperson will be ground for impeachment. Section 33 of the Act makes the Chairperson accountable for the policy, decision and action of the Commission. Section 4 of Article 26 of the Constitution and section 126 of the Anti-Corruption Act require the Commission to submit an annual report to His Majesty, the Prime Minister and Parliament on amongst others its policy and performance. Other accountability instruments are asset declaration and annual auditing.

In essence, whatever the modality, for the ACC to be credible and effective it must have a strong political backing, a comprehensive legal framework, functional, organizational and operational independence and adequate human (good people), technical and financial resources and leadership in the Commission with the highest standard of professionalism and integrity.

### **5.1.3 OACC Service Rules and Regulations 2007**

The functional linkage between the Commission (ACC) and the Secretariat (OACC), their powers and responsibilities, delegation of power and a format for declaring conflict of interest are in place. While the service rules and conditions for the ACC may be defined separately with other constitutional bodies, in accordance to section 27 of the Anti-Corruption Act, the ACC has adopted the BCSR





2006 with some amendments (no significant departures), to govern the Secretariat staff.

Further, an important factor that needs to be borne in mind is the possible tension between the Commission and the Secretariat. A grievance redressal system for the aggrieved Secretariat inmates has to be instituted and clearly stated in the rules. Neither the Chairperson nor the Commission should be allowed to wield undue power over the Secretariat.

## 5.2 Operational Manual

An operational manual has been prepared. It generally covers most of the chapters in the Act. The manual will be a dynamic document, which will be amended with experiences in the field and demands of changing times. The OACC has drawn on the long experiences of the RBP in finalizing the manual.

## 5.3 Rules & Guideline

### 5.3.1 Gifts & Gratification

Rules governing gifts and other forms of gratification and private trade (built on BCSR 2006) have been drafted and posted on the ACC website for general feedback, in particular from public servants who will be affected directly by it. Only one person has commented on it. It will be reviewed by a stakeholders' group before circulation for compliance.

### 5.3.2 Debarment

Draft rules on debarment of individuals and firms from commercial ventures have been shared with BCCI, contractor representatives, Ministry of Finance and Construction Development Board (CDB). Some of the elements are already in the CDB Manual. The Transparency International's (TI) "Integrity Pact (explained later)," if adapted will also address the issue.

### 5.3.3 Asset Declaration

Asset declaration guidelines and forms have been designed and circulated for compliance, which is being monitored by the OACC. Sustained efforts

will be made to ensure clarity of the guideline, usefulness of the form and most importantly its enforcement.

## 5.4 Coordination & Cooperation

As new institutions and systems emerge it is important that clear guidelines are developed to foster better understanding, cooperation



and coordination between the old and new institutions. Bound by the philosophical imperative of GNH, good governance policies, the common desire to bring about greater efficiency, transparency, accountability and professionalism and the concerns of growing corruption, being cognizant of the inherent evolutionary challenges with regards to delineation of anti-corruption responsibilities amongst agencies, the ACC since inception has endeavored to cooperate and coordinate with most agencies.

### 5.4.1 Election Commission of Bhutan (ECB) & ACC

Every citizen and institution has the sacred duty to realize the 4<sup>th</sup> Druk Gyalpo's great vision of a political system that would evolve so that the people would continue to enjoy peace and prosperity, justice and the fundamental



rights which have always been enshrined in the Bhutanese system. In particular, senior leaders have greater responsibility in realizing the vision through a successful democratic system of governance. Bhutan cannot fail as this would lead to cynicism and apathy on the part of citizens and question the political system. The need for strong political systems and political parties, however, must be recognized by the people – the electorate and more importantly work towards achieving it.

Concerted efforts have to be made to curb political corruption. Political corruption, which is initially perpetrated during the electoral cycle - party financing, campaigning and polling and subsequently politicians who are in power misusing state funds and public administrative resources for electoral purposes and bribery of voters and election officials. It is vital that corruption risks are addressed, given the serious consequences of corrupt exchanges between parties and “shadow” fund providers and access to the democratic decision-making process being able to be bought.

Further, quality of the candidates is of paramount importance. Information on personal details, education, work history, political activities and positions, membership to organizations, personal and family assets and criminal record are vital and also mandatory requirement of the Election Bill. The ECB, media, OACC and the electorate have an important role in checking “wrong” people getting into governance.

The ACC will work closely with the ECB, wherever necessary, in proactively curbing political corruption. Citizens have to be equipped to be effective watchdogs over the conduct of politicians and political parties. The OACC will share information on prospective politicians with the ECB.

#### **5.4.2 RAA, IAUs & ACC**

A close understanding and working relationship has been established with the RAA. RAA and ACC compliment each other. A draft guideline has been developed to institutionalize it, to ensure sustained and productive partnership, to avoid

duplication between RAA, OACC and agencies (w.r.t. corruption cases) and “suffocation” of the system by the RAA and OACC.

Further, the RAA, Internal Audit Units (IAUs) of the ministries, government corporations and financial institutions and the OACC meet every quarter. The minutes of the first meeting convened on April 28, 2006 forms the basis of their cooperation. This forum has facilitated in building IAUs’ capacity, preparation of its charter, standards and code of ethics, which are yet to be approved and operationalized.

#### **5.4.3 RBP & ACC**

RBP and ACC also enjoy good working relationship. RBP extends critical support to the OACC in investigation. In other countries, the anti-corruption institutions are manned by highly qualified police officials. The OACC, however, will continue to depend on RBP for support. Further, investigation infrastructure needs to be established soon to ensure speedy action. A draft guideline for cooperation has also been developed.

#### **5.4.4 Royal Court of Justice & ACC**

Firm and uniform application of law on all corrupt people alike is an important guiding principle of the ACC, which operates within the Civil and Criminal Procedures Code of Bhutan. To combat corruption effectively, timely detection and investigation, expeditious prosecution and adjudication are critical.

These would indicate government’s seriousness in fighting corruption. However, the current situation is such that not a single ACC case filed in the court has been completed (details under the complaints & investigation section). It could be attributable to amongst others sheer case load of the courts.

As corruption stakes wider public and national interests, possibility of giving precedence to corruption cases over other normal cases (if appropriate), unburdening the courts from petty corruption which could be dealt administratively by concerned agencies (if legally permissible) or establishment of an impartial and independent



tribunal/benches in courts for corruption cases at an appropriate time, in pursuance of Section 16, Article 21 of the Constitution and Section 134 of the Anti-Corruption Act could be considered.

Justice is people's ultimate security and the Royal Court of Justice is expected to guarantee that security. It has to be and seen to be firm, fair and fearless.

#### 5.4.5 OAG & ACC

The OAG and ACC work closely and have established a good understanding. The OAG designates the prosecutor of a case, who, including the OAG, is consulted/apprised at appropriate stages of the investigation. Charge sheet is prepared by the OACC and reviewed by OAG. The OAG generally registers a case in the court within a month on receiving the file from the ACC.

#### 5.4.6 RCSC & ACC

Civil service is the vehicle for ensuring people-centric governance and a vibrant economy, which are intrinsic to GNH. The RCSC, therefore, has the important responsibility of creating a caring, conscientious, clean and a highly performing civil service. It is imperative that the RCSC and the ACC work closely in ensuring a clean and an effective civil service. This has not been possible. However, it had been agreed that the RCSC would develop a guideline based on the minutes of the meeting convened on January 1, 2007 (initiated by the RCSC) between RAA, OAG, RCSC and ACC.

#### 5.4.7 MOHCA, Dzongkhag Administration & ACC

Dzongkhag and Gewog Administration being at the frontline of public service have an important governance and anti-corruption role, which neither the administration nor the ACC can overlook. However, there is a great risk of undermining the administration and the local leaders if public trust and confidence in them wanes.

There is a written understanding (minutes of the tri-lateral meeting held on January 5, 2007)

of cooperation and coordination between the Ministry of Home and Cultural Affairs, Dzongkhag Administration and the OACC. The Ministry has extended valuable support to the ACC.

#### 5.4.8 Private Sector & ACC

Private sector as the engine of growth has an important role in governance and fighting corruption. Corruption impedes growth and hence private sector development. The OACC has shared papers on best practices of other countries such as Business Code of Conduct and Integrity Pact with BCCI and other private sector representatives. The office has been involving the private sector in its anti-corruption efforts. Private sector has to assume greater anti-corruption responsibility as it has a big stake in it.

#### 5.4.9 Others & ACC

Communication is critical for better understanding and effective cooperation. The OACC had useful interactive sessions with the Committee of Secretaries, Ministry of Labor and Human Resources and finance and accounts professionals. Similar interactive sessions with other ministries and critical groups of bureaucrats – managers, AFD and procurement officers will also be organized. It will be a continuous effort of the ACC to foster mutual understanding, meaningful cooperation and coordination of anti-corruption initiatives.







## 6. INSTITUTIONAL DEVELOPMENT

### 6.1 Organizational Culture

The ACC has to be a strong, credible and a dynamic institution that enjoys public trust and confidence. Drawing general guidance from the Royal Government's concerns over growing corruption and its aspiration for a united, secure, just, peaceful, prosperous and a happy nation, fully recognizing the indispensability of collective efforts and the critical role of the people, the challenging mandate and to comply resolutely by the set values and standards, the ACC's first priority has been to establish a strong institution with a cadre of high caliber professionals with high standards of integrity, right organizational ethos and dynamic systems of operation through promotion of spirit of mutual co-operation and confidence between agencies and the ACC; public and the ACC.

The OACC draws its ethos from the spirit of the Royal Decree, which states, "*The Chairperson of the Anti-Corruption Commission must discharge her responsibilities with utmost loyalty and dedication to the government and the people, unaffected by any consideration for those in positions of power and influence, showing full transparency and no discrimination whatsoever in the line of her work. The Anti-Corruption Commission must fulfill its responsibility of curbing and rooting out corruption through timely and effective checking on private utilization of public funds and persons engaged in unauthorized use of public resources. Towards this end, the Chairperson of the Anti-Corruption Commission is authorized to carry out investigations on any person in Bhutan, regardless of status or position, in the course of discharging her important responsibilities.*"

#### 6.1.1 Vision

To be the conscience of the nation.

#### 6.1.2 Mission

To build an in-corruptible society that upholds the values of Right View, Right Intention, Right Speech, Right Action, Right Livelihood, Right Effort, Right Mindfulness and Right Reflection.

#### 6.1.3 Core Values

Integrity, loyalty, humility, teamwork, fearlessness, commitment, impartiality, professionalism, expediency, creativity, tenacity of purpose and result-driven.

#### 6.1.4 Service Standards

Speedy response to calls, complaints and investigation, high level of cooperation and coordination with people and organizations (trust and confidence), impact on system's efficiency (public service delivery) and public culture towards corruption.

