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ACC
ANTI-CORRUPTION COMMISSION

National Integrity Assessment 2016

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation (SDC)

ANTI-CORRUPTION COMMISSION

THIMPHU: BHUTAN

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National Integrity Assessment 2016

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ANTI-CORRUPTION COMMISSION, BHUTAN

Anti-Corruption Commission is a constitutional body, mandated to prevent and fight corruption in Bhutan. Established on 31st December 2005 by Royal Decree, its mission is to tackle corruption through leading by example, achieving excellence in partnership and mainstreaming anti-corruption measures in public or private organizations.

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EXECUTIVE SUMMARY

In order to carry out corruption prevention interventions effectively, it is imperative to make an accurate diagnosis of the services prone to corruption and thereby develop robust measures to prevent and mitigate corruption risks and opportunities. One such tool is National Integrity Assessment (NIA). NIA, in general, is an "assessment of whether, in an agency, a public official follows standard procedures in providing services fairly and transparently and that the services are not processed based on personal propensity towards a special condition or inducement" (ACRC, 2015).

NIA assesses the condition of services delivered by the public agencies. The services for the assessment were selected based on the criteria such as vulnerability to corruption, importance to socio-economic development, etc.

NIA was first adapted by ACC in 2009 from ACRC, South Korea. Since then, NIA is conducted every 3rd year in collaboration with NSB. As a third in the series of integrity assessment, NIA 2016 covered 254 services from 80 agencies. A total of 10,814 respondents comprising 8,706 service users (external clients) and 2,108 service providers (internal clients) were interviewed.

The NIA 2016 score is 7.95 depicting a very good status of the national integrity level. However, as compared to NIA 2012, there is a decrease of 0.42 in the score. The main cause of the decrease is due to the decrease in the score of external integrity in terms of accountability and transparency. Weak information sharing, complex and lenthy procedures, negligence of official duty and abuse of function by the public officials contributed to the decrease in transparency and accountability scores respectively.

The score for internal integrity saw an increase by 0.21 as compared to NIA 2012. This improvement is because of the increase in the score for budget execution and corruption control systems. While there are slight improvements in all other components of internal integrity, personnel management and fairness in assignment of work continue to be areas of concern.

The NIA 2016 found that corruption in the form of favouritism and nepotism were prevalent in public service delivery. Further, the NIA 2016 revealed that corruption, in the form of payments in cash or in-kind, entertainment and other forms of gratifications were provided by the clients in availing the services. Some of the reasons shared by the clients were to expedite the processing of the services, expression of gratitude for processing the services, avoid/waive off penalty and, in few cases, on demand by the public officials on duty amongst others.

The NIA 2016 provides evidence-based recommendations for the public agencies to develop and enhance strategies to prevent corruption by improving transparency and accountability systems in public service delivery. Based on the findings, following recommendations are proposed:

- Promote and strengthen e-services;
- Implement Model Guideline on Managing Conflicts of Interest in the Public Sector 2017;
- Implement The Gift Rules 2017;
- Institutionalize Grievance Redressal Mechanism related to service delivery in the public agencies;
- Develop service delivery standards;
- Encourage whistle blower and ensure their protection and
- Enhance implementation of Social Accountability Tools.

ACC urges all public agencies to use the findings to reflect and institutionalize appropriate systems.

As this report provides assessment of integrity at the national level and is not specific to any particular agency or service, the ACC is in the process of developing agency-specific reports to facilitate respective agencies to further work on enhancing agency integrity.

CHAPTER 1: INTRODUCTION, CONTEXT AND OBJECTIVES

1.1 Introduction

Bhutan's development guided by the philosophy of Gross National Happiness (GNH) envisions fostering of holistic socio-economic development for greater wellbeing and happiness of its citizens. The Government ensures that GNH principles are incorporated in the development plans and programmes to further mainstream it into sectoral programs.

Development initiatives are undertaken through the Five Year Plans (FYP), which enables the public agencies including the local governments such as *Thromdes, Dzongkhags* and *Gewogs* to prioritize their needs to ultimately achieve the national objectives. Timely revision, monitoring and assessment of the progress are carried out to ensure effective allocation and utilization of resources. This is undertaken through the Annual Performance Agreement (APA), which the government signs with the agencies. Progress assessment through APA is an indication of having clear focus, roles and priority to promote transparency and accountability that helps to ensure effective utilization of resources. This also indicates the priority accorded by the government to improve public service delivery and provide efficient, effective and quality services to the citizens. The primary goal of Bhutan's 11th FYP (2013-2018) is "Self-reliance and inclusive green socio-economic development" and good governance being vital for sustainable and equitable socio-economic development, the plan focuses on strengthening democracy, reducing corruption and improving public service delivery. Similarly, in the 12th FYP National Key Results Areas (NKRA) on "Corruption Reduced" and "Infrastructure, Communication and Public Service Delivery Improved" are being maintained and is mandatory for all the agencies to incorporate in their respective plans and programs.

Towards realizing this, a separate Government-to-Citizen (G2C) office has been established under the direct supervision of the Office of the Prime Minister and Cabinet. Several initiatives such as reducing turn-around time in availing public service and increasing the number of e-services have been undertaken. Furthermore, Community Information Centers (CIC) have been established in all the *Gewogs*. Agencies such as the Ministry of Economic Affairs (MoEA), National Housing Development Corporation Limited (NHDCL), Department of Immigration (DoI), Construction Development Board (CDB), Ministry of Education (MoE), Royal Court of Justice, Drugs Regulatory Authority (DRA), *Thromdes*, etc. have also started providing online public services. Online services as part of e-Governance can contribute to improving public service delivery, reducing corruption, and further improving the trust between the government and the citizens (Backus, as cited in Pathak et al, 2008).

Given the continued attention by the government in improving service delivery, an assessment on the state of service delivery, by assessing the level of corruption and integrity, is timely. Lord Kelvin (1883 as cited in ACRC, 2015) said, "If you cannot measure it, you cannot manage it". Therefore, it is important to assess the impact and effectiveness of integrity of the public agencies in service delivery.

Accurate identification and diagnosis of corruption prone areas, forms, levels and causes are pre-requisites to undertake effective corruption prevention measures to improve national integrity. Therefore, NIA in Bhutan was adapted from ACRC, South Korea in 2009, given its relevance to our context and the recognition by the United Nations.

Integrity Assessment (IA) is a service oriented survey whereby the services provided by the public agencies are assessed. It is an agency-based corruption assessment framework targeting public agencies including the central agencies. It assesses the selected corruption prone public services in the target agencies and seeks to assess the actual state of corruption in the public agencies with a focus on public service delivery.

The NIA 2016 assessed the prevalence, causes and levels of corrupt acts and corruption control systems in the public agencies based on the perception and experience of the service users and providers in 2015. Every corruption prone unit and its processes were analyzed to assess the level of integrity and corruption in the agencies. The survey respondents comprised of citizens who were involved in availing and providing public services. It also provides the status of the agencies in terms of internal corruption control and other wrongdoings. The recommendations derived from the survey are proposed for improving service delivery and preventing corruption.

This report is structured as follows:

Chapter 1 introduces and discusses the importance and objectives of NIA. **Chapter 2** explains NIA concepts, methodology and limitations. **Chapter 3** discusses the key findings of NIA and comparative analysis with previous NIAs and similar international studies. **Chapter 4** presents the general corruption perception such as trend, seriousness, and rampancy of corruption, citizens' perception on effectiveness of ACC and priority areas for ACC. **Chapter 5** summarizes the findings and provides recommendations.

1.2 NIA in Bhutan and its Concepts

1.2.1 Components and Concepts of Integrity Assessment

The IA comprises of five components namely: External Integrity, Internal Integrity, Policy Customer Evaluation, Occurrences or Statistics of Corruption and Acts Lowering Assessment Reliability as shown in **Figure 1.** Each of these components are discussed hereunder:
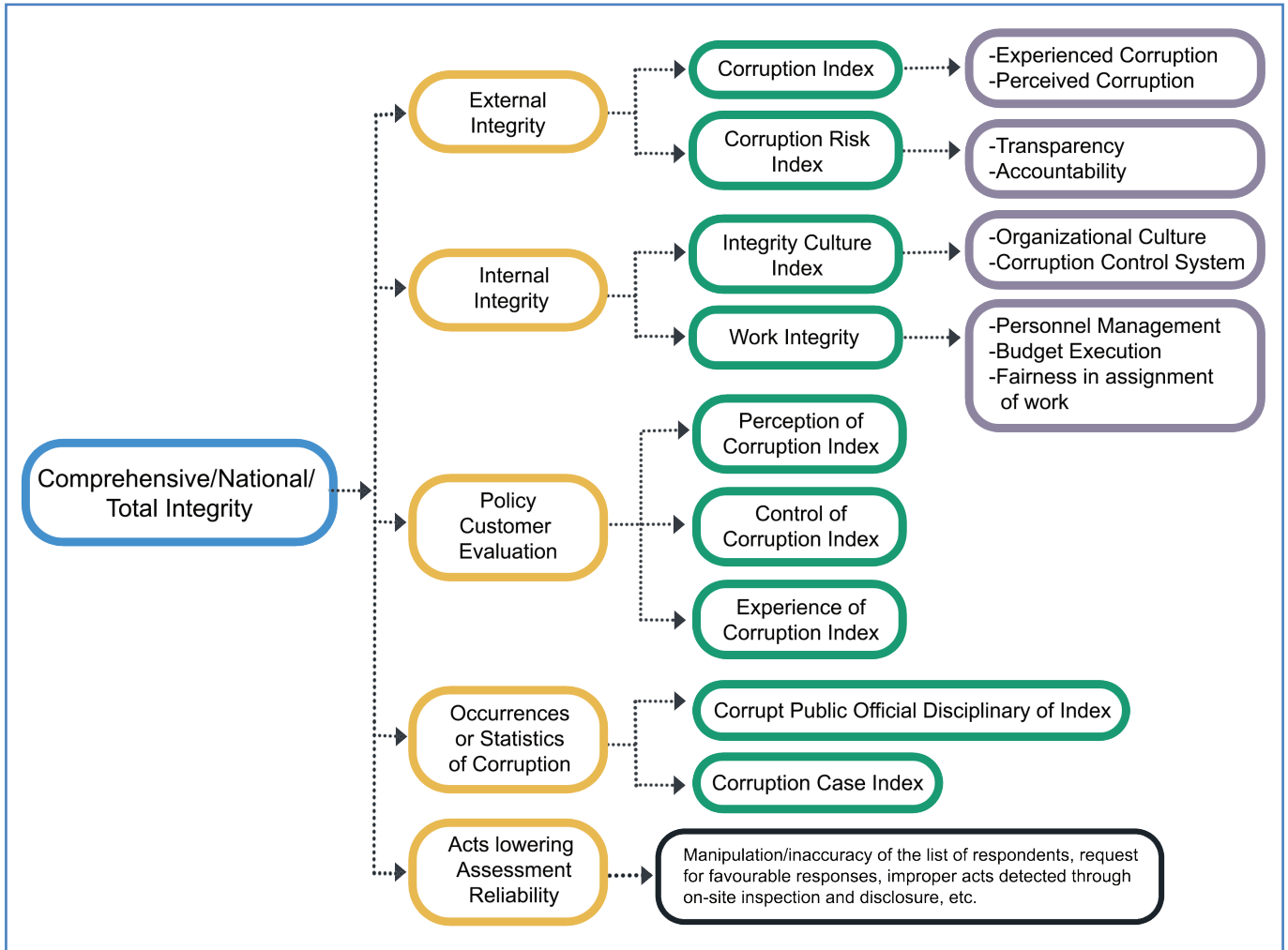
Figure 1: Updated Integrity Assessment Model. Source: ACRC, 2015

a. **External Integrity**: The external clients or service users assess the level of integrity of the employees of the public agencies in discharging their duties in a transparent and accountable manner without indulging in acts of corruption or misconduct. The level of integrity is assessed based on the experience and perception of the public service users.