#### 6.1.5 Core Code of Conduct

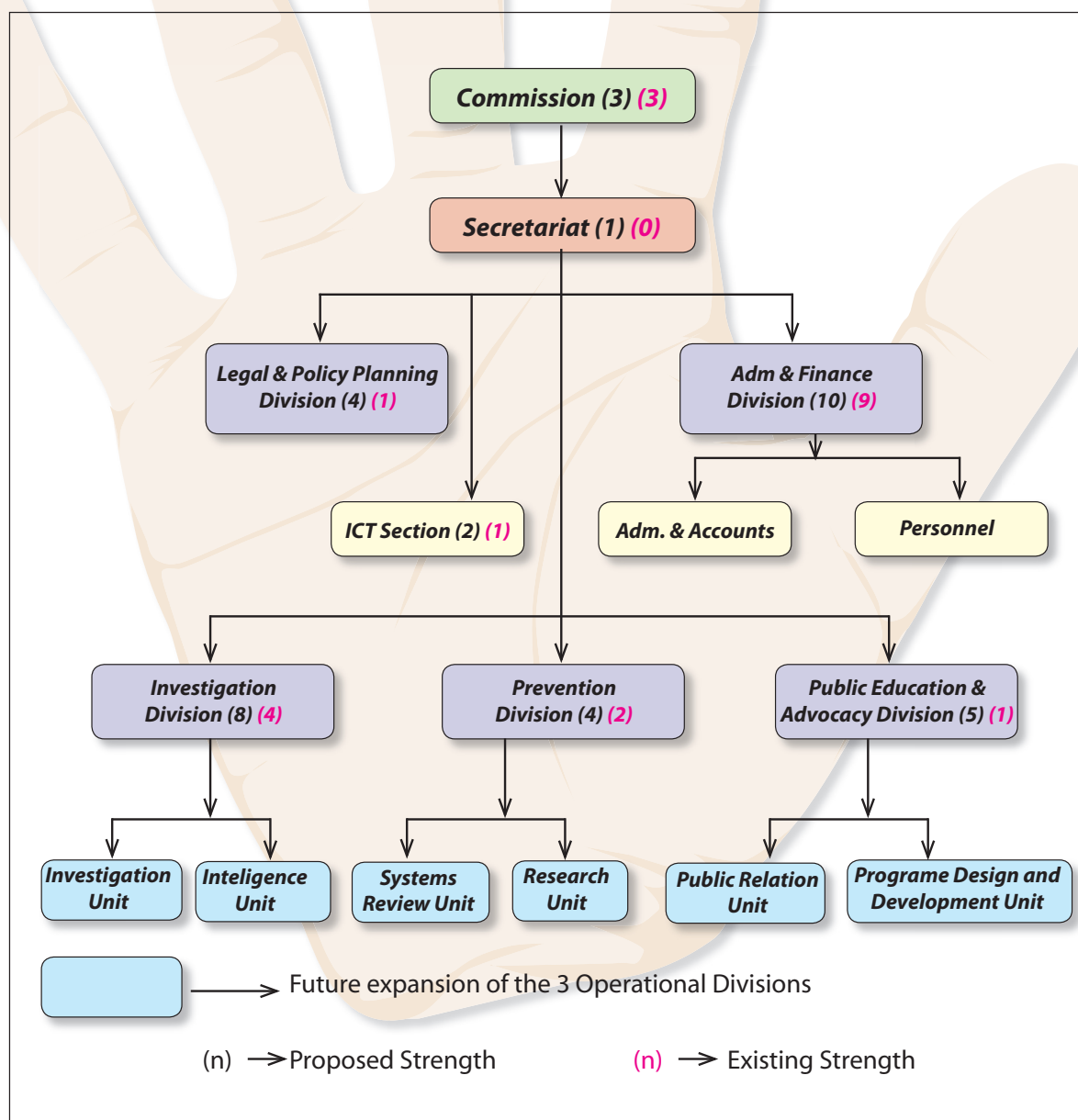
- Maintain the highest standard of integrity, honesty, selflessness and fairness.
- Act in accordance with law.
- Conduct duties without fear or favor, prejudice or ill will, avoiding all forms of discriminations.
- Display professional excellence.
- Maintain highest degree of confidentiality.
- Exercise courtesy and restraint in words and action.
- Declare all conflicts of interests.
- Take no undue advantage of one's authority and position.
- Be accountable for one's actions and instructions.
- Receive no gift or favor.



## 6.2 Organizational Structure & Staffing

The ACC has a chairperson and two commissioners. It is supported by a secretariat (OACC) with 18 people (**staff list at annex I**). Its principal functions are: (i) prevention of corruption, (ii) public education and advocacy on forms, extent and costs of corruption and citizens' important role in fighting corruption and (iii) investigation. There are five main divisions: Legal & Policy Planning, Prevention, Public Education and Advocacy, Investigation and AFD & Personnel.

The ACC, like any new institution faces evolutionary problems of "fitting" into the existing culture and system. Besides the three Commissioners appointed by the Royal Government, the ACC could only recruit 9 officers against the requirement of 23. Status quo is expected if the ACC has to continue operating within the existing bureaucracy. Apart from highlighting the great opportunity to make a difference, it does not have the means to encourage good professionals to join the office. Additional people, fresh and experienced will be recruited from the open market, either on regular or contract basis.





## 6.3 Capacity Development

Professional development of anti-corruption personnel of the OACC and its partners is critical for any anti-corruption initiative to be successfully implemented. The OACC has endeavored to build its capacity through training, partnership and networking. The office draws on the rich pool of expertise of various domestic and external institutions, particularly those with which it has established contacts following the seven-country visit last year.

### 6.3.1 Training

#### 6.3.1.1 In-country

A professor from University of Birmingham conducted a day's training on May 9, 2006. Over 50 participants from various public and private entities attended it. Its primary objective was to develop capacity and synergy amongst the stakeholders in fighting corruption. The training focused on understanding corruption and its impact, assessing institutional and organizational infrastructure and mechanism for controlling corruption, understanding strategies for combating corruption and improving ethics, standards and transparency in public service and managing conflicts of interests.

On May 30, 2006, the High Court organized a session on the Penal Code, Civil and Criminal Procedures Code, Evidence Act and other issues related to investigation and prosecution for the officials of High Court, RAA, Office of Attorney General (OAG), RBP and OACC. The Chief Justice presided over the session. It also trained officials of the RAA, OAG and OACC on Civil and Criminal Procedure Code and the Evidence Act from July 26-27, 2006.

An interactive session with *Dasho* Meghraj Gurung was organized on corruption, value, ethics and Buddhism on August 8, 2006 for the ACC officials. A paper titled "In Search of Ethic of Excellence for Bhutanese Society" was presented.

A workshop on 'Investigative Journalism' was organized from January 29-31, 2007. Resource persons from NDTV and The Indian Express

facilitated the workshop. Representatives from the media, RAA, OAG, RBP, Bhutan Infocomm & Media Authority (BICMA) and OACC participated in the workshop. As a follow up, attachment for the reporters with NDTV and the Indian Express was agreed in principle. The workshop aimed at giving the young and upcoming investigative journalists an understanding of social, economic and political corruption besides improving their skills of investigative reporting as a tool to fight corruption. Security and protection of reporters, protection of sources, payment for information, inaccessibility of information, attitude and expectations of government officials and the society from the media, accountability and responsibility of media were some of the concerns raised by the participants.

The former Director of Corrupt Practices Investigation Bureau (CPIB), Singapore, trained the anticorruption officials in investigative processes, procedures and skills from March 22-26, 2007. RBP also facilitated the training.

Further, a sensitization workshop was organized on reducing red-tape, titled "Preventing Corruption: Adapting Standard Cost Model" from April 3-5, 2007, with a resource person from the Netherlands. Representatives of government agencies, local governance, corporations, private sector and society participated. A special session was organized for the Secretaries and senior bureaucrats. An important session of the workshop was a talk on "Making GNH Real and Simple," delivered by the former Vice President of the World Bank. Details of the workshop are covered under the prevention section.

The OACC officials were also trained in budget and accounting systems and result based management planning organized by the Ministry of Finance and Planning Commission.

#### 6.3.1.2 Ex-country

The Head of Legal and Policy Planning Division attended a three day seminar on "Denying Safe Haven to Corruption and its Assets: Enhancing Asia-Pacific Cooperation on Mutual Legal Assistance, Extradition and the Recovery and Return of the





Proceeds of Corruption" at the Malaysian Anti-Corruption Academy (MACA) from March 28-30, 2006. It offered a larger perspective of corruption and regional/international cooperation. He also participated in a South Asia stakeholders' consultation on corruption and its links to human development in Bangkok from February 7-8, 2007. It was aimed to provide a forum for countries to exchange experiences, ideas and solutions relating to corruption from the perspective of people's well being, poverty reduction and highlighting their priorities, concerns and good practices.

The Chairperson and Commissioner Dorji Choden participated in a two day SDC-organized anti-corruption workshop in Zurich from June 8-9, 2006 with resource persons from Utstein Anti-Corruption Resource Center, Norway. The objectives of the workshop were to provide a more constructive framework to better understand corruption and to improve the effectiveness of donor assistance.

Commissioner Thinlay Wangdi and Head of the Prevention Division participated in the anticorruption workshop on "Excellence in Investigation" at the CPIB, Singapore from August 2-4, 2006. They were also attached to the CPIB for few days to study its operations.

Commissioner Dorji Choden attended a regional conference on "Integrity in Action" in Phnom Penh, Cambodia from January 22-30, 2007 as a resource speaker. A paper on "Leadership, Institutions & Systems" was presented at the conference.

An assistant Investigation Officer attended a five week course in Malaysia at the Malaysian Anti-Corruption Academy (MACA) from January 8-February 9, 2007. It focused on basic techniques of reading and critically analyzing the financial statements of companies to assist in the examination and deterrence of fraud. It also included induction on various types of fraud and recognition of symptoms of fraud viz. accounting anomalies, internal control weaknesses, analytical anomalies, extravagant lifestyles, unusual behaviors and reports/complaints for investigation purpose.

The OACC's focal person in BBS attended a two day conference in Warsaw, Poland on anti-corruption measures, good governance and human rights from November 8-9, 2006.

Officials from the RAA, ministries, financial institutions and government corporations have been nominated for a series of short-term trainings and workshops on investigation of disproportionate assets and trap cases, investigation of cases of abuse of official position by public officials, anti-corruption laws and appreciation of evidence, investigation of economic offences, investigation of bank fraud cases, scientific aids to investigation, scientific interrogation techniques, vigilance and department/administrative enquiries at the Central Bureau of Investigation (CBI) Academy, India from April to December 2007. By the end of June 2007, over 25 officials would have been trained.

### **6.3.2 Networking**

#### **6.3.2.1 In-country**

Efforts are being made to network with the education sector (through the schools) that is responsible for molding the character of the future society and leaders, Dratshang Lhentshog as the custodian of spiritual values and principles, which ultimately is the most sustainable anti-corruption strategy, private sector as a critical development partner and citizens as the primary beneficiary of development (Anti-corruption move).

Tertiary educational and training institutions supply over 35% of the civil servants. The institutes can tap this powerful medium for public awareness and building a culture of intolerance for corruption. One of the reasons for outsourcing corruption perception survey to these institutes was to build such consciousness. They can also undertake research works related to governance, construction and its management, etc. However, besides few formal and informal interactive sessions, no concrete plans have been drawn yet.

Credible and conscientious media is a critical institution in ensuring good governance and



it is also an important OACC ally. A monthly interactive forum of the media and OACC has been established. However, it may be sometime before the forum is fully exploited productively. Further, the cruel reality of sustainability of media tempering their desire to be truly people's voice and a watchdog has to be recognized.

#### 6.3.2.2 Ex-country

The Chairperson joined the third delegation of Secretaries to Bangalore and Hyderabad from March 6-12, 2006. The visit covered good governance initiatives and in particular e-governance, which has made a visible difference to the lives of people. The Indian government has set new standards and roles for itself through strategic reviews, diagnosis of systems and procedures and implementation of well designed action plans. There is a paradigm shift from government-centric to citizen-centric, from a dispassionate government to a caring government. Impact of ICT in enhancing good governance is clearly visible. e-Service centres, service standards (citizen's charters) and public grievances redressal system are results of the Indian government's e-governance initiative.

A report on the visit with observations and recommendations was submitted to the government with a copy each to all the ministries. ICT application is an effective tool to curb corruption and improve public service delivery. The ACC is making efforts to facilitate expeditious implementation of the ICT plans. Service standards (GG+), mechanism of public grievances redressal are also some initiatives being introduced.

On the invitation of the Swiss and British governments, the Chairperson and Commissioner Dorji Choden visited various institutions in Switzerland and England from June 6-14, 2006. While in Switzerland they met senior officials of the Public Prosecutor's Office and Department of Legal Assistance and Money Laundering of Zurich Canton, Institute of Federalism of Fribourg University, Basel Institute of Governance, Parliament, Department of Foreign Affairs, SDC and Transparency International (Swiss chapter).

In London (June 12-14), the delegation met senior officials of the Cabinet Office (Cross Whitehall Group on Corruption), Foreign and Commonwealth Office (FCO), Home Office, Department for International Development, Serious Fraud Office (SFO), National Audit Office, Crown Prosecution Services, London Metropolitan Police (Anti-Corruption Command, Directorate of Professional Standards), Crown Agents and Transparency International (U.K. chapter).

The Chairperson and the Commissioner were joined by two OACC officials enroute to Hong Kong, Singapore, Malaysia and Thailand from June 15-23, 2006. The delegation met with their counterparts: Independent Commission against Corruption (ICAC), Hong Kong, CPIB, Singapore, Anti-Corruption Agency (ACA) & its academy, Malaysia, National Counter Corruption Commission (NCCC), Thailand and the UNDP Regional Office in Bangkok.

On the invitation of the Government of India, the Chairperson and a delegation visited the CBI and its academy, Central Vigilance Commission (CVC), Ministry of Personnel, Public Grievances & Pensions and Transparency International (India chapter) from July 12-15, 2006.