External integrity includes two indices: Corruption Index and Corruption Risk Index. Corruption Index assesses the level of corruption in an agency based on the experience and perception of the public service users while Corruption Risk Index assesses the transparency and accountability in an agency in terms of disclosure of information, practicality of the standards and procedures, abuse of power and accomplishment of the duties by the employees.

b. **Internal Integrity**: The public officials or internal clients who provide services in an agency carry out the assessment of internal integrity. Internal Integrity is composed of Work Integrity Index and Integrity Culture Index. The level of Work Integrity in internal affairs such as personnel management, budget execution, and assignment of work by supervisors in an agency are assessed. Integrity Culture Index shows the prevalence of corrupt practices and effectiveness of corruption control systems in an agency.

c. **Policy Customer Evaluation**: The Policy Customer Evaluation assesses the overall performance of the target agencies including policy-decision making processes. Policy experts, including those involved in formulating and drafting and the people affected by the policies evaluate the corruption level of the target agencies in the process of determining and implementing the policies. Policy Customer Evaluation is composed of Perception of Corruption Index, Control of Corruption Index and Experience of Corruption Index.

Perception of Corruption Index examines the perception of favoritism, wasteful use of budget, transparency and fairness in decision-making and overall work progress while Experience of Corruption Index assesses the experience and perception of making payments in cash or in-kind, entertainment and other forms of gratification. The Control of Corruption Index reveals the perception of strict punishments and efforts to prevent corruption.

d. **Occurrences of Corruption**: It is defined as "actual occurrence of corruption cases" in an agency (ACRC, 2015). It consists of Corrupt Public Official Disciplinary Index (CPODI) and Corruption Case Index (CCI). CPODI reflect statistics on corruption cases that occurred in the target agencies and CCI reflect corruption cases that cannot be covered by CPODI. CCI is generated by gathering media coverage of corruption scandals related to the target agency: verifying facts and arguments related to the scandals and calculating the score through expert evaluation. This adds to statistics on corruption cases besides the survey results. With this inclusion, the integrity scores is deducted from the comprehensive integrity score.

e. **Acts Lowering Assessment Reliability**: This component was added to detect improper acts such as whether or not the respondents were asked to give favourable responses by public officials. Such acts can be detected through surveys and on-site inspections, and if observed results in deducting scores from the comprehensive integrity score.

The integrity scores of these five components of NIA were added to derive the national integrity. National integrity is also referred to as comprehensive integrity or total integrity.

IA, when first conducted in 2009, was confined to assessing external integrity based on the methodology of ACRC. NIA 2012 assessed the integrity of both the service providers and receivers. Although, the new components such as policy customer evaluation and acts of lowering assessment reliability were adapted for NIA 2016, the results for these components were not incorporated in the analysis since it was tested for inclusion in the next NIA. Thus, NIA 2016 model remained same as that of the NIA 2012 as depicted in **Figure 2**.
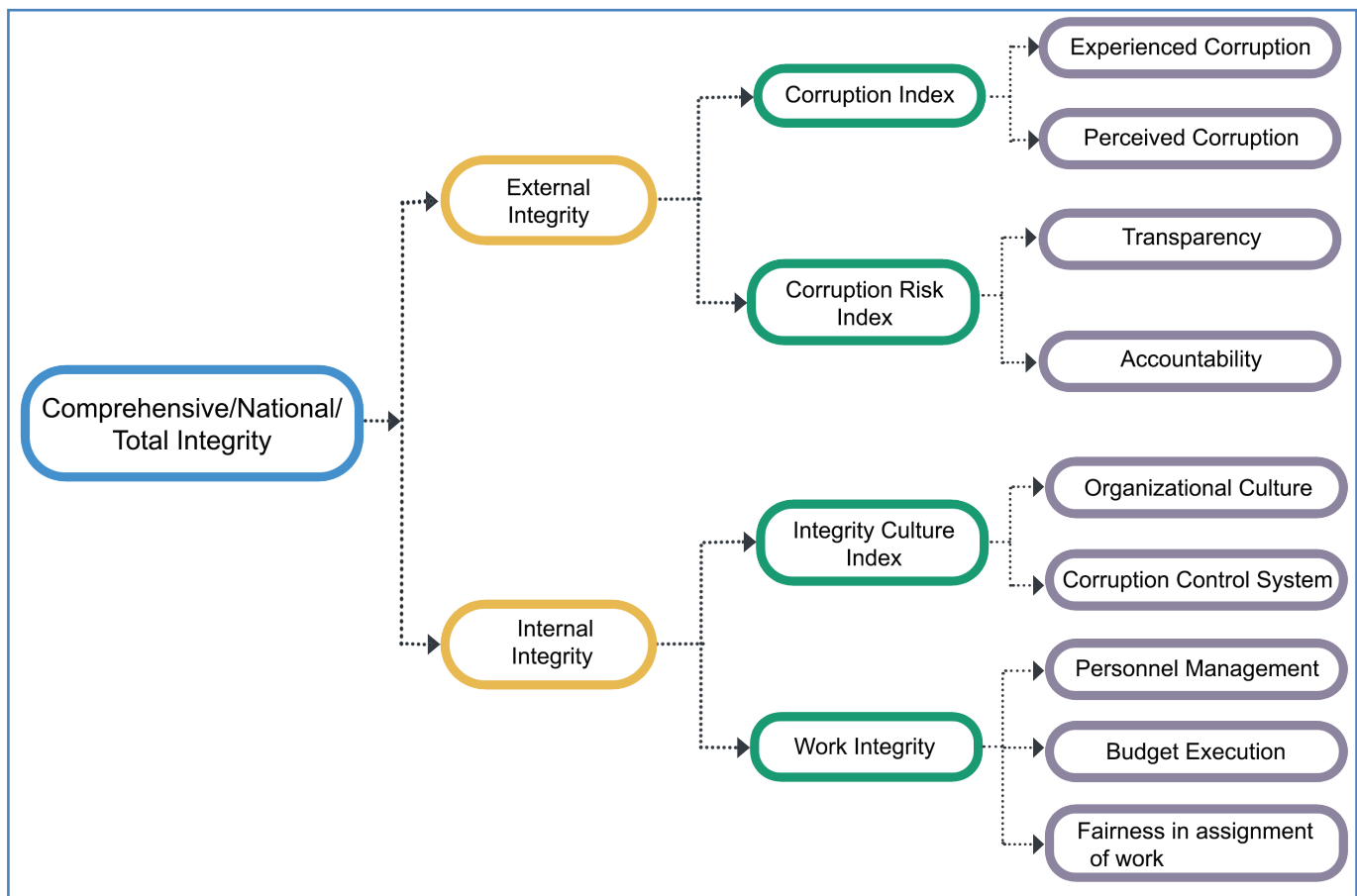
Figure 2: National Integrity Assessment Model. Source: ACC, 2012

1.2.2 Corruption in Public Service Delivery

Generally, corruption in public service delivery is explained by the "Principal-Agent Model". Egberi and Madubueze (2014) found that, amongst others, those in the privileged position of public servants (Agents) and their control over public resources and information, tend to abuse the privileges to the detriment of the 'Principals' (Citizens). This is also applicable to Bhutan as past studies by ACC (2016a & 2016b) showed that corruption in the form of abuse of authority is the most prevalent form of corruption.

Some authors also described corruption using demand and supply approach where the public officials providing public services demand payment or bribe. In some cases, the service users bribe public officials to speed up service delivery (Low, Lamoree & London 2015). The NIA 2012 also revealed similar findings. The reasons for giving bribes as reported by the service users were to avoid or waive off penalty, speed up service delivery, on demand by the public officials or as a customary practice or show of courtesy.

Corruption is detrimental to effective service delivery. Kaufmann et al (2003, 2005) and Lambsdorff (as cited in Pathak et al, 2008) defines corruption using three indicators: (i) monopoly of power; (ii) discretion; and (iii) lack of accountability and transparency. Similarly, in Bhutan weak accountability and transparency are identified to cause corruption in the public service delivery (ACC, 2012).

1.3 Objectives and Scope

1.3.1 Objectives

The objectives of NIA 2016 are as follows:
- Identify corruption-prone areas/services in the public agencies;
- Understand corruption levels in the public agencies;
- Identify types and causes of corruption in service delivery;
- Estimate amount paid or received in the form of bribes in the course of service delivery;
- Provide empirical data for developing strategies to prevent corruption;
- Encourage public agencies to engage in voluntary corruption control initiatives and
- Assess perception of service users and providers on corruption.

1.3.2 Scope of National Integrity Assessment

NIA assesses the services provided by the public agencies, which include ministries, government owned corporations, autonomous agencies and local governments (*Dzongkhags, Gewogs* & *Thromdes*). The level of integrity and corruption of an agency is based on the assessment of the selected services provided by the agencies. The services provided by the public agencies were assessed in terms of accountability, transparency and corruption.

To enhance utilization of the NIA 2016 results by the public agencies, ACC will carry out discussions on the findings and recommendations with the relevant agencies. Integrity scores of NIA 2012 were used as one of the indicators to assess corruption level in the country as stated under the 14th NKRA of the 11th FYP. Similarly, integrity scores of NIA 2016 are being adopted as a baseline indicator to assess the 12th NKRA "Corruption Reduced" in the 12th FYP.

1.3.3 Limitation

The NIA 2016 is limited by the following:

- It does not include leadership as one of the assessment components although the organizational culture and service delivery depend on leadership to a large extent. Recognizing the importance of leadership, ACC plans to include it as one of the components in the subsequent NIAs.

- Direct comparison of integrity scores of service-to-service and agency-to-agency could not be done due to diversity of services, nature of services, organizational mandate, and different practices, standards and procedures for each service. Moreover, depending on the fulfilment of the criteria, the number of target agencies and services also differ from agency to agency.

- Another limitation is that NIA considers only one specific reference period which is one year prior to the actual conduct of the assessment. Therefore, NIA 2016 pertains to services provided and availed in 2015 alone.

CHAPTER 2: METHODOLOGY

The methodology adopted for NIA has been continuously refined in the course of every assessment in keeping with the change in technology, working environment and establishment of new agencies. Besides guiding the effective conduct of the research, the methodology also ensures reliability and validity of the findings.

2.1 Research Approach and Methods

The following stages of NIA, as far as possible, ensures reliability of data collection:

Stage 1: Selection of Target Agencies

The assessment requires selection of the public agencies, which provides services to the public. The public agencies such as the Ministries, Constitutional Offices, *Thromdes, Dzongkhags, Gewogs,* Corporations and Autonomous Agencies selected for the assessment are shown in **Table 1.**

Type Agency	Number	Types of service
Ministries	10	48
Constitutional Offices	2	3
Thromdes	4	13
Dzongkhags	20	7
Gewogs	20	6
Autonomous Agencies	13	36
Corporations	11	55
Total	80	254

Table 1: Number of services and agencies selected from each categories of public agencies

The public agencies were selected based on the following criteria:
- Number of complaints received and audit observations;
- Nature of mandates – importance of organizational services; and
- Vulnerability to corruption – interface with the clients.

With the establishment of new agencies and the increasing roles and responsibilities of the existing public agencies, the number of target agencies has been increasing since NIA 2009. The public agencies selected for NIA 2016 is presented in **Appendix 1**.

Stage 2: Selection of Services

The services provided by the public agencies were analyzed and screened for inclusion in the assessment. Depending on the fulfilment of the following criteria, the services were selected for assessment:

- Services of importance to socio-economic development;
- Nature of services: complexity and number of clients;
- Availability of clients information/details;
- Vulnerability to corruption and wrongdoings; and
- Meet the minimum sample size.