The visits, as an effort towards fulfilling the larger goal of institutional development, were timely and productive. Although the development stage, social, economic and political conditions and dimensions of corruption in Bhutan and Europe are different, organizational culture, management and efficacy of public organizations and anti-corruption initiatives in the private sector are worth adapting. It broadened and deepened the officials' understanding of corruption, its risks and anticorruption strategies. Visit to Asia provided comprehensive information on anti-corruption institutions, organizational structure, functions, policies and strategies and drew useful lessons from their experiences. Contacts have been established.

Detailed reports of all the visits with observations and recommendations were submitted to the concerned authorities in the government.



The Steering Group of the OECD-ADB Anti-Corruption Initiative for Asia-Pacific has welcomed Bhutan's expression of interest to join the Initiative. The government will be invited to formally present its endorsement decision at the next Steering Group meeting scheduled in September 2007, where it will be formally welcomed as a full member. The Regional Director, Asia Pacific Department, Transparency International (TI), Berlin will visit Bhutan in June 2007. Further, after a careful review of the UN Convention against Corruption (UNCAC), befitting the political commitment to fight corruption and as a signatory to the UNCAC, the Ministry of Foreign Affairs has been requested to process for its ratification by the National Assembly.

### 6.3.3 Technical Assistance

The government's and the UNDP's support facilitated smooth establishment of the office. Subsequently, the office received assistance from DANIDA and SDC (follow up of the visit).

#### 6.3.3.1 UNDP Project

The OACC signed a one-year UNDP-funded project with a budget of Nu. 4.40 million on March 14, 2006. It covered capacity development and public education; it was completed in December 2006. However, the draft national anti-corruption strategy and action plan are yet to be finalized; more work needs to be done to make the strategy more comprehensive.

The institutional development of the OACC has suffered because of limited expertise and mounting work. Expert input is being sought to develop a comprehensive plan. The second phase of the project will cover it.

#### 6.3.3.2 DANIDA Project

The one-year DANIDA-funded project of Nu. 5.0 million was signed in September 2006. It exclusively supports capacity development in investigation – drafting of an operational manual and training (includes partner agencies). The project is expected to complete before schedule.

#### 6.3.3.3 SDC Project

The 16-month SDC-funded project of Nu. 3.850 million was signed on March 1, 2007. It focuses on enhancement of public service delivery. The OACC coordinates with line agencies to develop service standards and public grievance redressal mechanism. This project is also piloting direct coordination between the beneficiary agency and SDC, Berne.

#### 6.3.3.4 Dutch Project

A Dutch assisted project of Nu.2.80 million will soon be finalized. It focuses on developing capacity in analyzing costs of red tape and overregulation (new and old) using the Standard Cost Model. Over 22 countries in Europe and Asia have adapted the model. A workshop on the model, first step of a long process, was organized from April 3-5, 2007.

## 7. PUBLIC EDUCATION & ADVOCACY

Curbing corruption is about changing attitude, changing negative habits and behavior – the most sustainable anti-corruption strategy. A public culture that does not accept corruption as a way of life has to be cultivated through sensitization and public awareness on various forms of corruption, grave consequences of inaction and importantly citizens' role in fighting corruption. People have to realize that corruption benefits only a few but burdens the nation and its citizens. Stakes are very

high for a small country to ignore corruption, no matter how trivial it is.

Civil society is a vibrant network of diverse talents, which if properly focused, can play an important role as a watchdog of government performance in ensuring ethics, accountability, transparency and responsiveness. An informed and vigilant citizenry and public servants imbued with professional ethics can be more effective in combating corruption.





Information is a powerful tool and its access is fundamental to fighting corruption. Radio, TV, print, ICT, art, essays, debate, drama and interactive fora are medium that OACC continues to exploit to reach its target clientele. The ACC website was launched along with a general ACC information leaflet on April 11, 2006. There is a dedicated IT person to maintain a current, informative and a friendly site. Joint production of radio programme on corruption, citizens' role in fighting corruption, values and ethics vis-à-vis corruption, Anti-Corruption Act, etc. with BBS began since April 2006. Further, as a sustained effort towards building public awareness, contracts were signed with various media houses.

The OACC conducted public education and advocacy programme in 13 Dzongkhags coinciding with the DYT and other meetings in the Dzongkhags (ACC has restrained from organizing separate meetings for its purpose). The participants were DYT/GYT members, public servants, students and teachers (of 35 schools & colleges) and business community. It has endeavored to reach the general public through their leaders, youth and other medium.

Interactive sessions were conducted with the Councilors, Dzongdas and *Chimis* (115) and with the DYT and GYT Chairpersons (223) in Thimphu. The sessions were aimed at sensitizing the members of their important roles as community leaders in fighting corruption and making it a common cause. Concerns were expressed over OACC's capacity, effective fulfillment of its mandate particularly in a small and cohesive society, malicious intentions of informants, difficulties in gathering evidence, prosecutor of corruption cases being from the Office of the Attorney General, who is appointed by the Prime Minister, conflicts of interests, cases being protracted, etc. The members were reminded of their fundamental duty of upholding justice and fighting corruption as prescribed in the Constitution and as leaders the importance of leading by example, doing what they say and saying what they do.

Youth as the future of Bhutan has an important role to play in fostering a culture of intolerance for corruption. Character development of society with ethical and moral underpinnings is critical. As a small effort towards this aspiration, the OACC visits schools and colleges, engages youth in its activities and is working with Dratshang Lhentshog on values and to translate the essence of Buddhism to anti-corruption measures. The concept of "Islands of Integrity" has also been shared with some schools. It will be piloted in few schools.

A free open air show titled "ON THE ROAD FOR THE YOUTH" targeting mainly the youth with the primary objective of bringing positive youth/ adolescence development carrying the message "Corruption can be prevented if the entire nation stands up against it. It cannot be fought by an individual or an agency. It takes collective will, responsibility and effort to fight corruption" was shown (16 shows) in 8 Dzongkhags from April 8, 2007, concluding in Thimphu on May 13, 2007.

For the first time, the International Anti-Corruption Day, December 9, was commemorated nationwide. Essay and art contests, debates, drama and lectures were organized by the Dzongkhag Administration. Service standards documents on land transaction and transport related issues, ACC annual bulletin, calendar and poster were released on the Day. A BBS live debate on the theme, "Good governance and corruption with a focus on leadership" was organized with senior leaders of different profession as panelists.

For the first time again, December 9-17, 2006 was declared as the National Corruption Free Week to free leaders and public servants from ceaseless meetings and the day to day office work, creating an occasion for them to reflect, re-orient and respond to growing corruption in their own small and simple ways.

Public education and advocacy is a continuous process. A meaningful and strong public education strategy is for the leaders of all profession and at all levels to "LEAD BY EXAMPLE." Public trust and confidence grows from seeing and not hearing.



## 8. PREVENTION OF CORRUPTION

Government has the important responsibility to create systems to achieve its political, social and economic goals. A dynamic process of systems

and procedures suffocate our system. They are certainly important instruments of government policies but their quality has to be ensured by



review is equally critical and it is an important responsibility of all agencies. Counseled by the traditional wisdom of prevention being better than cure, the OACC has made small efforts with the valuable and expert support of agencies in addressing some systems weaknesses that create opportunities for corrupt behavior. Areas that have larger impact on people's lives, country's economy and vulnerability to corruption were targeted.

### 8.1 Systems Review

"Process and rules driven management paradigm with an emphasis on hierarchical decision making and control have to give way to decentralized result-oriented system based on principles that centre on entrepreneurial dynamism and competition," states eloquently the Ninth Plan document. However, plethora of laws, rules, regulation, executive orders, office orders, guidelines, manuals

a process of regular reviews focusing on their objectives, costs and benefits. They should not be an end or an objective in themselves, but a means of assuring public interest or a public goal. Unclear and conflicting policies and laws, over-regulation and long processes place huge administrative and financial burden on the government, economic agents such as the private sector and the people at large. Overregulation makes it difficult for people to grasp and hence hinders compliance. These irritants stunt economic growth and thus employment generation as business initiatives and investments are discouraged. Corruption also finds refuge in the jungle of rules and procedures.

Policies, laws, rules and procedures have to be simplified, harmonized, consolidated and disseminated. Public services need to be improved by breaking down territorial walls that obstruct the much desired collaboration and coordination



between agencies, creating one-stop service windows, reducing human interface through ICT and inculcating customer service values. These strategies are well documented, that beg serious and conscientious implementation.

### 8.1.1 Reducing Red Tape & Over Regulation

In Denmark, it costs the government over Nu. 2450 million (2.4% of GDP) due to unnecessary regulation and paper work. In the Netherlands, paperwork alone costs companies over Nu. 9350 million a year (3.6% of GDP); the government

attributable to mandatory statutory information and reporting obligations (applications, forms, statistics, supporting documentation, etc.). The aim of the SCM initiative is to measure the costs entailed in compliance with regulation, design a regulation that serves its intended purpose and at the same time impose the least possible burden. More importantly, it enables to set cost reduction targets.

The focus of the initiative will be regulations pertaining to permits, licenses, taxes, subsidies, procurement, transactions, information gathering/accessibility and business ventures

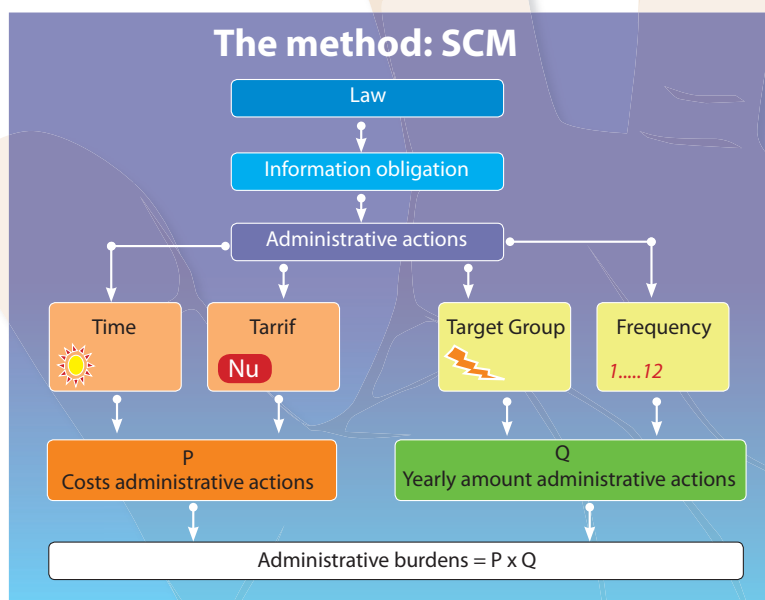
and services. The SCM process would involve simplification, standardization, removal, reduction or consolidation of regulation, improvement of service delivery, application of ICT, revision and adjusting new working methods. Regulatory Impact Assessment (RIA), a tool used to assess the quality of a proposed regulation, could also enrich the SCM initiative to minimize arbitrary issuance of laws and regulations.

However, for the initiative to succeed, leaders' commitment to improving services, ownership

and coordination are critical preconditions. The priority is to involve stakeholders, build network and capacity and maintain continuous communication of expectations and differences. A working group of principal stakeholders will be formed. The Group will analyze the burden imposed

saved over Nu. 1080 million with the introduction of about 100 measures (to reduce red-tape) and hopes to save another Nu. 1200 million in 2007 with 700 more measures. From the above, the costs of red tape that developing countries like Bhutan must be bearing can be gauged.

The OACC organized a workshop, titled 'Preventing Corruption: Adapting Standard Cost Model (SCM)', from April 3-5, 2007 in Thimphu. The Director of Inter-ministerial Project unit for Administrative Burdens, Ministry of Finance of the Netherlands facilitated the workshop. The SCM is a methodological approach for systematically measuring a significant share of existing administrative burden borne by the economy, citizens and the public administration, which are



#### What are the key factors for SCM success?

- Ownership
- Coordination
- Stakeholder involvement
- Incentives
- Project roadmapping
- Project monitoring
- Communication & management of expectations





by select regulations that have larger impact on the economy. It will propose a comprehensive action plan on organization setting, coordination and ownership, milestones, terms of references, involvement of stakeholders, capacity building and institutionalization of the initiative. It is a long process and will take sometime before its impact can be felt.

This initiative will be funded by the Dutch government. The project will soon be finalized.

#### **8.1.1.1 Procurement**

Public procurement being capital intensive and driven by lengthy procedures is subjected to high risk of corruption. It was the most corrupt sector according to an electronic poll (with its limitations) conducted by the OACC in November-December 2006. Construction sector generally accounts for over 30-40% of annual budget (not considering the mega projects).