Based on these criteria, 254 services (Appendix 1) from 80 public agencies were selected.

Stage 3: Collection of Client Lists

The year 2015 was considered as the reference period (January to December 2015) for the assessment. Clients or service users for the particular service for the year 2015 were selected based on the list of clients provided by the respective agencies. The list of clients varied from service to service depending on the frequency of services availed in a year.

Stage 4: Sample Size and Response Rate

Depending on the availability of data, different sampling techniques were adopted. The simple random sampling was used for the assessment. However, in some cases, where clients' information were not available, replacement of the clients were done through convenience and purposive sampling.

Using simple random sampling, at least 50 respondents were selected from amongst the total service users and service providers in each service to ensure representativeness. If the number of service users were less than 50 in a particular service, all the users were interviewed. However, based on ACRC's standards, services with less than seven users were not considered for the assessment. The confidence level of 95% and margin of error at 5% were maintained to ensure representativeness of the sample. The replacement of the respondents were carried out systemically for some services, as the respondents could not be located during the interview. The replacements were kept at the minimum to ensure minimal error in the selection of clients. In total, there were 10,814 respondent out of which 8,706 were external and 2,108 were internal clients. The demographic profile of the respondents is presented in **Table 2**.

	External		Internal	
Age	**Frequency**	**Percent**	**Frequency**	**Percent**
34 and below	3,085	35.4	1,168	55.4
35 – 54	4,184	48.1	901	42.7
55 and above	1,388	15.9	23	1.1
Missing	49	0.6	16	0.8
Total	8,706	100.0	2,108	100.0
Sex				
Male	4,643	53.3	1,347	63.9
Female	4,063	46.7	761	36.1
Total	8,706	100.0	2,108	100.0
Education level				
Post Graduate	259	3.0	302	14.3
Graduate	878	10.1	484	23.0
Diploma/Certificate	524	6.0	538	25.5
Higher Secondary	740	8.5	309	14.7
Middle Secondary	797	9.2	249	11.8
Lower Secondary	447	5.1	105	5.0
Primary	678	7.8	48	2.3
Functionally Literate (read, write and understand)	866	9.9	29	1.4
No Education	3,426	39.4	43	2.0
Others (Specify)	91	1.0	1	.0
Total	8,706	100.0	2,108.0	100.0

Occupation		
Farmer	4,628	53.2
Businessman	1,317	15.1
Private Employee	325	3.7
Civil Servant	1,308	15.0
Corporate Employee	386	4.4
Armed Personnel	73	.8
Elected Public Official	54	.6
Others (Specify)	615	7.1
Total	8,706	100.0

Table 2: Demographic profile of the respondents

Stage 5: Data collection

Face-to–face interviews were conducted to administer structured survey questionnaires. Two sets of structured survey questionnaires were developed: one each for external and internal integrity. The questionnaires for external and internal integrity were reviewed to contextualize the concepts and items. The questionnaires were also presented to the Research Committee comprising of the members from RCSC, G2C, NSB and ACC.

The questionnaires were pilot tested in two *Dzongkhags*: *Chukha* and *Tsirang*. 24 interviews were conducted to assess the consistency and uniformity in the interpretation and understanding of the questions and to calculate the average interview duration.

The enumerators, comprising of university graduates, were recruited and adequately trained on research ethics, survey procedures and interpretation of the questionnaires. Dzongkhag Statistical Officers were also deployed to supervise the administration of survey for ensuring quality. Unlike the previous assessments, five core team members from NSB and ACC were deployed to monitor data collection. The field survey was conducted for one and half months from 26 January to 15 February 2017 through mobile tablets using CAPI application.

Stage 6: Data Analysis and Interpretation

Before undertaking data analysis and interpretation, a weeklong data cleaning and screening was carried out. The integrity scores were generated based on the formula for each component where different weights were assigned. Stata software was used to clean and screen the data and integrity scores were generated using the Statistical Package for the Social Sciences (SPSS) and Microsoft Excel. Literature review was also undertaken to substantiate the findings. Wherever possible, findings of the three NIAs (2009, 2012 & 2016) were compared.

2.2 Ethical Considerations

Ethical considerations are an important aspect for conduct of any research and this research is no exception in spite of the sensitivities that surround it. All the researchers, including the enumerators who were recruited for the survey were trained on the need to maintain proper codes of research and ethics. The principle of voluntary participation was strictly followed to ensure voluntary participation of the respondents. This is a critical consideration as ACC also has an enforcement mandate and thus the need to ensure that this authority is not used to insist on the participation of the respondents.

Confidentiality of the data and anonymity of the respondents were protected in every step of the research. The data collected were stored and backed up securely. The data were used only for the purpose of the research and deriving systemic improvements. Access to raw data was limited only to the members of the core research team.

2.3 Assessment Framework: External Integrity

Table 3 presents the assessment framework for external integrity with survey items. It broadly consists of indices comprising transparency, accountability and corruption. The number of survey items for each index varied with different parameters.

Factor		Survey item
Corruption index	Perception	Favours for specific individuals
		Mediation or solicitation for undue advantage
		Favours based on region or relationships
		Pursuing private interest ignoring public interests
	Experience	Frequency of gratuities
		Amount of gratuities
		Frequency of entertainment
		Amount of entertainment
		Frequency of conveniences
Transparency Index		Openness in work standards and procedures
		Practicality of standards & procedures
Accountability Index		Abuse of power
		Efforts to accomplish duties

Table 3: External Integrity assessment framework

2.4 Assessment Framework: Internal Integrity

Table 4 presents the assessment framework for internal integrity. It broadly consists of Integrity Culture Index and Work Integrity Index with corresponding components.

Factor			Survey item
Integrity Culture Index	**Organizational culture**		Fairness and transparency in the performance of duties
			Mediation and undue solicitation within the agency
			Prevalence of corrupt acts within the agency
	Corruption control system		Effectiveness of whistle-blowing system
			Appropriateness of disciplinary measures and punishment against corrupt acts
			Effectiveness of internal audit system
Work Integrity Index	**Personnel affairs**	**Experience**	Frequency of gratuities
			Amount of gratuities
			Frequency of entertainment or conveniences
			Amount of entertainment or conveniences
		Perception	Perceptions of gratuities or entertainment or convenience
			Effect of gratuities or entertainment or convenience
	Budget execution	**Experience**	Frequency of unlawful or unjustifiable execution of budget for personal benefit
			Amount of budget used for personal benefit
			Frequency of unlawful or unjustifiable execution of budget to favour families and friends
			Amount of budget used to favour families and friends
		Perception	Perceptions of legal execution of budget
	Fairness in assignment of work	**Experience**	Frequency of work directives hindering fair performance of duties
		Perception	Perception of responsible and active performance
			Perception of fair distribution of work
			Perception of disadvantages of disobeying orders

Table 4: Internal integrity assessment framework

2.5 Weight Generation

For the purpose of this survey, weights used by ACRC, South Korea were adapted. Given the differing nature of survey items, different weights were assigned. For example, survey items on experience of corruption were accorded higher weights and perception of corruption with lower weights.

2.6 External Integrity Assessment Weights for Factors and Survey Items

The survey items and factor weights used for each component of external integrity assessment are presented in **Table 5.**

Factor		Survey item	Assessment method
Corruption index (0.483)	Perception (0.387)	Favours for specific individuals (0.4000)	Individual respondent
		Mediation or solicitation for undue advantage (0.2000)	Individual respondent
		Favours based on region or relationships (0.2000)	Individual respondent
		Pursuing private interest ignoring public ones(0.2000)	Individual respondent
	Experience (0.613)	Frequency of gratuities (0.2460)	Integrated organization
		Amount of gratuities (0.2270)	Integrated organization
		Frequency of entertainment (0.1820)	Integrated organization
		Amount of entertainment (0.1890)	Integrated organization
		Frequency of convenience (0.1560)	Integrated organization
Transparency Index (0.317)		Openness of standards and procedures (0.5546)	Individual respondent
		Practicality of standards & procedures(0.4453)	Individual respondent
Accountability Index (0.200)		Abuse of power(0.6488)	Individual respondent
		Efforts to accomplish duties (0.3512)	Individual respondent

Table 5: External integrity assessment factors and weights

2.7 Internal Integrity Assessment Weights for Factors and Survey Items

The factor weights and survey items used for each component of internal integrity assessment are given in detail in **Table 6.**

Factors			Survey item	Assessment method
Integrity Culture Index **(0.4330)**	**Organizational culture (0.631)**		Fairness and transparency in the performance of duties (0.3584)	Individual respondent
			Mediation and undue solicitation within the agency (0.2282)	Individual respondent
			Prevalence of corrupt acts within the agency (0.4134)	Individual respondent
	Corruption Control system (0.369)		Effectiveness of whistle-blowing system (0.3220)	Individual respondent
			Appropriateness of disciplinary measures and punishment against corrupt acts (0.3810)	Individual respondent
			Effectiveness of internal audit system (0.2970)	Individual respondent
Work Integrity Index **(0.567)**	**Personnel affairs (0.413)**	**Experience (0.609)**	Frequency of gratuity (0.2370)	Integrated organization
			Amount of gratuities (0.2240)	Integrated organization
			Frequency of entertainment or convenience (0.3440)	Integrated organization
			Amount of entertainment or convenience (0.1950)	Integrated organization
		Perception (0.391)	Perceptions of gratuities or entertainment or convenience (0.5000)	Individual respondent
			Effect of gratuities or entertainment or convenience (0.5000)	Individual respondent
	Budget execution (0.3470)	**Experience (0.6060)**	Frequency of unlawful or unjustifiable execution of budget for personal benefit (0.2630)	Integrated organization
			Amount of budget used for personal benefit (0.2370)	Integrated organization
			Frequency of unlawful or unjustifiable execution of budget to favour families and friends (0.2630)	Integrated organization
			Amount of budget used to favour families and friends (0.2370)	Integrated organization
		Perception (0.3940)	Perceptions of illegal or undue execution of budget (1.000)	Individual respondent
	Fairness in assignment of work (0.2400)	**Experience (0.6000)**	Frequency of work directives hindering fair performance of duties (1.000)	Integrated organization
		Perception (0.4000)	Perception of responsible and active performance (0.2350)	Individual respondent
			Perception of fair distribution of work (0.4130)	Individual respondent
			Perception of disadvantages of disobeying orders (0.3520)	Individual respondent

Table 6: Internal integrity assessment factors and weights

2.8 Overall Assessment Framework: Comprehensive/National/Total Integrity
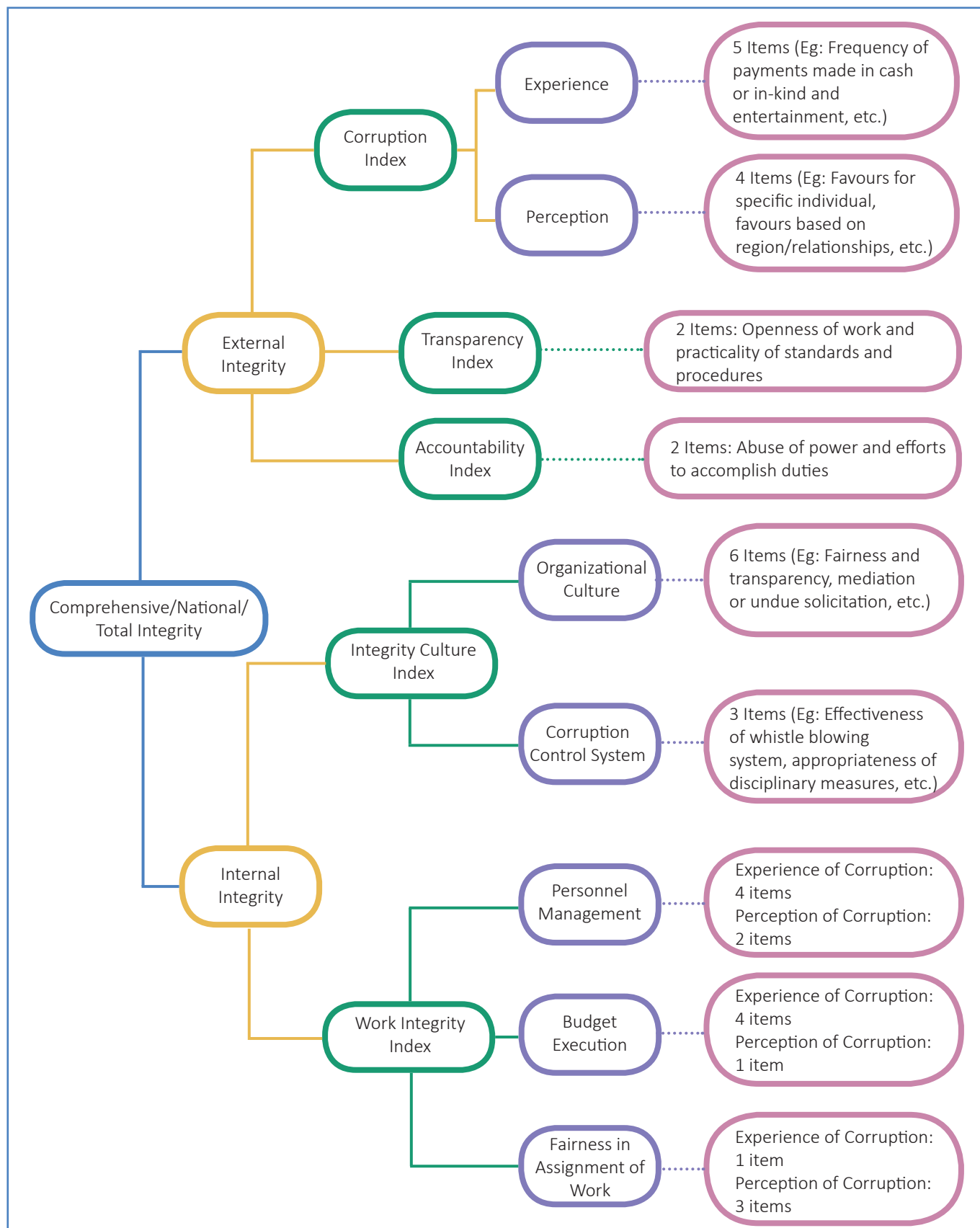
Figure 3: Overall assessment framework: Comprehensive Integrity

2.9 Calculation of Integrity Scores

The highest possible score for integrity parameters is 10 points with higher scores being more transparent or higher level of integrity or very clean and the lowest score is O indicating lowest level of integrity or higher level of corruption.

> Integrity scores are produced by multiplying the scores for each survey item/index (factor)/External or Internal Integrity by the weights concerned.

The methodology used to generate integrity scores are as follows:

- First, the score for each survey item is multiplied by its weight and the products are added up to derive the index (factor) score.

- The score for each index or factor score is then multiplied by its weight and the products are added up, generating the external or internal integrity score.

- Finally, the comprehensive integrity score is derived by multiplying the external or internal integrity score by its weight and then adding up the products.

Formula for integrity measurement

- **Formula for External Integrity score**

$$Tli = A_i \times W(A_i) + B_i \times W(B_i) + C_i \times W(C_i)$$

Tli = i agency's External Integrity score
A_i = Corruption Index score $W(A_i)$ = weight of Corruption Index
B_i = Transparency Index score $W(B_i)$ = weight of Transparency Index
C_i = Accountability Index score $W(C_i)$ = weight of Accountability Index

- **Formula for Internal Integrity score**

$$Tli = A_i \times W(A_i) + B_i \times W(B_i)$$

Tli = i organization Internal Integrity
A_i = Integrity Culture Index score $W(A_i)$ = weight of Integrity Culture Index
B_i = Work Integrity Index score $W(B_i)$ = weight of Work Integrity Index (1- $W(A_i)$)

- **Formula for score calculation by index**

$$C_i = \sum_{i=1}^{n} (X_i \times W_i)$$

C_i = i index score, W_i= weight by survey item

X_i = score by survey item, n= number of items

- **Weight of target service (work)**

In assessing the integrity, the same weight was assigned to each service irrespective of the nature of the services and the mandates of the agencies. In the absence of objective criteria or data to provide exact weight to each item, this assessment provided equal weight to each item to generate organizational integrity score.

- **Calculation of scores for each survey item**

For the purpose of generating the integrity score, the score for each survey item is calculated first. Different score calculation methods are used for individual respondent assessment and integrated organization assessment. The score for each survey item using the different methods are as follows:

1. **Individual respondent assessment:** It is called individual respondent assessment because scores are produced for individual respondents.

Score calculation:

Survey items of the individual respondent assessment are rated on a 7-point scale ("Strongly Disagree", "Disagree", "Slightly Disagree", "Neutral", "Slightly Agree", "Agree" and "Strongly Agree") and 5-point scale ("Very often", "Often", "Neutral", "Hardly" and "Never") from which the respondents are asked to choose only one response. Full score for survey item is 10. All survey items for external integrity, except for experience of corruption and internal integrity, experience of corruption in personnel affairs, budget execution and fairness in assignment of work fall under this category.

- ✓ **Calculation of scores for individual respondents**

First, the scores for individual respondents are generated by converting the scores of each response from a 7-point scale or 5-point scale to a 10-point scale. The formulae to convert 7-point and 5-point scales in 10-point scale are as follows:

Formula to convert 7-point scale into 10-point and scores assigned to each scale
10-point score = (7-point score - 1 / 6) × 10

Response	10-point score conversation		
	Scale	Positive Item	Negative Item
Strongly disagree	1	0	10
Disagree	2	1.67	8.33
Slightly disagree	3	3.33	6.67
Neutral	4	5	5
Slightly agree	5	6.67	3.33
Agree	6	8.33	1.67
Strongly agree	7	10	0

Formula to convert 5-point scale in 10-point and scores assigned to each scale
10-point score = (5-point score – 1 / 4) * 10

Response	10-point score conversation		
	Scale	Positive Item	Negative Item
Very often	1	0	10
Often	2	2.5	7.5
Neutral	3	5	5
Hardly	4	7.5	2.5
Never	5	10	0

Negative and positive items have been assigned different scores. For example, in a 7-point scale, for a positive item, if the response is negative for example, "Strongly Disagree" (1-point on a 7-point scale) then the score is 0 and 10 for "Strongly Agree". In the case of a negative item, the score is calculated the other way round.

✓ **Calculation of scores for each/service work by averaging individual respondents' scores**

Survey item A's score for each work/service is generated after the calculation of scores for each respondent. Scores for each work/service are generated by averaging the individual respondent's scores for each work/service.

> Score of "work *a*" in survey item A = sum of scores of "work *a*" respondents / number of "work *a*" respondents

✓ **Calculation of scores for each survey item by averaging the scores for each work/service**

The average scores for each work/service generate score for survey item A. For example, score for survey item A is calculated by adding up the scores for work/service a, work/service b, work/service c, and then dividing the aggregate number by 3 (the number of work/service).

> Score of survey item A = score of work a + score of work b + score of work c/3 (the number of work)

2. Integrated organization assessment (IOA)

IOA type items are survey items that contain questions about experience of corruption/frequency of payments/size of payments rather than presenting questions with a 7-point scale or a 5-point scale. Survey items that fall under this category comprise of experience of corruption in external integrity survey items and experience of corruption concerning personnel affairs, budget execution and fairness of work assignment in internal integrity survey items.

Score calculation:

Individual respondent's experience/frequency/amount of corruption or gratuities are added up by agency and then the formula is applied to derive scores for each agency (scores for individual respondents are not produced).

✓ **Calculation of agencies' total frequency and total amount of corruption experience**

First, total frequency and total amount of the agencies experience of corruption (gratuities/ entertainment/ convenience, illegal and unfair Execution of budget, undermining fair performance of duties, etc.) are calculated using the formula given below:

> Total frequency or amount of agency A's experience of corruption = the sum of scores for each respondent's corruption experience size (or frequency)

✓ **Calculation of agencies' average frequency and average amount of corruption**

After the total frequency/total amount of payments are calculated, based on these total values, average frequency and amount of payments were generated. Average frequency and amount of payments are generated by dividing total frequency or total amount by the total number of respondents.

In this case, the respondents refer to the total number of respondents of the survey and is not confined to the respondents who reported experience of corruption.

> Agency A's average frequency or amount of payments = agency A's total frequency or total amount of payments / total number of respondents

✓ **Calculation of scores for each survey item**

Scores for survey items in integrated organization assessment are calculated by using the average frequency of payments by applying the formula given below:

▪ **Score calculation formula for External Integrity for IOA-type survey items**

> Score by agency for frequency of gratuities or entertainment or convenience offered= $10 \times (1 - \text{average frequency of offers}/UCP_1)$

* UCP_1= the value at 95% of cumulative gamma distribution of average frequency of offer by organization

> Score by agency for size of gratuities or entertainment or convenience offered= $10 \times (1\text{-average}$ frequency of offers/UCP_2)

* UCP_2= the value at 95% of cumulative gamma distribution of average size of offer by the agency.

- **Score calculation formula for Internal Integrity IOA-type survey items**

> Score by agency for frequency of gratuities or entertainment or convenience offered or frequency of unreasonable work instruction and score for frequency of unjustifiable manipulation of budget experienced
> $= 10 \times (1\text{-average frequency of offers (experience)} / UCP_1)$

* UCP_1= value equivalent to 95% of cumulative gamma distribution of average frequency of offers for all organizations assessed by the survey.

> Score by agency for size of gratuities or entertainment or convenience offered and score for size of unjustifiable manipulation of budget experienced
> $= 10 \times (1\text{-average size of offers (experience)} / UCP_2)$

* UCP_2 = value equivalent to 95% of cumulative gamma distribution of average amount of offers for all agencies assessed by the survey.

(the values or numbers after 95% or 97% in a graph virtually do not have any meaning statistically. Thus, they are regarded as zero (0). Hence UCP exists).