The OACC convened a series of stakeholders' (government and private) consultative meetings since October 2006 to discuss problems in public procurement, in particular construction. From the information consolidated by the OACC, lack of transparency, inconsistency and non-uniformity in the application and interpretation of the tender evaluation procedures, weak enforcement of contract term and conditions, unnecessary procedures and documentation that do not add value to tendering but unnecessarily burden both the client and supplier and creating opportunities for corruption, general incompetence of tender and evaluation committee members, unreasonable tender conditions, irrational decisions of tender committees including adhoc re-tender, delay in the payment of bills, long processes for fund release and general lack of recognition of procurement as a specialized profession are some of the problems that fraught the sector.

The Procurement Manual (PM) has been revised, which for the first time includes administrative recourse for aggrieved contractors. However, the revisions do not seem to address the prevailing problems adequately. The Standard Bidding

Document (SBD) is in the process of being revised. To compliment the efforts of the Ministries of Finance and Works & Human Settlement, the OACC has formed a core stakeholders' group with representatives from the two ministries amongst others. The Group will review the PM and the SBD with the Ministry of Finance.

Documentation obligation, tender evaluation guideline, minimum competency requirement of tender and evaluation committee members, provisions to give incentives to performing contractors and to impose penalty on non-performing contractors through introduction of appropriate clauses such as debarment/blacklisting, de-registration, etc., essence of TI's "Integrity Pact (IP)," which contains rights and obligation to the effect that neither the client nor the contractor will pay, offer, demand or accept bribes, or collude with competitors to obtain a contract, or while carrying it out and sanctions will apply when violations occur forming part of a tender document, measurements and billing systems that involves voluminous paper works and capacity development of both government and private sector are some tentative areas for review and consideration.

Further, the Ministry of Finance is working towards expedient release of funds through initiatives such as e-releases, simplification of procedures and introduction of imprest system.

#### **8.1.1.2 Service Standards & Public Grievance Re-dressal Mechanism**

Good governance, efficient public service delivery and anti-corruption measures are mutually reinforcing. Responsiveness and accountability to the people are basic requirement of good governance and fulfilling people's needs and aspirations is essentially linked to delivery of quality service. Service standards (GG+ recommendation) and public grievances redressal mechanism are means to enhance efficiency, transparency and public accountability, shifting from government-centric to people-centric system of governance.



The OACC has endeavored to promote these instruments through the RAA-IAUs-OACC tripartite forum. Some agencies are in the process of developing them. Nu. 1.10 million of the SDC funded project is devoted to development of instruments and piloting the concept of one-stop shop.

#### **8.1.1.2.1 Land Transaction**

Land transaction was OACC's first exercise (started with willing partners and Agriculture Minister was fully supportive). The review process brought together the stakeholders – Dzongkhag Court, Ministry of Home and Cultural Affairs, Ministry of Agriculture, Department of Survey & Land Records and people's representatives. The process which only entailed in consolidating the existing transaction rules and procedures took over five months. An important outcome of the collective effort was the release of "Service standard for land transaction 2006" by the Department of Survey and Land Records, on December 9, 2006, the International Anti-Corruption Day. It reportedly has been distributed widely. Its implementation and impact is yet to be assessed. However, much remains to be desired in terms of critical systemic review. These reportedly have been addressed in the draft revised Land Act.

#### **8.1.1.2.2 Surface Transport**

The RSTA also released its service standards information booklet on December 9, 2006. Amongst others it covers registration, ownership transfer, issuance and renewal of driving license and public grievance redressal mechanism. The regional offices are the distribution points. As a continuing effort, online application, registration, licensing and updating are being developed by the RSTA. Once completed, location of bus, status of tickets, road conditions would be accessed online. At present only regional offices are connected.

#### **8.1.1.2.3 Forestry Services**

Only one round of meeting could be held with the officials. The Department claims to have no problems. However, it will be revisited.

#### **8.1.1.3 Others**

An inherent outcome of OACC's investigations and enquiries on complaints is identification of system weaknesses surrounding an offence and apprise the concerned agencies for taking corrective measures. Weak management and administration is one of the main causes for most of the systems weaknesses, which inherently brings people, the managers to spotlight. Some of the issues formally communicated to the concerned authorities are:

##### **8.1.1.3.1 Inventory of Government Assets**

Bhutan is a small and a least developed country with limited resources. Only 16% of its land mass is arable. Every square foot of land is a precious national resource. Inventories of properties, moveable and immoveable, are maintained by agencies as required by law – Command on registration of land and buildings in the Dzongkhag and Dungkhag, Forest & Nature Conservation Act of Bhutan, Municipal Act and Land Act and the Financial Manual. However, the system of monitoring, if there is one, is poor. Following some observations made during the investigation of few cases, the OACC in pursuance of earlier government orders has also written to the Ministry of Home & Cultural Affairs to instruct the Dzongkhag Administration to coordinate inventorization of government properties. The OACC will follow up on the issue with more concrete action plan.

##### **8.1.1.3.2 Local governance**

Establishment of strong, efficient, effective, fair and responsive general governance structures is important but more critical is the people, who manage these structures. Decentralization per se does not empower people; its effective implementation does. Ineffective decentralization proliferates corruption and empowers the rural elites and their relatives instead of the general mass; local leaders are re-elected despite accusations of corrupt offences; there is lack of transparency in decision making process or local institutions are abused for private benefit, poor



public accessibility to information and weak public accountability. The general mass cannot raise their voices against inefficient, corrupt and powerful local leaders for fear of repercussions. It is perceived that devolution of power has made local officials responsible for everything that affects common people's livelihood; they exercise excessive power to the discomfort of simple and innocent people in the rural areas and against the very essence of democracy.

People need to be informed of local governance policies including local resource mobilization and duties and accountability of local leaders. Effective check and balance instruments and mechanisms, if not in place already, need to be put in place urgently.

#### **8.1.1.3.3 Conflicts of Interests**

Despite the code of conduct and ethics of public servants, conflict of interest is a serious problem whether it is to do with tendering, procurement and award of works, monitoring environmental safety obligations by industries or mines, hiring and renting of private properties to offices and projects, consultancies, investigations, dispensing justice, employment, personnel action, etc. Some officials, who are expected to monitor business operations enjoy the hospitality and receive (expensive) gifts and other forms of gratifications for himself, his family members or friends from the very business firms; some GYT members who are supposed to monitor development works actually execute the works; officials review/investigate cases where their relatives are involved, civil servants who have business interests participate in tender evaluation and public servants whose relatives are also interviewees are members of recruitment/selection boards.

#### **8.1.1.3.4 Printing**

Printing involves huge resources. On an average, every organization could be spending between Nu.0.5-Nu.4.0 million annually (annual budget is about 140 million - includes office supplies). For long, much of the printing works have been outsourced to firms outside the country hindering the growth of local printing industry and to that

extent employment generation. It continued even after the issuance of government executive order banning outsourcing. Strict enforcement of Rules and Regulations for Establishment and Operation of Industrial and Commercial Ventures in Bhutan 1995 by the concerned authority, could have also curbed it.

The Ministry of Trade & Industry has assessed the capability of all printing licensees and is now in the process of taking appropriate action.

#### **8.1.1.3.5 TA/DA & Payment of Bills**

Timely payment of bills is also reported to be a persisting problem. A transparent and an effective system of clearance has to be instituted, enforced and any public servant unnecessarily delaying payments should be answerable.

Manipulation of TA/DA bills including double and false claims is reported as a common form of corruption. Claims reportedly are being made even without making any field trip as public servants in certain sectors are expected to travel for a certain period every month. It is unfortunate that such claims are made even by those in positions who should be overseeing and controlling such malpractices. The amount may not be significant at an individual level, but the aggregate amount is substantive to be ignored. TA/DA accounts for nearly 4.5 % of the annual budget.

TA/DA rules and procedures have to be enforced by all the line agencies or importantly, if warranted amend it or institute a mechanism through a budgetary process to effectively administer it. Further, the popular issue of inadequacy together with strengthening of personnel management and administration system may also warrant a closer review.

#### **8.1.1.3.6 Record Keeping**

Proper maintenance of records is an important aspect of organizational administration and management. However, record keeping in general, which appears trivial to be even raised, is a serious systemic problem. For instance, records of meetings where important decisions





are made are invariably "missing." If records are missing, its head and the dealing staff member should be held responsible. Agencies have to take proactive measures in enhancing professionalism, transparency and accountability.

#### 8.1.1.3.7 Post Perpetuation

Corruption is perpetrated by many civil servants, who have remained in the same post in the same place for a long time, some even as long as 15 years, particularly in corruption prone sectors such as geology and mines, forestry, customs, accounts, procurement, engineering, stores, immigration, judiciary, lottery, land records and survey, teachers, etc. This again spells weak enforcement of rules.

### 8.2 Asset Declaration

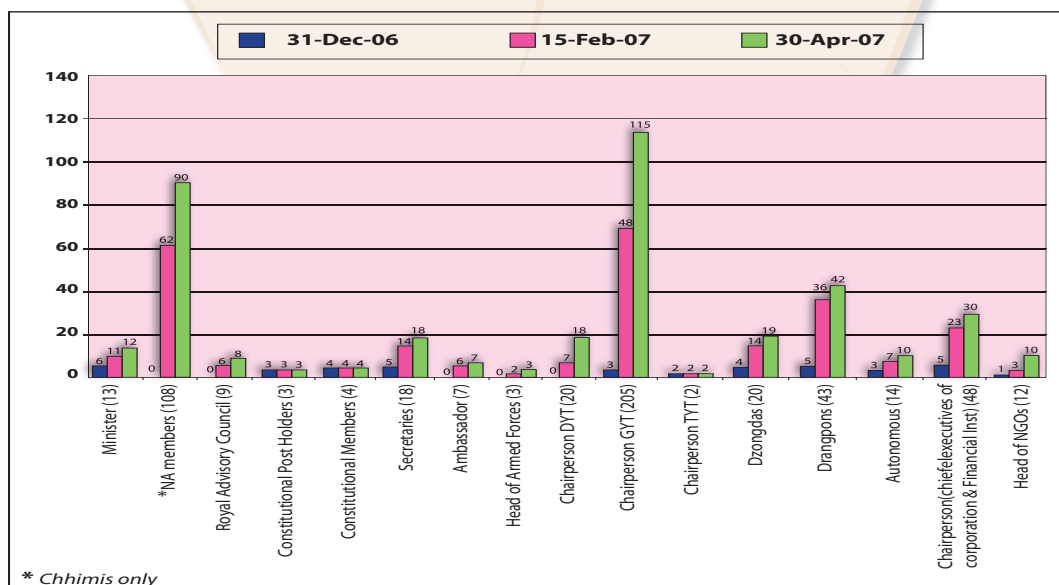
Ethics and standards in public life and for strategies to control corruption are central to good governance and management of public services. People expect public servants to serve public interest with fairness and to manage public resources judiciously and properly. It is important to develop and maintain public trust and confidence in the government and its officials through clear accountability and transparency systems. One such mechanism is disclosure of income, assets and liabilities by public servants.

Asset declaration has been a requirement in the civil service since the early 1980s. However, it was never enforced. Now asset declaration and

its effective administration and monitoring by designated authorities are required by the Anti-Corruption Act. The OACC has endeavored to develop a proper guideline and a comprehensive form. It received useful input from the Department of Revenue and Customs. It was also shared the form with the RCSC. 523 public officials have to declare their asset to the ACC. An asset administrator has been appointed in the OACC with stringent terms of reference.

The administration of the asset declaration of other employees is decentralized to the agencies. They are expected to appoint an administrator and to establish a system of monitoring. However, based on the information received from agencies many public servants have not yet declared their assets. If it is not administered well, asset declaration will become a bureaucratic chore. Close monitoring is imperative if the purpose of asset declaration is to be fulfilled.

The first notification was sent to all agencies using public resources on November 9, 2006 with December 31, 2006 as the deadline for submission of the asset declaration forms. Only 7.8% responded (41 out of 523) (ACC had overlooked to include 20 public companies; deadline for submission of their asset declaration is May 15, 2007) responded. The dead line was extended to February 15, 2007 and the response rose to 43.4% (227 out of 523). Details including the status as of April 30, 2007 are presented below.