3.1 National Integrity/Comprehensive Integrity/Total Integrity

The national integrity score for the country was calculated at 7.95 **(Figure 4)** indicating a good level of integrity.
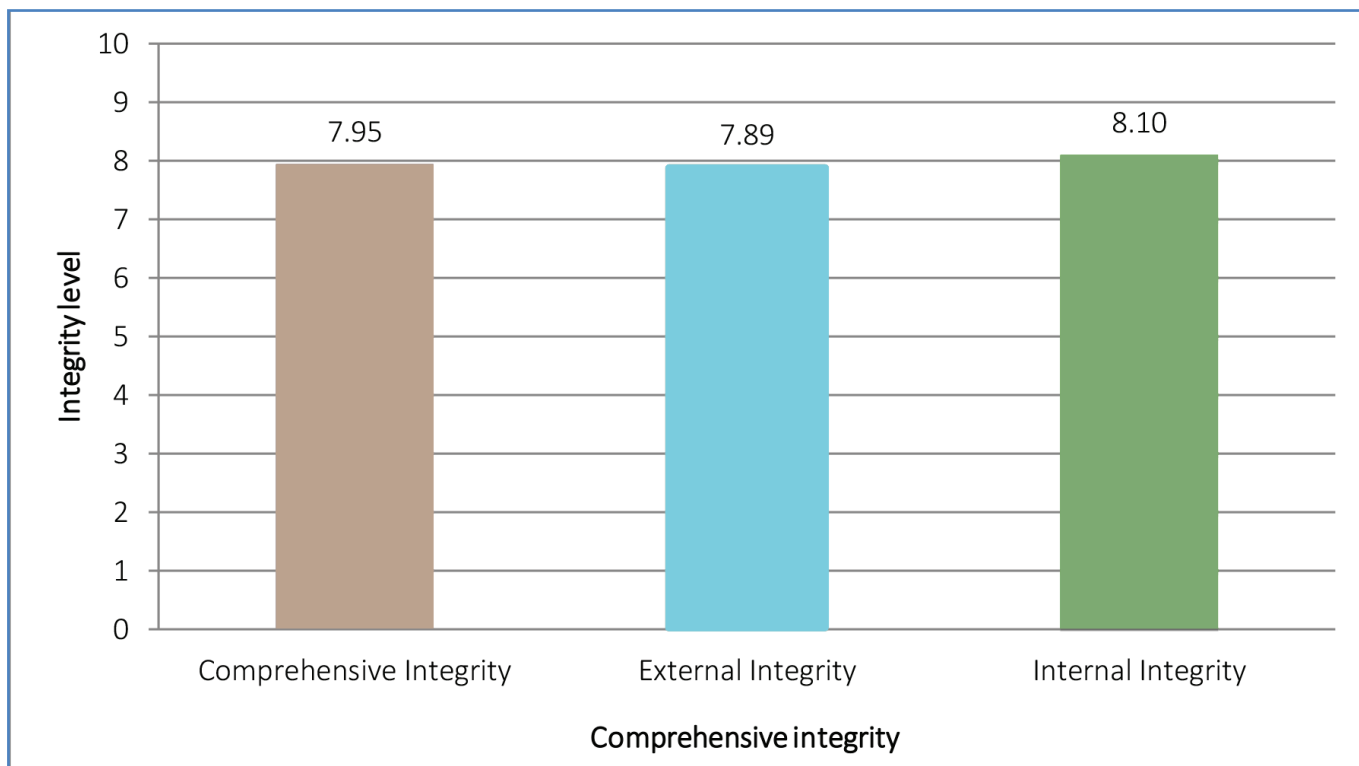
Figure 4: National integrity score with external and internal integrity score

As compared to NIA 2012, the national integrity score for NIA 2016 decreased by 0.42 points. The decrease in the score was due to the decrease in the score of external integrity, which indicates that the service users faced problems to get services fairly and transparently. The score for external integrity has decreased to 7.89 from 8.50 in NIA 2012. The decrease in the external integrity is mainly due to the decrease in the scores for transparency and accountability as perceived by the service users. In contrast, the score for the internal integrity has increased to 8.10 from 7.89 in NIA 2012. The increase in the internal integrity score show improvements in the management of internal affairs in terms of budget execution and corruption control systems.

3.2 External Integrity and Its Component

As shown in **Figure 5**, external integrity scored 7.89, indicating a very good level of integrity. Transparency, accountability and corruption index scored 7.68, 6.86, and 8.46 respectively. However, as compared to NIA 2012, external integrity score decreased by 0.61 points. The decrease was mainly due to the decrease in the score of accountability index by 0.80 points. The issue of weak accountability as one of the causes of corruption was also established by other studies (ACC, 2016a, 2016b & 2017).
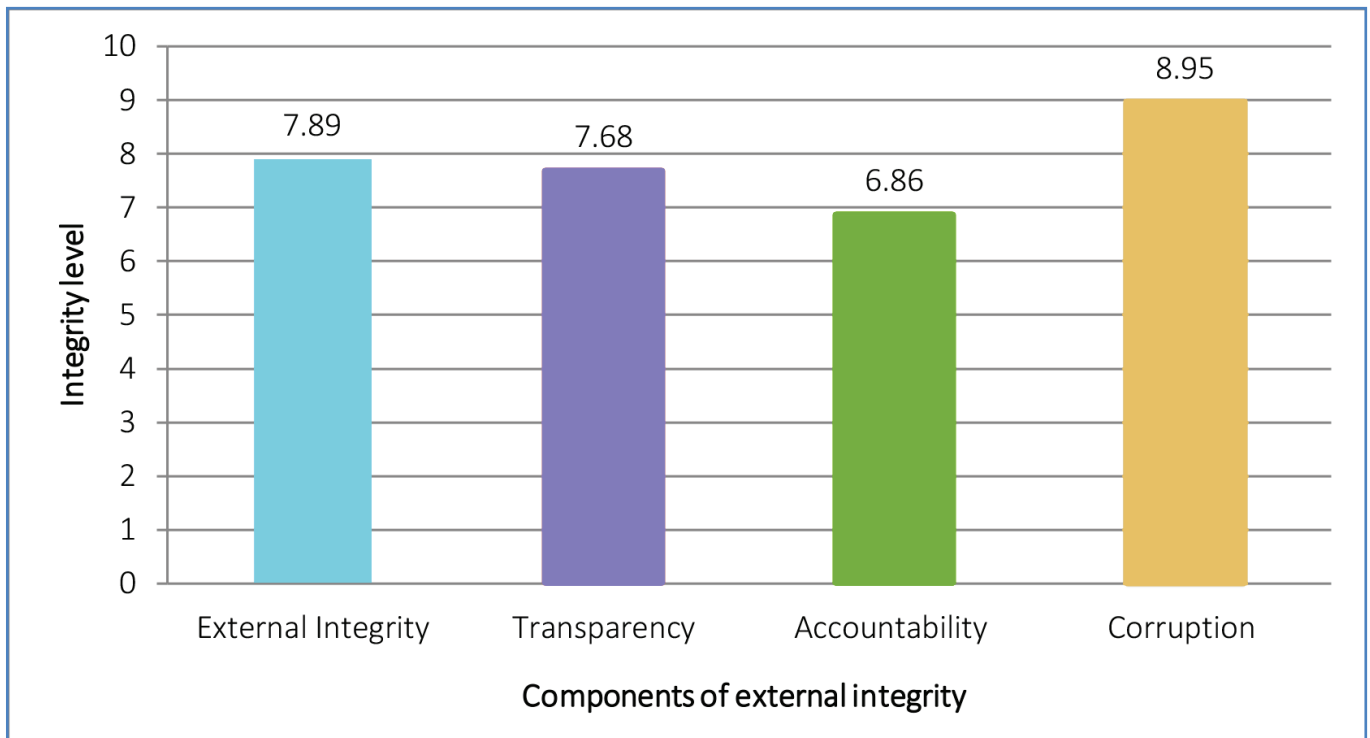
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 5: External integrity score

The findings of the components of external integrity are discussed in the following section:

3.2.1 Transparency Index and Survey Item
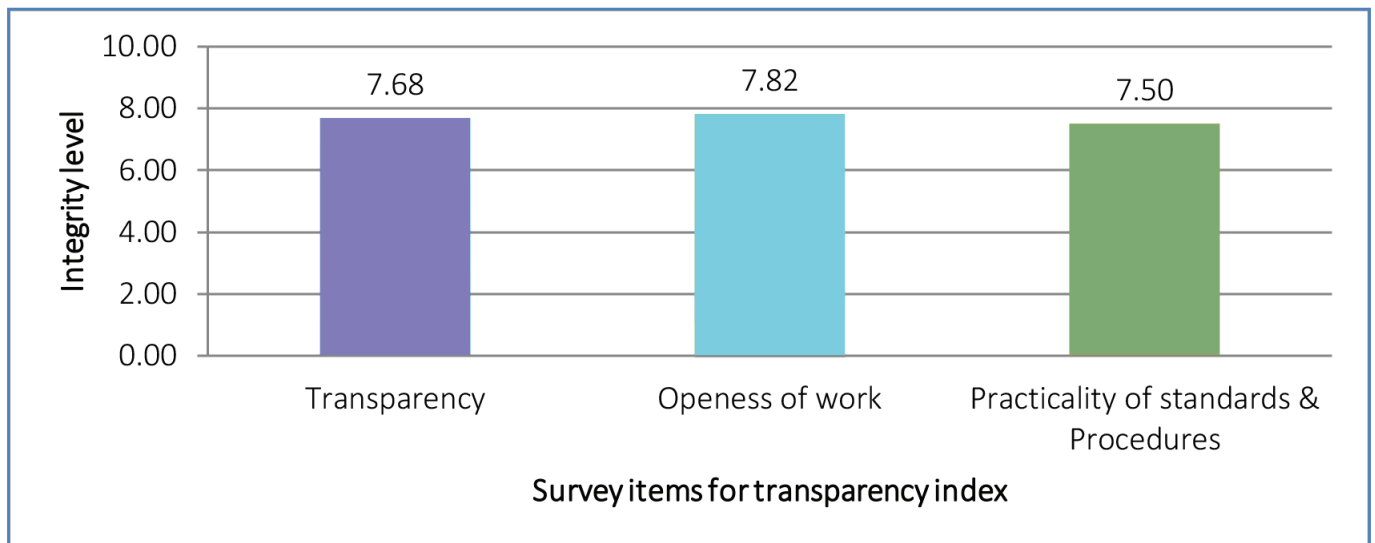
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 6: Transparency index with its survey items

Transparency and accountability are vital components of good governance. Transparency concerns the flow of information whereas accountability regulates and guides the behaviour of the public officials. Hollyer et al., 2011; Bellver and Kaufmann, 2005; Vishwanath and Kaufmann, 1999 (as cited in Williams, 2014) define

transparency as the "increased flow of timely and reliable economic, social and political information which is accessible to all relevant stakeholders". Further, Vaccaro and Neves (2013) argued that transparency is not a mere declaration of information; it is a "declaration of truth" as defined by Thomas Aquinas. It is sharing of complete and relevant information that guarantees the truth. Most of the authors believe that higher the level of transparency, better the governance and lower is the level of corruption (Klitgaard, 1988; Stiglitz, 2002; Kolstatd & Wiig, 2009).

As presented in **Figure 6,** the transparency index scored 7.68 indicating a good level of transparency in terms of openness of work and practicality of standards and procedures related to services provided by the public agencies. However, as compared to NIA 2012, integrity score for transparency index decreased by 0.67 points. The decrease in the score were due to weak sharing of information culminating from weak data repository, information management and cumbersome procedures in availing the services.

One of the ways of gauging transparency was by assessing the types of channels used to access information related to services in general. Overall, 46.9% of the external clients usually accessed information by word of mouth, 34.8% from the service counters followed by public meetings and reminders from the public agencies with 31.8% and 24.3% respectively as shown in **Table 7.** This indicates that these channels of accessing information were convenient, readily available and easy to access without having to pay or wait too long.

Sources of information	Number of response	Percentage of response
Website	1,213	7.42
Television	867	5.31
Newspaper	720	4.41
Radio	292	1.79
Published materials (brochure, guidelines)	391	2.39
Public meeting/gathering	2,767	16.93
Social media	588	3.60
Word of mouth	4,087	25.01
Service counter	3,032	18.56
Reminder/notification by Gewog office	2,114	12.94
Others (specify)	269	1.65
*Total	16,340	100

*Total indicates the sum of all the responses to a multiple-response item.
Table 7: Sources of information used by external clients to get information on services

The usage of radio, published materials (Acts, Rules, Guidelines, Brochures, Pamphlets, etc.), social media and newspapers to access information were extremely low. This was because 53.2% of the respondents who availed most of the services were farmers.

It is not only the access to various channels of information but also the friendliness, approachability and availability of the public officials that largely determine effective service delivery which are described in the next section.