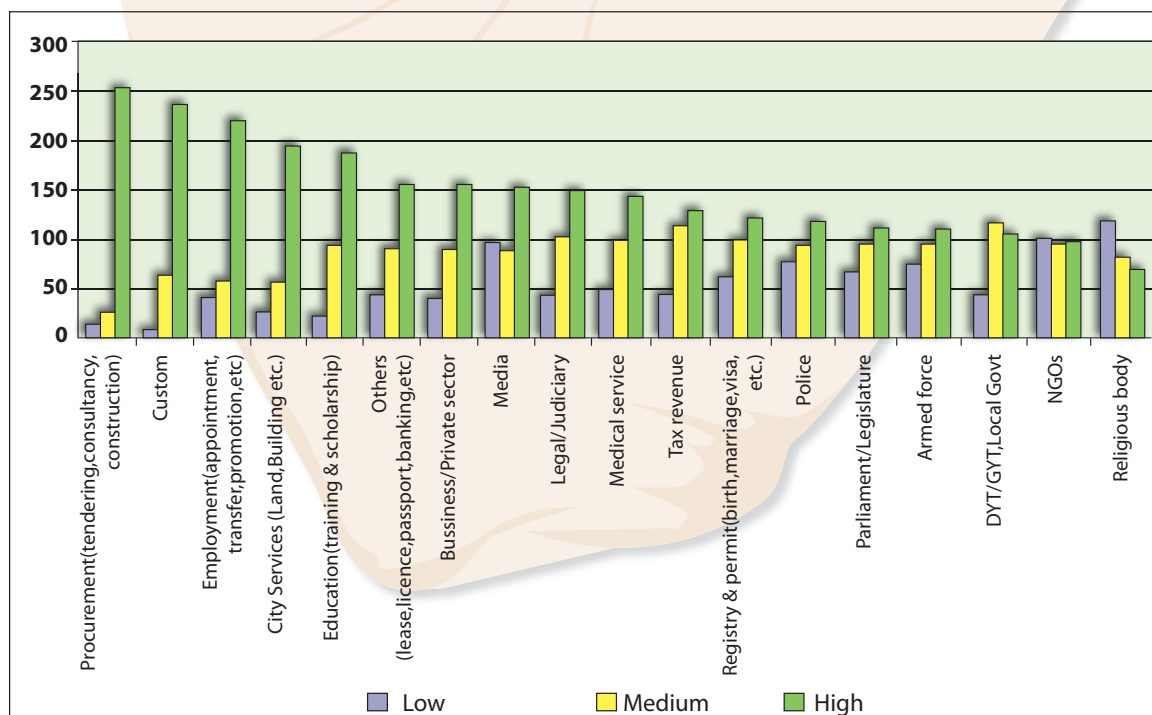
Letters were sent to all non-declarants. The OACC and agencies have to do much work before this public accountability tool becomes effective. An important starting point is heads and focal persons of agencies must be firm in ensuring timely and correct (difficult but must attempt) declaration by the employees so that they sense the seriousness of the management. In-house capacity has to be developed in the agencies and the OACC. The Swiss funded project will support it.

### 8.3 Corruption Perception Survey

Inference from the public education and advocacy programme highlight that people in general admit that there is corruption in all sectors and at all levels, but more at higher levels and in larger works. While establishment of the ACC is appreciated, they are concerned that it would only have good policies and strategies but fail to enforce the laws stringently and indiscriminately. Post 2008, many express concerns that corruption would rise especially in elections and the ACC being small will be unable to cover all the areas.

Interestingly, people generally do not consider bribery to be serious at the moment. However, the customary "*changjey*" is perceived to be increasingly getting in the way of good governance and public service delivery tantamounting to an act of bribery. Many feel the need to make a clear distinction between "*changjey*" and corruption. Nepotism is also considered as a serious issue and deep rooted. Particularly, students are vocal on preferential treatment in selection interviews for trainings/scholarships, employment, postings/transfers, medical treatment referrals, school admission and police cases. Other concerns of the people are mechanisms to check corruption in the ACC and other law enforcement agencies, protection for informers, penalty for providing false information and criteria for selecting good leaders.

In 1999, the Centre for Bhutan Studies (CBS) conducted a random and limited interview which catalogued various forms of corruption (raw). Besides this, no empirical study has been conducted. An electronic poll was conducted by the OACC from November to December 2006 (below).





In order to correctly understand the general perception of corruption and to facilitate the OACC to make informed decisions, a nationwide corruption perception survey was conducted from December 2006–January 2007. It covered 13 Dzongkhags with 7000 respondents. Electronic response was also encouraged.

The survey was outsourced to the Royal University of Bhutan (RUB). The National Statistical Bureau (NSB) extended valuable technical support to the office. The report is expected to be ready by June 2007. It will be a useful input in consolidating anti-corruption policies, plans and programme. Agencies may be ranked as per the perceived levels of corruption. The CBS's GNH survey conducted in September 2006 also carried a section on corruption.

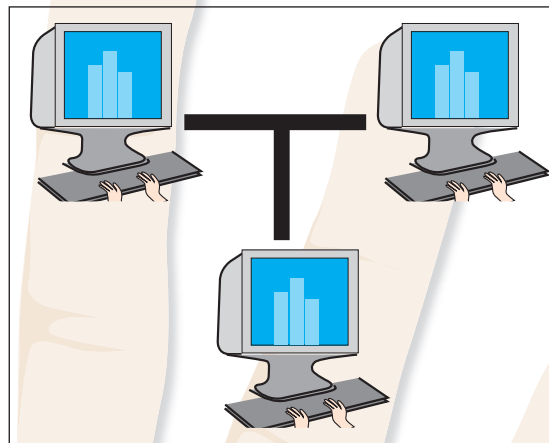
#### **8.4 Anti-Corruption Move through Islands of Integrity**

This is a self-explanatory idea that will be explored with individuals and agencies who have shown genuine concerns over growing corruption in the country and have expressed desire to make a difference to people's lives by fighting corruption. It is a way of upholding anti-corruption values and setting examples by doing, with the ultimate aim of serving people better. Discussions have been initiated with Tashigang Dzongkhag (Dzongdag, in fact, has been taking initiatives in changing the organizational culture and bringing about systemic improvements in the administration), Mongar Dzongkhag and Mongar Regional Referral Hospital. Such a network of self-motivated individuals and institutions will be ACC's greatest asset and strength.

#### **8.5 Exploitation of ICT**

Information and Communications Technology (ICT) is a powerful tool to curb corruption by reducing human interface, enhancing transparency and reducing discretion of officials. Records can be managed most effectively using computers, database of information for citizens can be updated in real time and information made easily accessible. Within the OACC, modest efforts are being made to exploit ICT in managing complaints

and investigation, office administration and disseminating information. Initiatives are yet to be taken in providing on-line services, managing



asset declaration and enhancing coordination and sharing of data. The OACC endeavors to be a catalyst in the aggressive exploitation of ICT. ICT application will be integral to red tape reduction and one-stop shop service delivery. An important factor for the success of e-governance is accessibility to information and sharing of data, which calls for removal of psychological and territorial boundaries. Territorialism is an impediment to progress. Mindsets need to change with the emerging demands of changing times and a transforming society.

#### **8.6 People - Leadership**

"The critical importance of building new leadership not only for service organizations but the overall governance will be a priority in the Ninth Plan," states the Ninth Plan document. Ironically, the biggest systemic problem is the people. It may be reiterated that weak management and administration is one of the main causes of many systemic weaknesses. There is a perceived general lack of appreciation by public servants of the essence of GNH and customer service value, lack of drive for excellence, commitment and ownership and there is growing demoralization and lethargy and corruption is becoming a way of life in the public service. These are indeed disconcerting for a nation that aspires for GNH.

A critical responsibility of the head of an agency is to promote an organizational culture that motivates performing inmates to perform better,





compels non-performing inmates to perform, a culture that engenders a strong sense of professionalism i.e. responsibility, accountability and commitment to deliver better services to one's clients and a culture that does not tolerate inefficiency, complacency and dishonesty. Unless

"right" people are placed in critical positions, who will lead by example and take hard decisions, the above problems will prevail and excellence will just remain an aspiration. Unless personnel and leadership issues are addressed other actions may have little impact.

## **9. COMPLAINTS & INVESTIGATION**

### **9.1 Guiding Principles**

Besides the Code of Conduct, the following broad principles govern the ACC in managing the complaints:

- Members of the Complaints Management Committee (CMC), investigation team and complaints record officer should announce any conflict of interest before registration/ review of complaints and enquiry or investigation of a case;
- Value every complaint;
- Respond promptly to walk-in complainants;
- Conduct discreet enquiries of all pursuable complaints before investigation;
- No time limitation on complaints that bear national and public interest;
- Indiscriminate application of law;
- Speedy action;
- Highlight any systemic flaw during review of complaints and investigation; and
- Conform to the operational manual.

### **9.2 Management**

A comprehensive operational manual and a complaints management system are in place. The OACC receives complaints through its complaint site (only the Commission and Chief Investigation Officer have access), anonymous and pseudonymous letters, telephone, fax and walk-in complainants. The Complaints Management Committee (CMC), comprising 3 Commissioners, Heads of Investigation Division, Legal & Policy Planning and Prevention Divisions reviews the complaints weekly. The structure has to change

when the office is fully staffed. Complaints are reviewed based on pursuability factor. Some complaints are consolidated and shared with agencies in confidence for corrective action. Some are also pursued through the RAA. Importantly, the reviews also highlight systems weaknesses, which the office shares with agencies and follows up on important issues.

Complaints generally manifest the inherent organizational weaknesses and community politics (everything including criminal act is fine until relationships fall out). Senior managers have to take the responsibility of enhancing organizational efficacy as they are responsible and accountable for anything happening in their organizations.

In an environment where there is no compulsion to perform, OACC as an infant and a new institution recognizes the potential risk of its well-intentioned efforts of cooperation being misperceived as interference and undermining authority. There is also the risk of ACC, which only points corrupt behavior, being blamed for the inherent inefficiency and attitude of public servants.

Further, the OACC is also mindful of the potential risk of complainants abusing it for his/her vested or malicious intent or transferring the legal burden to the OACC with convenient tones of corruption.

### **9.3 Status**

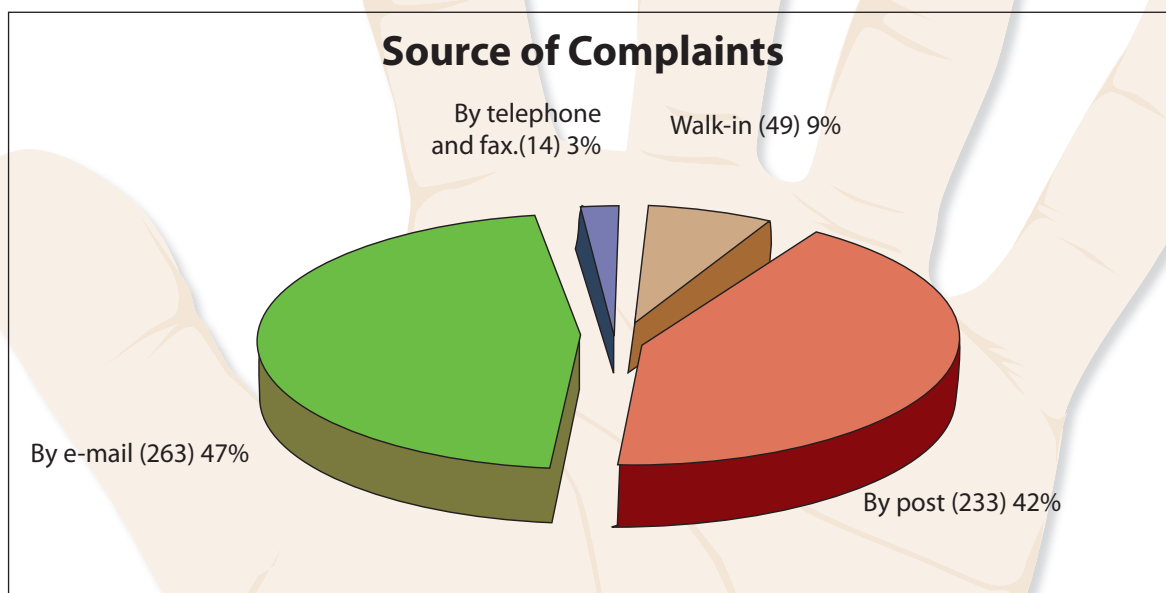
As of April 30, 2007, the OACC received a total of 559 complaints. 78% (436) of the complaints are anonymous and pseudonymous; it places great



burden on the OACC. However, complainants are often insiders and information provided has generally been found true. Eighty-one complaints (14.5%) have been assessed as non-pursuable by the CMC because of lack of substance or details. From the pursuable cases, 346 complaints (62%) have been taken up with concerned agencies and RAA. Some are being addressed through systems reviews.

Details of source of complaints, categorization by institution and areas of corruption highlighted in the complaints are presented below:

Complaints against local leaders are mainly misuse of Gewog/Chiwog development funds, public contributions (despite the government's order disallowing any public fund collection/contribution, it continues), imposition of fines/penalties without proper money receipt, illegal transaction of government/public land, non-payment of wages in development works (Lhakhang renovation, community school construction, etc.), conflicts of interests (their involvement in private business - contract works) and misuse of authority in election of local leaders.

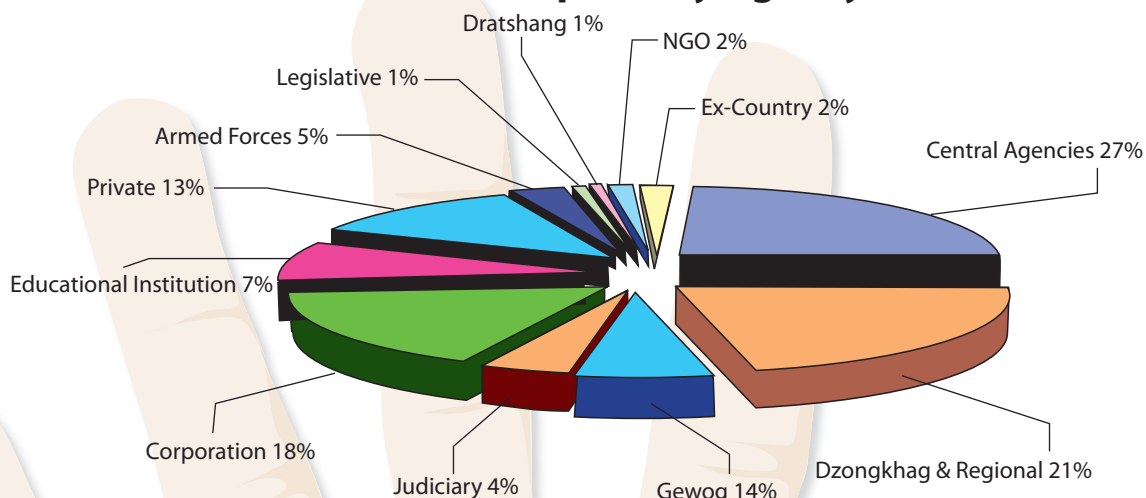


Complaints against public servants and offices primarily relate to misuse of resources (money, manpower, facilities, materials & natural resources including land) and abuse/misuse of positions (discretionary powers; non or discriminate application of rules & regulations on personnel, licensing, leasing, procurement, taxation, services, etc).

Complaints of public officials' alleged encroachment on government land, involvement in illegal transactions of government land and transaction of land belonging to farmers, who are often reluctant to sell their very source of livelihood are serious to be ignored.



## Incidences of Corruption by Agency

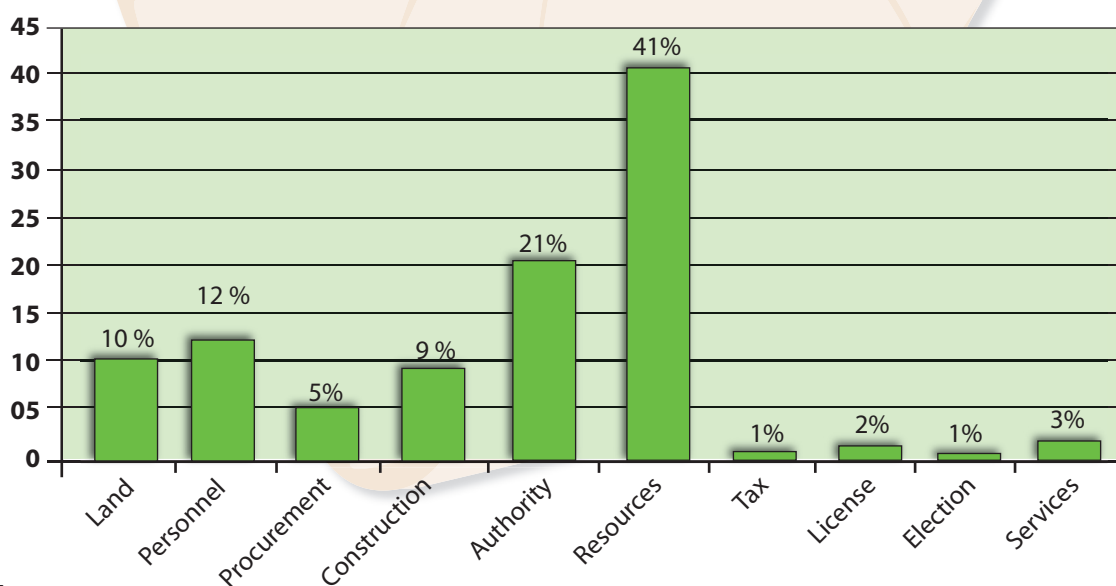


**Note:**

- |                              |   |   |
|------------------------------|---|---|
| <b>1. Central Agency</b>     | : | Ministries, Departments and Head Offices of Government Organizations. |
| <b>2. Dzongkhag/Regional</b> | : | Dzongkhag Administration, Regional/Range/Branch offices, etc.         |
| <b>3. Corporation</b>        | : | Government Corporations and financial institutions.                   |
| <b>4. Armed forces</b>       | : | Royal Body Guard, Royal Bhutan Army and Royal Bhutan Police.          |
| <b>5. Legislative</b>        | : | National Assembly Members.  |
| <b>6. Ex-Country</b>         | : | Corrupt practices (misuse of funds) by Bhutanese outside the country. |
| <b>7. Education*</b>         | : | Schools, Colleges, Institutes, etc.                                   |

*\* Education sector has been separately categorized since it is responsible for building the character of future leaders and society; education sector cannot afford to be corrupt.*

## Incidences by Areas of Corruption



**Note:**

- |                        |   |
|------------------------|---|
| <b>1. Resources:</b>   | Money, human resource, facilities, materials and natural resources.       |
| <b>2. Procurement:</b> | Purchase of office stationeries, equipments, repair and maintenance, etc. |





## 9.4 Enquiry & Investigation

The OACC conducts on an average 10 enquiries in a month. Discrete enquiry, agency, independent and joint investigations are some approaches adopted by the ACC. Each investigation would generally require a minimum of 3 investigators; the office has only 4. Further, weak organizational administration, which includes record keeping, lack of cooperation and incomplete information from complainants make investigation very

challenging. Support is sought from agencies when required and response from all has been encouraging. Investigation report writing, which is as important as the investigation itself, is equally demanding.

Besides, the numerous enquiries conducted by the office, 13 cases have been investigated. Details of investigations undertaken by the OACC are given below (as of April 30, 2007).

SI	Investigated by	Case	Date					Course of action
			Complaint Received	Period of Investigation	Last review by Com.	Report to OAG	Case filed in Court	
1	ACC	<b>NRTI:</b> Lapses in tendering procedures (matter taken up after NRTI failed to act promptly; after enquiry handed over to NRTI)	16-May-06	28-Jul-06 - 4 Aug 06	8-Aug-06 (Com. had 2 sittings)	-	-	Administrative actions against 2 employees & workshop blacklisted by NRTI
2	MOA & ACC	<b>Gelephu, Sarpang Dzongkhag:</b> Illegal land transaction	6-Aug-06	25-Aug-06 18 Sep 06	20-Sep-06 (4 sittings)	21-Sep-06	6-Nov-06	4 persons under trial
3	ACC	<b>Thimphu City Corporation:</b> Forgery, illegal transaction & criminal misappropriation of immovable property & official misconduct	15-Sep-06	19-Sep-06 10 Nov 06	15-Nov-06 (5 sittings)	15-Nov06	1-Dec-06	3 detained &suspended; 2 yet to be suspended by MWHS; 5 persons under trial; Case referred by RBP.
4	ACC	<b>RICBL:</b> Forgery, deception and official misconduct	2-Aug-06	4-Sep-06 7 Dec 06	26-Dec-06 (7sittings)	29-Dec-06	5-Mar-07	73 Employees (including ex-employees) under trial; none suspended
5	ACC (assisted by MOE)	<b>Bumthang Dzongkhag:</b> Official misconduct, forgery, bribery & misleading report	19-Jul-06	13-Oct-06 27 Oct 06	6-Dec-06 (3 sittings)	08-Dec-06	25-Jan-07	1 person charged; suspended; judgement awaited
6	ACC	<b>Phobjikha, Wangdue :</b> Illegal transaction of government land (case investigated after Dz. Adm. failed to establish)	16-May-06	15-Sep-06 30 Nov 06	21-Dec-06 (3 sittings)	21-Dec-06	5-Mar-07	One person terminated; 2 not suspended; 4 (one is former gup) persons under trial
7	ACC	<b>Gyensa road &amp; GYT members Haa :</b> Misuse of project fund (report passed to Dz. Adm. for action)	9-Nov-06	15-Nov-06 20-Nov-06	21-Nov-06 (2 sittings)		(case in court)	8 Tshogpas charged & administrative action taken against 1 gup by Dz. Adm.
8	ACC	<b>Nyisho Geog, Wangdue:</b> Embezzlement of Govt. fund, deception & official misconduct	20-Oct-06	28-Nov-06 03-Jan-07	5- Jan- 07 (2 sittings)	11-Jan-07 2-Apr-07 resubmitted after further review)	-	Yet to be filed before the court by OAG; 1 person implicated



9	ACC	<b>Drujeygang Geog, Dagana:</b> Illegal conversion of Sogshing & misuse of authority	8-Nov-06	15-Jan-07	(2 sittings)	-	-	Investigation report being reviewed; 1 person implicated.
10	ACC	<b>Buli-Tsaidang Farm road, Zhemgang :</b> Forgery, deception and abuse of authority	17-Jan-07	15-Feb-07 06-Mar-07	26-Mar-07 (3 sittings)	28-Mar-07	27-Apr-07	One person suspended; adm. action to be taken by agencies against other persons; 3 people charged. Yet to be filed in court by OAG; 1 person implicated; suspended
11	ACC (based on RAA report)	<b>CAB :</b> Embezzlement and abuse of authority	4-Sep-06	10-Jan-07 12-Mar-07	14-Mar-07 (2 sittings)	15-Mar-07	-	Yet to be filed in court by OAG; 1 person implicated; suspended
12	ACC(sup-ported by MoWHS	<b>Wangdue:</b> Commercial plot allotment in new Bajothang town (systems weakness & non-enforcement)	03-Apr-07	10-Apr-07 06-May-07	03-May-07 (4 sittings)	-	-	Report submitted to MWHS on May, 07, 07
13	ACC (based on RAA report)	<b>YDF:</b> Embezzlement & official misconduct	21-Mar-07	18-Apr-07	(1 sitting)			Under investigation
14	ACC (based on RAA report)	<b>Education (MoE):</b> Forgery embezzlement & official misconduct	18-Aug-06	17-Apr-07	(1 sitting)			Under review

#### 9.4.1 Suspension of Accused Public Servants

In accordance with sections 77 and 78 of the Anti-Corruption Act, letters were sent to the National Assembly (one person), High Court (one person), RCSC (one person), Ministry of Works & Human Settlement (MWHS)(6 persons), Ministry of Finance (MOF)(2 persons), RICB(64 persons) and Construction Association of Bhutan (CAB) (one person) to suspend those accused in cases investigated by the OACC. Suspension letters are sent only when OAG confirms that there is a case. While initially the ACC did not share the investigation findings with concerned agencies, it now sends a gist of its investigation report with the suspension letter.

The National Assembly Secretariat and MOF acted immediately; MWHS acted on 4 people (3 under detention) but with regards to the 2 persons no action has been taken yet. High Court and RCSC also have not acted. RICB has appointed a new Managing Director. CAB while initially having expressed its difficulty to suspend the accused has now suspended him.

If laws, in particular the Anti-Corruption Act of Bhutan 2006, are clear the trend is unhealthy. Such resistance, categorical and implicit, can be perceived

as leaders' lack of seriousness in fighting corruption and a precursor to future challenges when the ACC actually "performs." Besides, it will be difficult for the ACC to operate effectively under such circumstances. Legal recourse will be sought on the matter. If it is a lack of clear procedures, it has to be drawn but action must be taken. If there is a legal discrepancy, it has to be pointed out and corrected, if warranted but action must be taken.