3.2.2 Accountability and Its Survey Item
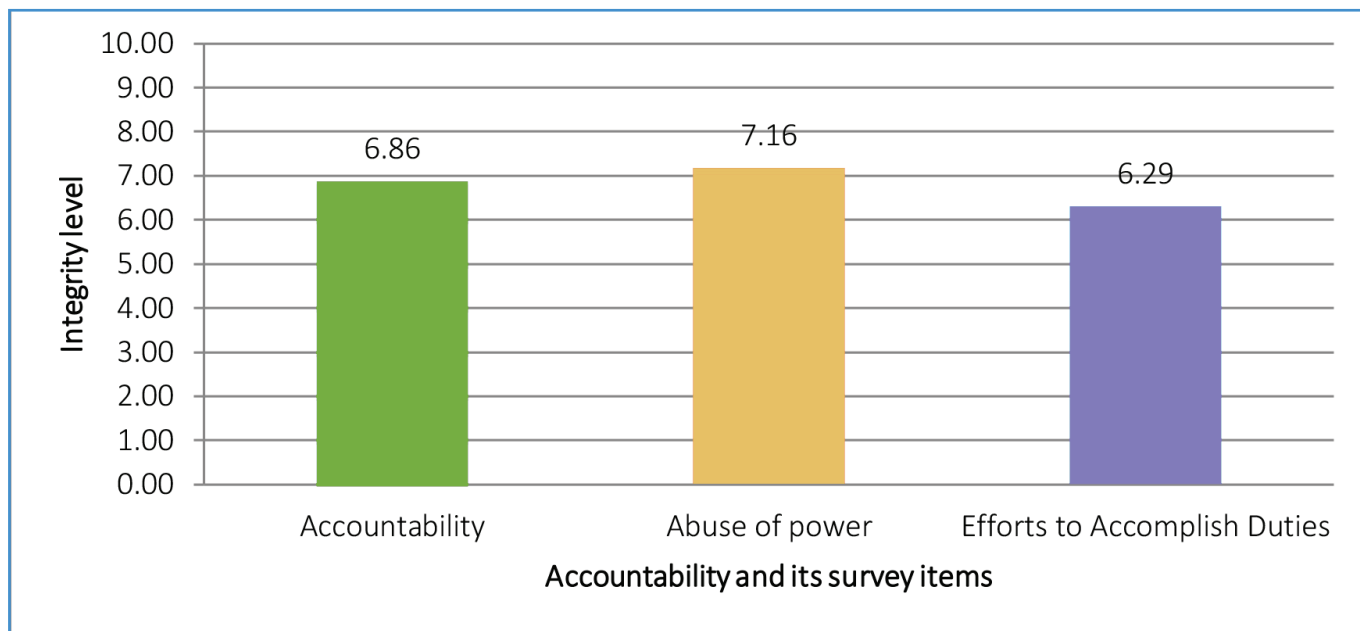
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean

Figure 7: Accountability index with its survey items

As presented in **Figure 7,** the accountability index scored 6.86 indicating a good level of transparency in terms of ethical conduct and efforts of the public officials to accomplish duties. However, as compared to NIA 2012, integrity score for accountability index decreased by 0.80 points. The decrease in the score were due to prevalence of abuse of power and lack of efforts by the public officials across the agencies to accomplish duties. Existence of cumbersome and unnecessary processes and lack of adequate service delivery standards encouraging rent-seeking behaviours amongst the service providers were also highlighted by RCSC (2017). Further, Akech (2011) stressed that predominance of power coupled with inadequate systems and regulations fuel corruption in all branches of the government.

Timely delivery of services is also one of the important aspects in assessing accountability. However, the respondents stated unnecessary delays in service delivery by the public officials because of the existence of the abuse of power. This compelled the service users to resort to making payments in cash or in-kind, entertainment and other forms of gratification to avail timely services. Corruption in Public Service delivery is referred as "quiet corruption" (World Bank, 2016) and mostly affects the poor section of the society. The existence of abuse of authority also corroborates with the prevalence of favoritism in service delivery where 69.5% of the respondents agreed that knowing the public officials is beneficial in processing the services faster.

The next section describes the level of corruption as experienced and perceived by the external clients.

3.2.3 Corruption Index and Its Survey Item
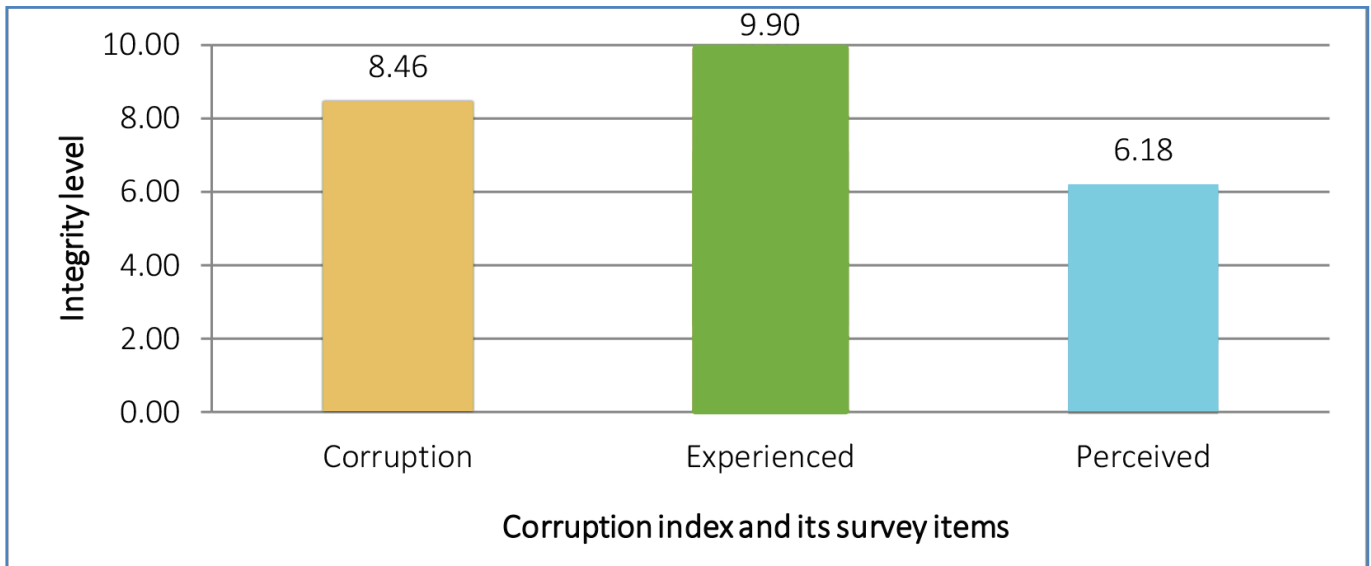
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 8: Corruption index and its survey items

Corruption index scored 8.46 indicating the existence of corruption at a low level as depicted in **Figure 8.** It comprises of experienced and perceived corruption. Experienced corruption is the assessment of the level of corruption in an agency, as measured by payments made in cash or in-kind and services to the public officials during the course of service delivery, as experienced by the service users. On the other hand, perceived corruption is measured by the existence of general corrupt practices in an agency, as seen or heard by the service users in the course of service delivery.

The experienced corruption scored 9.90. The score for experienced corruption was the highest and similar to that of NIA 2012. While this score indicates a very low level of corruption, it could also be due to the sensitive nature of corruption where only few respondents revealed that they provided cash or in-kind and services to the public officials while availing services.

Experienced corruption is assessed using five survey items: frequency of payments made in cash or in-kind, amount of cash or in-kind, frequency of entertainment, amount of entertainment and frequency of gratification as shown in **Figure 9**.

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean

Figure 9: Experienced corruption index and its survey items

From 8,706 respondents, only 21 (0.2%) admitted to making payments in cash or in-kind. 69 (0.8%) respondents reported having provided entertainment such as food and drinks and 27 (0.3%) reported having provided other forms of gratification. As compared to NIA 2012, the number of respondents revealing having experienced corruption has increased, whereby 1.3% of the respondents revealed having made payments in cash or in-kind, entertainment and other forms of gratification as compared to 0.4% in NIA 2012. The study also explored the frequencies and amount of payments made in cash or in-kind, entertainment and other forms of gratification to the public officials as discussed in **Section 3.6**

TI (2017) estimates "more than one in four, or over 900 million people, paid bribe, given a gift or done a favour in the past year when using a public service, in the 16 countries surveyed". Though, Bhutan was not included in the survey, it is not an exception. The NIA 2016 estimates that more than one in 74 or 117 out of 8,706 service users actually made payments in cash or in-kind, entertainment and other forms of gratification. This confirms that corruption in public service delivery exists in all the sectors although at different levels and forms.

In terms of age, people of 34 years and below experienced high rate of corruption. This indicates that they had to resort to make payments in cash or in-kind, entertainment and other forms of gratification to the public officials to avail the services. Similar findings were also established by TI (2017) and BTI (2016) wherein it states that younger population of age 34 and below were mostly affected and are likely to have made payments in cash or in-kind to avail public services.

Item	Age (in years)			
	34 and below	35 to 54	55 and above	Total
Have you made payments in cash or in-kind to public officials involved in processing this service?	8	11	2	21
Have you provided entertainment such as food and drinks to public officials involved in processing the service to expedite the process of service?	36	25	8	69
Have you provided other forms of gratification to the public officials involved in processing the service to expedite the process of service?	12	10	5	27
Total number of respondent who said "YES"	56 (48%)	46 (39%)	15 (13%)	**117 (100%)**

Table 8: Experience of corruption by age

Transparency International (2017) found that only few people report corruption because of the fear of repercussions. It states that lack of awareness on reporting channels and peoples' perception of not making any difference were the reasons for not reporting corruption. The study conducted by BTI (2016) also depicts similar findings of low motivation of citizens to report corruption because of indifference and inaction from relevant authorities. One of the reasons stated by the respondents was fear of repercussions.

Another approach to assess the existence of corruption is to assess the perceived level of corruption. The perceived corruption scored 6.18 and contributed the least to the external integrity score. This indicates that the respondents perceived the existence of corruption in the agencies where they have availed the services. This goes well with the generally held belief that corruption is the disease of the other person.