#### 9.4.2 RAA Reports

In pursuance of the Audit Act of Bhutan 2006 and as a part of RAA and ACC collaborative effort, the former sends its reports that contain cases of corruption to the latter. As of April 30, 2007 the ACC received 27 reports (**details at annex II**).

In the spirit of team work, also in order to create a sense of moral responsibility in the agencies and to address systemic flaws that allow such persistent orchestration of corrupt practice, letters were sent to 12 agencies in early November 2006 asking them to inform the office on the action taken against the employees implicated in corruption. The OACC is closely working together with RAA on the follow up action.



Only Ministry of Education (MoE), CAB, Youth Development Fund (YDF) and Paro Dzongkhag (Shaba Geog) have informed the OACC of (administrative) action taken against their employee/s implicated in embezzlement of public funds. CAB's case has been forwarded to the OAG. The office is reviewing/investigating the MoE's and YDF's cases. Cases are taken up the ACC when action taken by agencies does not ensure uniform application of law not just within the civil service but beyond. The agencies are informed accordingly.

If the government is sincere about curbing corruption, it has to take hard action against corrupt individuals. It certainly is desirable to distinguish "small" and "big" offences of corruption,

which then could be liable for administrative and penal action, respectively. But is it legally permissible? If permissible, such application should not be only confined to the civil service. Clear and transparent guideline/criteria have to be established for uniform application on all citizens alike by enforcement agencies and the judiciary. Further, as general legal consciousness grows, legality of agencies investigating criminal matters could also be questioned.

Much time is also wasted as RAA, agencies and the OACC endeavor to fulfill due administrative/legal processes in dealing with offences of corruption noted in the reports. RAA and ACC have initiated deliberations to develop more effective and result oriented mechanisms.

## 10. TI CORRUPTION PERCEPTION INDEX (CPI) RANKING

In 2006, for the first time Bhutan featured in the Transparency International (TI) CPI ranking. She was ranked 32<sup>nd</sup> in the world (163 countries), 5<sup>th</sup> in Asia and 1<sup>st</sup> in South Asia. Bhutan's ranking is attributable to her good governance policies and her continuing efforts towards achieving

it through political, judicial, legislative and public service reforms, to the establishment of an independent ACC and the two private news papers. The challenge for Bhutan is to sustain the ranking and to do better.

## 11. CHALLENGES & OPPORTUNITIES

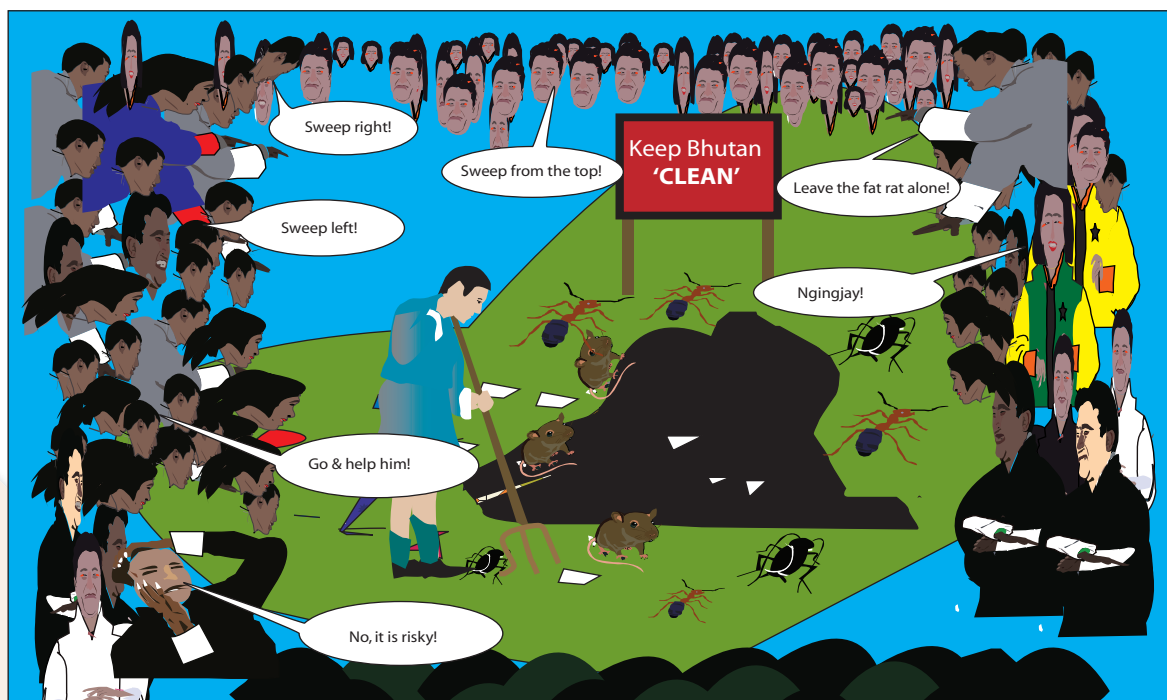
Changing people's attitude and behavior and promotion of a culture of intolerance for corruption is the biggest challenge. Changing the prevailing culture of impunity, which may trace its cause to the misplaced Buddhist values of tolerance, compassion and benevolence of *kidu*, is also a challenge.

There is a skeptical and passive public fatigued with talks of good governance and corruption. There are some, who are questioning ACC's operation, integrity and sincerity. There are some who expect ACC to be aggressive; it can barely crawl and it is expected to dash. The ACC as a new institution with a demanding mandate warrants closer attention to understanding its status

vis-à-vis the existing institutions, systems and culture, people's and public/private institutions' understanding of the ACC's mandate and to establish clear understanding and coordination mechanisms. However, fulfilling this pressing need coupled with the pressing institutional development demands under time and mounting work pressure and against the backdrop of public expectations/perceptions has been a challenge.

Operating in a system with entrenched sense of territorialism and a weak enforcement culture, operating in a small society, where corrupt people blame everybody and the system for being corrupt and bear no guilt at all and cutting through the social and power nets that create safe haven for





corrupt people are indeed challenging. In a small country where everyone is known to each other and where friendship and fraternity is important, strong enforcement is just incompatible with the public psychic. It calls for a drastic change of mindset and overhauling of the existing mental as well as cultural paradigm. A no-nonsense and tough-minded leadership has become absolutely imperative for tough and quick action.

The common people, largely the poor are too pre-occupied with their daily struggle to be concerned with corruption and its adverse impact on the society, who ironically are the ultimate victims. When development is afflicted with corruption, their needs are conveniently forgotten. They become helpless, unable to avail themselves to minimal public service, which goes against the very principle of GNH and democracy. Raising public consciousness on the ills of corruption, invoking a sense of duty in fighting it and most importantly actually fighting it is an arduous and a long journey.

The silver lining is, with challenges there are opportunities. The 5<sup>th</sup> Druk Gyalpo's strong drive for excellence, meritocracy and honesty provides the national platform for concerted action. His sincerity to fight corruption is succinctly testified

by His Command on the AWP corruption case, which states,

*"... 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."*

Bhutan is a small Buddhist country with correspondingly small bureaucracy and private sector, corruption level is still manageable, great reforms are underway and most importantly there is a great and caring monarch, who is committed to fighting corruption. These offer great opportunities to the leaders at all levels and of all professions to ACT and also to every citizen to make a difference in his or her small and simple ways.



## 12. CONCLUSION

The OACC will be 17 months old on June 3, 2007. While it is premature to quantify any tangible impact, small efforts that the office has made in close concert with all agencies – public and private, it may not be wrong to say that corruption, as an issue, has gained currency, which hopefully will generate the force to fight corruption. If nothing at all, at least people will continue to talk about corruption and the big-small fish tension, creating subtle discomfort for corrupt and pliable individuals. The ambience, however, should not be of fear but of greater sense of responsibility and accountability.

Bhutan has been acclaimed internationally for her novel and profound development philosophy, the wise policies that have given better quality of life to her people. The country's unprecedented progress testifies that leaders indeed make a difference. The ACC hopes that the political change will herald greater leaders who will take Bhutan to greater heights of prosperity and happiness. Integrity and incorruptibility of leaders at all levels is critical. With

the strong political will, demonstrated by clear personal examples of senior leaders, stringent and indiscriminate enforcement of laws and strong action against corrupt people, corruption can be curbed sooner than later.

Political parties should place corruption high on their manifesto. Corruption must be an agenda for cabinet discussions. This must extend to each and every agency, ministry, department, dzongkhag and geog. Ministers and officials must make personal statements as their determination to fight corruption, waste and inefficiency in areas under their control.

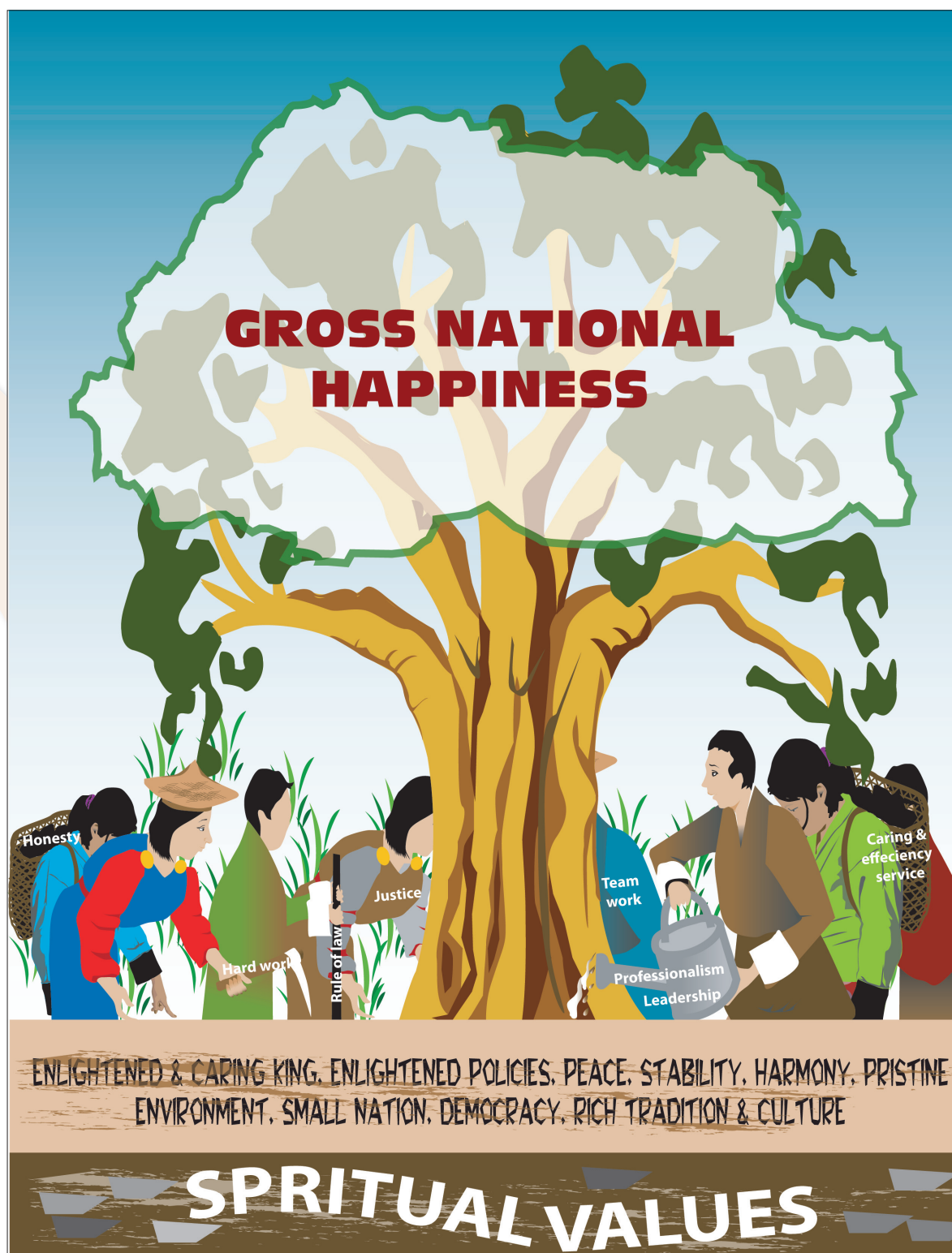
The current ambience of resignation, apprehension and indifference has to make way for hope and determination with new opportunities and challenges unfolding as the nation and the people prepare for parliamentary democracy and persevere to achieve GNH – a great vision of a great leader of a great nation.



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



**Fifth Druk Gyalpo**



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All the happiness of the world comes from thinking of others (**people-centric**); All the sufferings of the world come from thinking of oneself (**government-centric**).