Perceived corruption was assessed using five survey items: favours for specific individuals, mediation/ solicitation for undue advantage, favours based on regions/relationships and pursuing private interests ignoring pubic ones as shown in **Figure 10**.
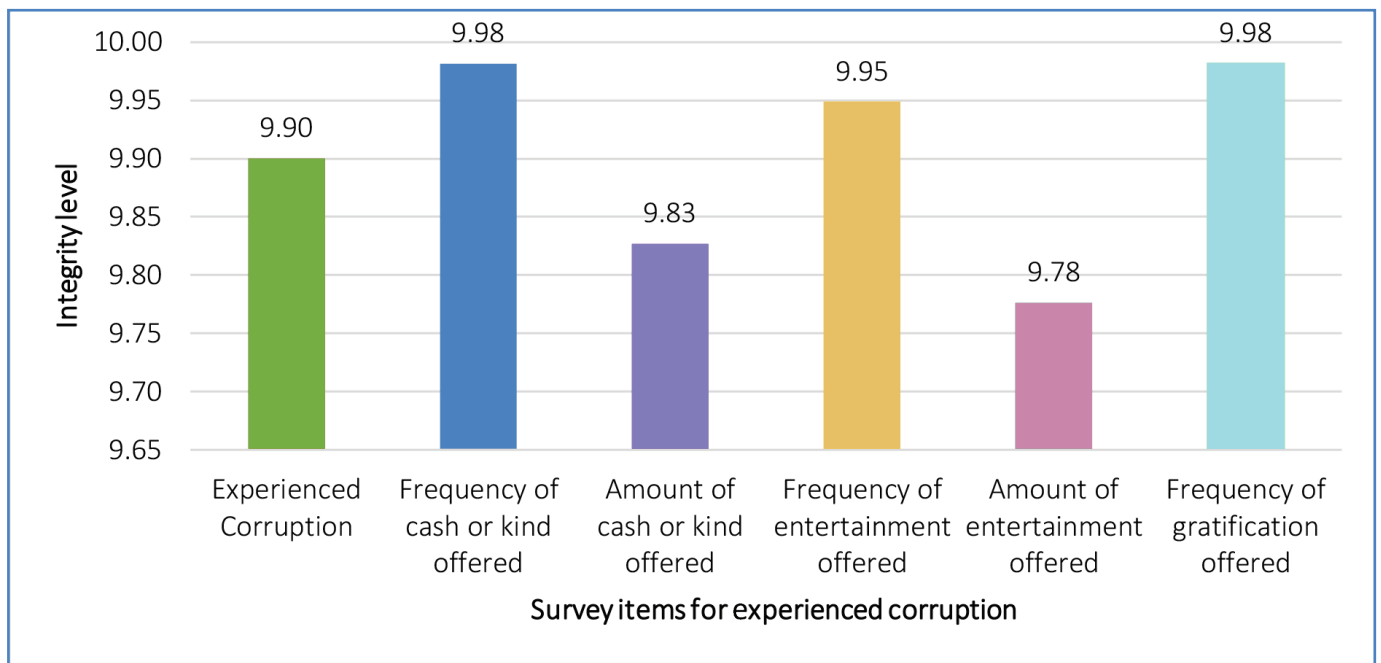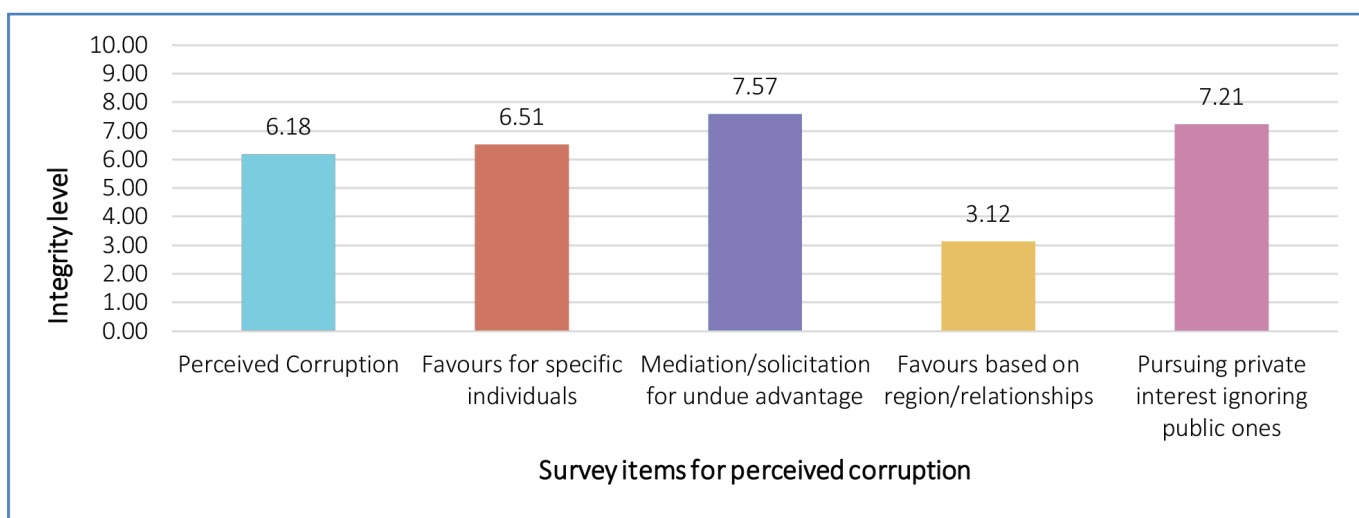

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 10: Corruption perception Index and its survey items

The least score of 3.12 for favours based on region or relationships under perceived corruption indicates the existence of favouritism and nepotism in the public service delivery. If the service recipients are acquainted with some public officials who are involved in providing services, he/she is likely to get services faster without having to wait or pay bribe for the services. 99.5% of the respondents reported that they have heard or seen others making payments in cash or in-kind, entertainment and exchange of favours in the course of availing the services.

Further, the respondents were also asked on what kind and level of personal relationship was beneficial in having the service processed faster. As demonstrated in **Table 9,** 27.27% reported that having personal relationship based on friendship was beneficial in processing services faster. This was followed by family relationships (26.6%) and being from the same region/*Dzongkhag* (10.4%).

Types of personal relationship	Number of response	Percentage of response
Friendship	5,440	27.27
Same region/*Dzongkhag*	2,072	10.39
School/college/training mates	1,632	8.18
Family relationship	5,301	26.58
Instruction from supervisors	1,291	6.47
Influential person	1,559	7.82
Instruction from central government	1,086	5.44
None of the above	1,080	5.41
Don't know	432	2.17
Others (specify)	54	0.27
*Total	19,947	100

*Total indicates the sum of all the responses to a multiple-response item.
Table 9: Types of personal relationship

Moreover, the respondents felt that personal relationships such the school/college/training mates, instruction from the supervisors, having an influential person and instructions from the central government also play an influential role in processing the services faster.

0.6% of the respondents reported that the qualification and position of the service recipients also help in getting the service processed faster. This could indicate that the social position and status still influences availing and speeding up service delivery in the country. Thus, discrimination based on wealth, region, gender, status, etc. in service delivery are some of the common problems faced by the citizens. This is further supported by BTI (2016) which also points out that discrimination based on social status was the common problem faced by service users. The report also highlighted that the trend of discrimination was on the rise and preferential treatment to the people in high positions is affecting the ordinary citizens.

3.3 Summary of the Scores for Survey Item: External Integrity
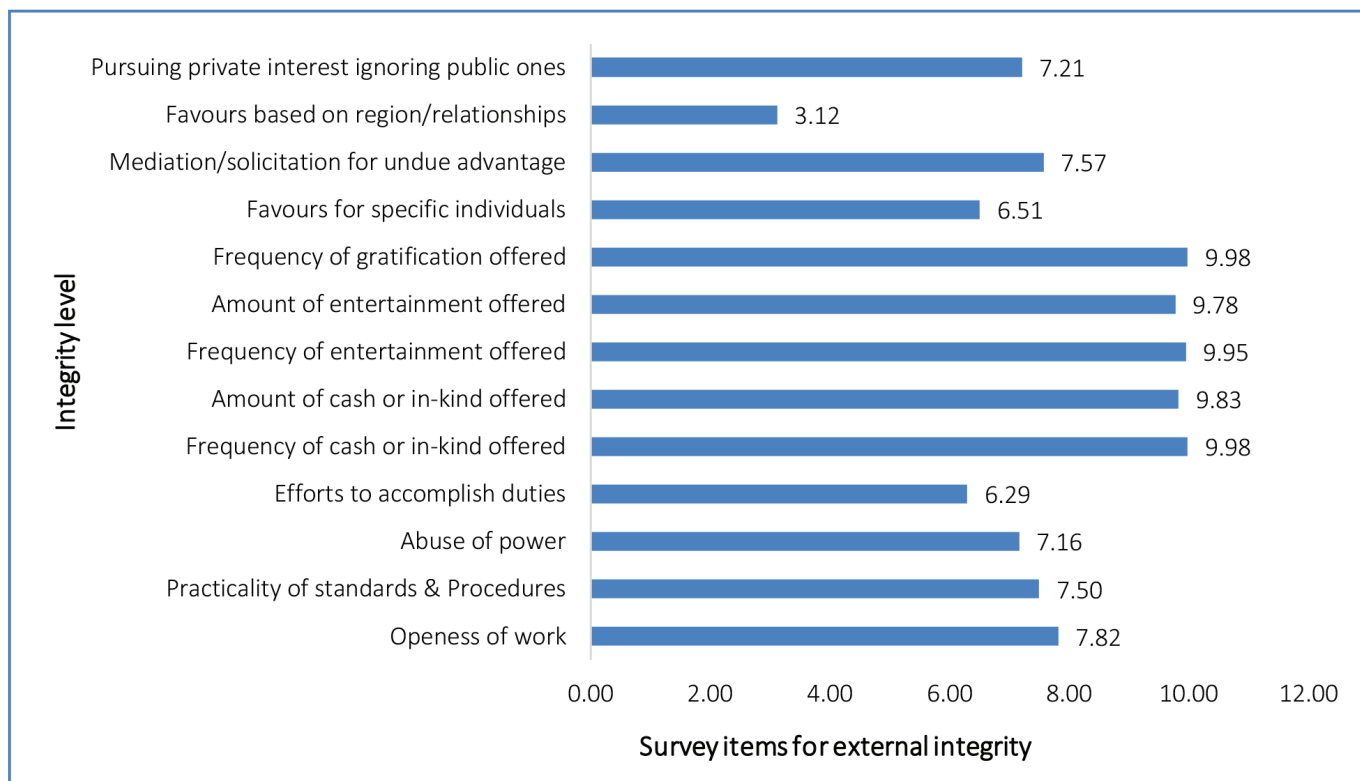
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 11: Overview of survey items for external integrity

Figure 11 illustrates the scores for 13 survey items used to generate external integrity score. Overall, almost all the survey items scored above 7.0 indicating a good level of integrity except the efforts to accomplish duties, favours for specific individuals and favours based on region and relationships. This calls for intervention to minimize corruption in the form of abuse of functions (favouritism, nepotism and negligence of professional duties) by the public officials.

In general, low integrity scores of the survey items are also consistent with the scores of the survey items as in NIA 2012. The high score for corruption index indicates existence of very low level of corruption in the agencies, particularly the experienced corruption.

3.4 Internal Integrity and Its component

As illustrated in **Figure 12**, internal integrity scored 8.10, indicating a very high level of integrity with its components, integrity culture and work integrity scoring 7.48 and 8.58 respectively. As compared to NIA 2012, internal integrity score increased by 0.21 points. The increase was mainly due to the increase in the score of integrity culture by 0.27 points. The work integrity, with the score of 8.58 contributed substantially to the internal integrity, although it increased only by 0.01 from 0.57 in NIA 2012.
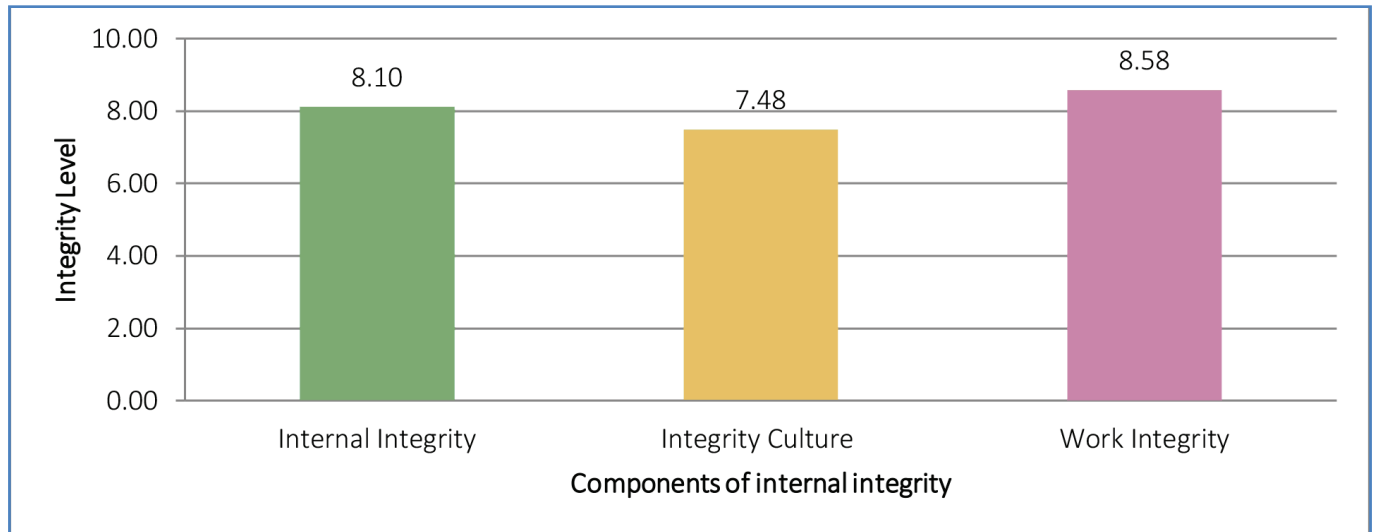
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 12: Internal integrity score

The findings of the components of internal integrity i.e. Integrity Culture and Work Integrity are discussed in the following section:

3.4.1 Integrity Culture Index

As depicted in **Figure 13**, the integrity culture index was derived from the index of organizational culture and corruption control system. Integrity culture index scored 7.48 indicating that the agencies have put in place corruption control systems and existence of low level of unethical practices in the agencies. Although, the integrity score for organizational culture and corruption control system under integrity culture had increased as compared to NIA 2012, because of improvement in the organizational culture, ethos and practices in terms of performing one's duties without indulging in corrupt practices, the integrity score for corruption control on the whole remained similar to that of NIA 2012. This indicates the ineffectiveness of the measures and efforts for corruption control in the agency including institutionalization of corruption control measures such as whistle blower protection, internal checks and balance and internal audit system.

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 13: Integrity culture index and its sub-factors

3.4.1.1 Organizational Culture

Organizational culture was measured using six survey items as depicted in **Figure 14**.

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 14: Organizational culture index and its survey items

Organizational culture is fundamental in guiding the behaviour of its employees. In most cases, the organizational culture determine the conduct of the employees, whether good or bad. Beugré (2010) stressed, "When organizations are corrupt, they tend to socialize newcomers into this practice, thus perpetuating corruption". Beugre (2010) notes:

> *"The deontic principles of justice emphasizes that people have moral obligation to act fairly unto others, and people should be outraged when fairness is violated but this in turn depend on the deontic agents who adhere to deontic principles and internalize fairness as a moral value. A deontic agent must therefore take actions to act fairly towards others".*

Weak organizational culture tends to encourage employees to involve in corrupt practices. However, it also depends on how strong the agencies are in resisting corruption through integration of moral values and fairness in the performance of the duties by the employees. Thus, better the organizational culture, higher the resistance to socialization of organizational corruption.

As illustrated in **Figure 14,** organizational culture scored 7.75 indicating a good level of integrity. In NIA 2012, there were only three survey items: fairness and transparency in the performance of duties, mediation and undue solicitation and prevalence of corrupt acts within the agency. However, in order to further simplify and ascertain the types and nature of corrupt acts, and assess the prevalence of corrupt acts within the agency, three other items were added in NIA 2016. These are: public officials ignoring duty, accepting payments in cash or in-kind and performing duties based on favouritism and misuse of privileged information for personal gain.

The high score in accepting payments in cash or in-kind also corroborates with the findings of experienced corruption in external integrity. Given that corruption is a sensitive subject, people might have felt uncomfortable to respond irrespective of their education and position levels. As depicted in **Figure 14**, ignoring official duty and favouritism items scored the lowest with 7.06 and 7.05 scores respectively, indicating existence of negligence of official duties and favouritism by the public officials in the agencies. This also complements the findings of accountability in external integrity whereby the efforts to accomplish duties by the public officials, as perceived by external clients also scored low.

3.4.1.2 Corruption Control System

Corruption control system was measured using three survey items as depicted in **Figure 15**.
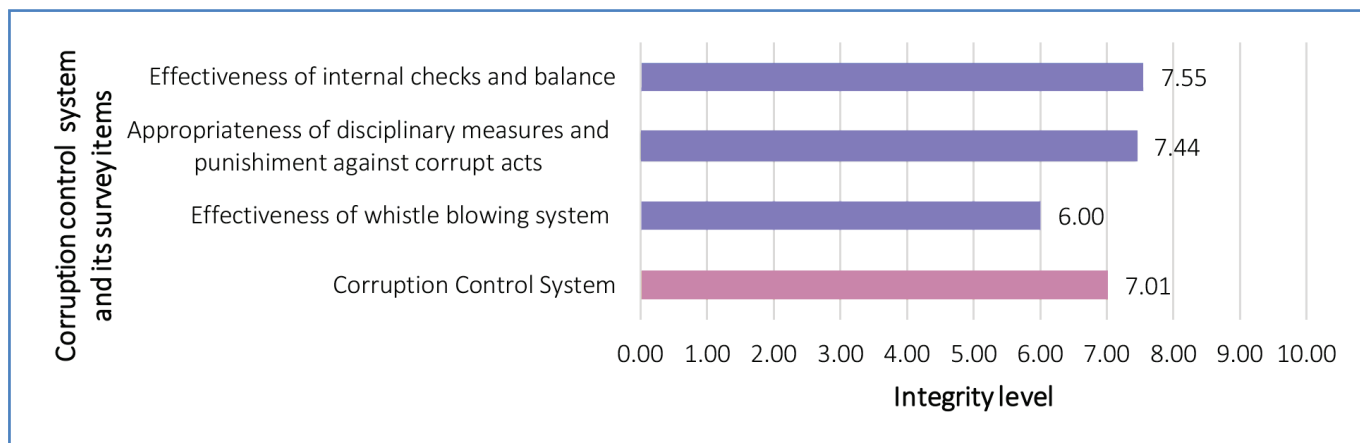
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 15: Corruption control system index and its survey items

The corruption control system scored 7.01 indicating that agencies have some corruption control system in terms of effectiveness of internal checks and balance, effectiveness of whistle blowing system and appropriateness of disciplinary measures. The effectiveness of the whistle blowing system scored the least with 6.00 as compared to appropriateness of disciplinary measures and punishments against the corrupt officials and effectiveness of internal checks and balance with scores of 7.44 and 7.55, respectively.

Low score for effectiveness of whistle blowing system indicates weak system of reporting corruption, which is due to fear of reprisal, complacency and "misplaced compassion" (ACC, 2016a). Without proper systems to encourage whistle blowers to report acts of corruption, corruption and other wrongdoings will remain unnoticed and become systemic, thus making it even more difficult to root out corruption.

3.4.2 Work Integrity Index

The work integrity index comprised three components: personnel management, budget execution and fairness in assignment of work as shown in **Figure 16**.
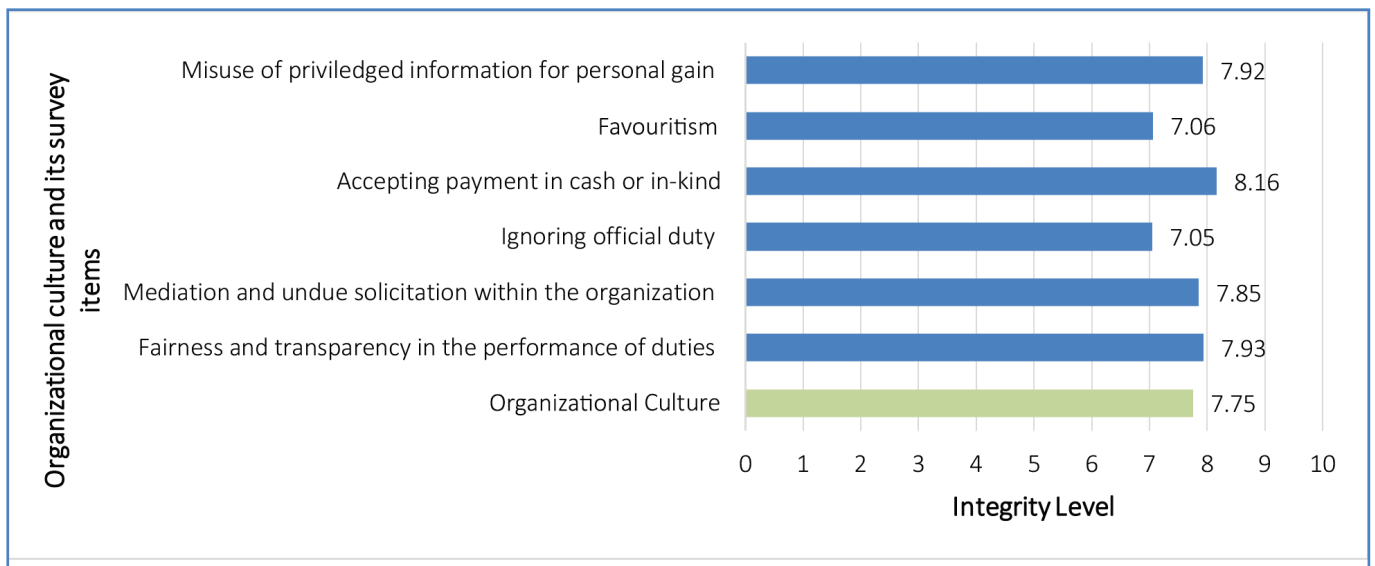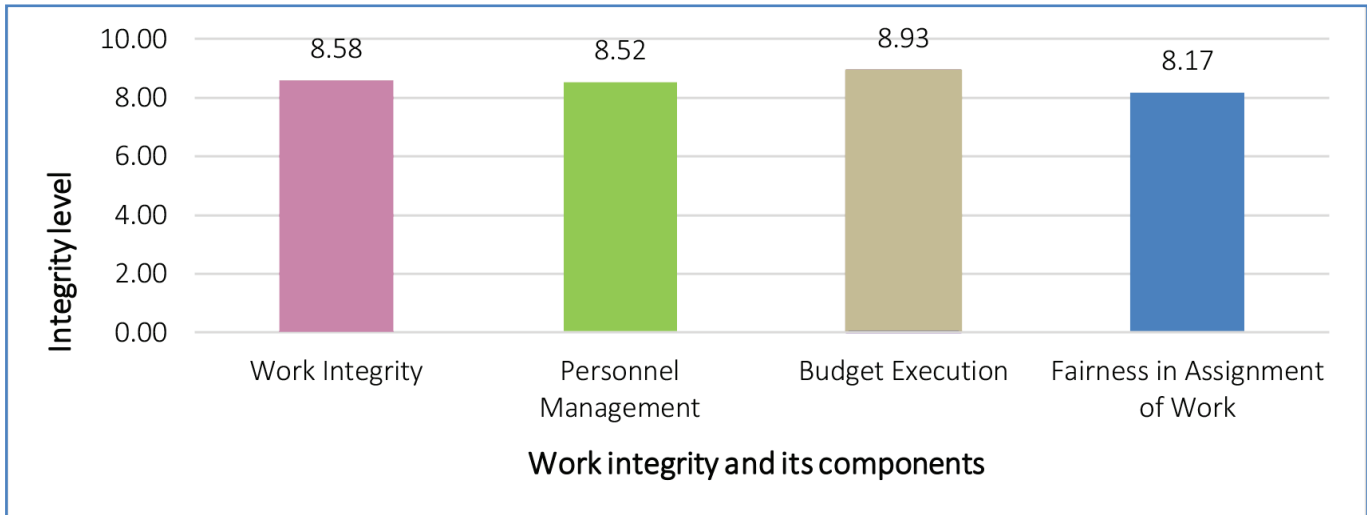

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean

Figure 16: Work integrity index and its sub-factors

Personnel management assesses the fairness of services related to human resources (HR) such as recruitment, training, promotion and transfer. Budget execution assesses the fairness and transparency in budget utilization including both capital and recurrent budgets and travel expenses by the heads or employees in an agency. Fairness in assignment of work assesses the fairness in assignment of the work by the heads of the agencies or by the immediate supervisors.

Work integrity scored 8.58 indicating a very good level of integrity. Budget execution with a score of 8.93 contributed the highest to the work integrity index.

3.4.2.1 