//

**A great Buddhist Master**





## 13. Annex I

## Staff List

S.N.	Name	Present Position	Qualification
1.	Neten Zangmo	Chairperson	B.Sc. (civil engg.), BIT, India, (Masters (Tech. Ed.), Victoria University of Manchester
2.	Dorji Choden	Commissioner	B.Sc. (civil engg.), BIT, India, Masters of Arts in Public Administration, Syracuse University, New York
3.	Thinlay Wangdi	Commissioner	M.Sc. in Education Management Administration, Moray House College of Education, Edinburgh,
4.	Jigme Rinzin	Chief Investigation Officer	B.Com. (Hon.), Sherubtse College & FCCA
5.	Techoo Dorji	Investigation Officer	EFRC/Diploma in Forestry
6.	Leki Dendup	Asst. Investigation Officer	PGCFM, Royal Institute of Management, B.Com(Hon.), Sherubtse College
7.	Karma Thinlay	Chief Prevention Officer	B.Tech., R.E.C, Warrangal, India
8.	Chhimi Wangmo	Asst. Research Officer	BA, Economic (Hon.), St. Joseph College
9.	Ugyen Wangdi	Chief Legal & Planning Officer	BA Eco. (Hon.), Sherubtse College, PGDNL, RIM, LL.B, Govt. Law College, University of Mumbai, India, LL.M Dalhousie Law School, Dalhousie University, Halifax, Canada
10.	Ugyen Tshering	Assistant Education & Advocacy Officer	PGCE, NIE, Samtse, BA Dzongkha (Hon.), ILCS, Simtokha
11.	Karma Wangdi	Head, Adm. & Finance Division	BA. Eco. (Hon.), Sherubtse College, PGDFM, RIM, Master in Professional Accountancy, Edith Cowan University, Australia
12.	Tashi Phuntsho	Asst. Investigation Officer	B.Com(Hon.), Sherubtse College
13.	Rinzin Pem	Office Secretary	Certificate, Royal Commercial Training Institute
14.	Ugyen Tshomo	Accounts Asstt. II	Diploma in Financial Management, RIM
15.	Yeozer Dolma	ICT Technical Assistant. II	Diploma in Information Management System, RIM
16.	Yangzom	Office Secretary	ISC, Nima Higher Secondary School
17.	Kinzang Norbu	Receptionist	ISC, Baylling Higher Secondary School
18.	Khankhu	Driver	NDTI, Phuntsholing
19.	Langngala	Driver	NDTI, Phuntsholing
20.	Sangay Namgay	Driver	NDTI, Phuntsholing
21.	Kelzang Dema	Cleaner	NFE



## 14. Annex II

## STATUS OF RAA REPORTS (as of April 30, 2007)

Sl. No	Report On/RAA AIN. No	Action Taken by ACC	Remarks
1	Inspection Report of Dzongkhag Administration, Dagana July 2006 for the period of July 2004 to 30th June 2005 <b>AIN no. (6459)</b>	Wrote to Ministry of Home and Cultural Affairs (MHCA)	MHCA wrote to Dagana Dzongkhag on 7/ 11/06. No response yet.
2	Inspection report on the audit of expanded Basic Education Programme implemented by the Ministry of Education period 01/07/2003-30/06/2006 <b>AIN no. (6474)</b>	Wrote to Ministry of Education	One person terminated by RCSC without benefits; case forwarded to OAG by RCSC.  Case w.r.t. 11 officials initially forwarded to the OAG by MoE; after RCSC's intervention it was withdrawn; jointly reviewed by the RCSC & MoE. Administrative action taken against 11 officials & matter closed.  After having written to MOE, ACC reviewing the case.
3	Accounts and investigation report of Geling Gewog (Chhukha Dzongkha) <b>AIN no. (6477)</b>	Wrote to Ministry of Home and Cultural Affairs	MHCA wrote to Chukha Dzongkhag on 7/ 11/06. No response yet.
4	Inspection Report on the Audit of Accounts and Operations Of Gewog Administration Chimung, Pemagatshel. (period 01.07.2004 - 30.06.05) <b>AIN no. (6592)</b>	Wrote to Ministry of Home and Cultural Affairs	MHCA wrote to Pemagatshel Dzongkhag on 7/ 11/06. No response yet.
5	Audit Certification and Inspection Report on Construction Association of Bhutan for the year ended 31-12-2005 <b>AIN no. (6500)</b>	Wrote to CAB	CAB has started recovery of accounted funds with interest from the officer & has taken other administrative action. Individual suspended on May 1, 2007. Case forwarded to OAG.
6	Special Audit report on the Audit Accounts and Operation of the Gewog Administration, Mewang, Thimphu for period 01/10/02-31/10/05 <b>AIN no. (6584)</b>	Wrote to Ministry of Home and Cultural Affairs	MHCA wrote to Thimphu Dzongkhag on 7/ 11/06. Thimphu Dzongkhag responded to MoHCA on 22.11.06. ACC yet to receive report.
7	Audit of accounts and operations on the Reproductive Health and Information and Communication Bureau, MoH, Thimphu <b>AIN no. (6286)</b>	Wrote to Ministry of Health	No response received.
8	Report on the Audit on Accounts of Tshento Gewog Paro. <b>AIN no. (6608)</b>	Wrote to Ministry of Home and Cultural Affairs	MHCA wrote to Paro Dzongkhag on 7/ 11/06. No response yet.
9	Report on the Audit on Accounts and Operations of the FCB Samdrup Jongkhar <b>AIN no.(6617)</b>	Wrote to FCB	FCB's letter received on 6/11/06; informed of having constituted a senior level team to review the report. No further response thereafter.



10	Report on the Audit of Account Shaba Gewog, Paro. <b>AIN no. (6607)</b>	Wrote to Ministry of Home and Cultural Affairs	Report received from the Dzongkhag; concerned person asked to submit all legal documents, failing which matter to be submitted to ACC. Yet to hear from Paro Dzongkhag
11	Inspection Report on the Audit of Accounts and Operations of RBA, Lungtenphu, Thimphu. <b>AIN no. (6636)</b>	Wrote to Royal Bhutan Armed Forces.	Former Dy. Chief Finance Officer recalled from Geneva. No further information received.
12	Manipulation of Bank Guarantee and Khothakpa water dispute, Pemagatshel	Wrote to RAA for review by OAAG, S/J	Received Audit Report from OAAG, S/J, with findings; forwarded case to BNB for legal actions against the alleged contractor for forging Bank Guarantee. No response received from BNB yet. Also, wrote to concerned Dzongdags for necessary actions against the officials who had not verified legal documents properly. T/gang responded; response from others awaited.
13	Report on the Audit of Account and Operations of the International Assisted Accounts, MoE for the period 01.07.04 to 30.06.06 <b>AIN no. (6694)</b>	Wrote to Ministry of Education	7 implicated by RAA. Administrative action taken by MOE.
14	Audit Certification and Inspection Report on the Accounts and Operations of the Youth Development Fund, Thimphu. <b>AIN no. (6829)</b>	Wrote to YDF. Investigation underway.	YDF has terminated the person.

15 Auditors report on the Financial statement of the Bara Gewog Administration, Samtse, for the year ended 30th June 2005 and 2006, **AIN no. (6788)**

16 Auditors Report on the Financial Statement of the Biru Gewog Administration, Samtse, for the year ended 30th June 2005 and 2006, **AIN no. (6789)**

17 Auditors Report on the Accounts and Operations of Extensions of DANIDA HSPS-II Construction Project Phase III **AIN no. (6723)**

18 Inspection Report on the Audit of Accounts and Operations of the Samtse Dzongkhag Administration, **AIN no. (6819)**

19 Report on the Audit of Accounts and Operation of the Dzongkhag Administration, Bumthang, **AIN no. (6818)**

20 Report on the Audit of Accounts and Operations of the GOI funded projects "Construction of 350 bedded hospital at Thimphu and 150 bedded hospitals at Mongar, MoH **AIN no. (6724)**

21 Report on the Audit and Operations of Dzongkhag Administration, Tashiyangtse for the period 1/07/2004 to 30/06/06, **AIN no. (6721)**

22. Report on the Audit of Accounts and Operations of the Dzongkhag Administration, Sarpang, **AIN no. (6785)**

23. Report on the Audit of Accounts and Operations of Dzongkhag Administration, Zhemgang, **AIN no. (6869)**

24. Report on the Audit of Accounts and Operations of the Dzongkhag Administration Pemagatshel. **(AIN no. (6875))**

25. Inspection Report on the World Bank Funded Project no. IDA- LOAN 3820- BHU (SF) on 'Education Development Project' (EDP) implemented by the Ministry of Education, Thimphu (TWO REPORTS), **AIN no. (6886)**

26. Audit report of Dzongkhag Court, Jakar for the period 01/07/2004-30.06.2006, **AIN no. (6876)**

27. Audit Inspection report on AWP Head office, Samtse Unit & BHW, P/ling and Thimphu, **AIN No.(6503)**





## 15. Annex III

**Budget Allocation & Expenditure**  
(January 2006-June 2006)

(Ngultrum in millions)

S.N.	Title	Approved Budget		Expenditure	Remarks
		Current	Capital		
	<b>RGOB Financing</b>				
<b>A</b>	<b>General Adm.&amp; Direction Services</b>				
1	Pay & allowance	0.835		0.775	
2	Other-personnel Emoluments	0.019		0.012	
3	Travel : in-country	0.300		0.052	
4	Utilities: telephones, telex, fax, e-mail, internet	0.120		0.045	
5	Utilities: telegram, wireless transmission, postage	0.125		0.028	
6	Utilities: electricity, water, sewerage	0.100		0.006	
7	Rental of Properties: buildings	0.150		0.132	
8	S&M : office supplies, printing, publications	0.550		0.275	
9	Maintenance of Property : vehicle	0.110		0.109	
10	Op. exp.: advertising	0.360		0.096	
11	Op. exp.: others	0.160		0.099	
12	Hospitality & Entertainment	0.150		0.044	
13	Contributions : provident fund	0.039		0.042	
14	Furniture		5.500	3.92	
15	Office Equipment		1.367	1.256	
16	Computers & peripherals		0.770	0.676	
	<b>UNDP Fund Project</b>				
1	Op. exp. : others	0.592		0.271	
2	Training: Others		0.300	0.300	
	<b>Total</b>	<b>3.610</b>	<b>7.937</b>	<b>8.138</b>	



**Budget Allocation & Expenditure**  
Fiscal Year 2006 – 2007

(Ngultrum in millions)

S.N	Title	Approved Budget		Supplementary/ Re- appropriation	Expenditure (as of 30th April,2007)	Remarks
		Current Capital				
	<b>RGOB Financing</b>					
<b>A</b>	<b>General Adm.&amp; Direction Services</b>					
1	Pay & allowance	1.731		1.676	2.781	supplementary for additional 14 officials (initial 7 officials)
2	Other-personnel Emoluments	0.041			0.037	
3	Travel: in-country	0.700			0.446	
4	Travel: outside	0.231			0.231	
5	Utilities: telephones, telex, fax, e-mail & internet	0.600			0.442	
6	Utilities: telegram, wireless transmission, postage	0.050		0.100	0.131	Re-appropriated from office supplies
7	Utilities: electricity, water, sewerage	0.050			0.037	
8	Rental of Properties- Buildings	0.396			0.33	
9	S&M: office supplies, printing, publications	0.600		0.500	0.266	Re-appropriated to postal expenses
10	Maintenance of property: vehicle	0.440			0.243	
11	Op. exp.: advertising	0.200			0.148	
12	Hospitality & Entertainment	0.200			0.054	
13	Contributions-Provident Fund	0.244			0.179	
14	Furniture		0.100		0.059	
15	Office Equipment		0.500		0.025	
16	Professional Services		0.300		0.014	
<b>B</b>	<b>Op. exp.: others</b>	1.604			1.158	
	<b>UNDP Fund Project</b>					
1	Op. exp.-others	1.118			0.912	
2	Training-others		0.450		0.383	
3	Computers & Peripherals		0.257		0.219	
	<b>DANIDA Fund Project</b>					
1	Training- Others		1.590		0.650	
2	Office Equipment		0.580		0.476	
3	Professional Services		2.830		1.688	
	<b>SDC Fund Project</b>					
1	Training- Others		1.500		0.017	
<b>Total</b>		<b>8.205</b>	<b>8.107</b>	<b>2.276</b>	<b>10.926</b>	



# **"Fighting corruption is a collective responsibility."**

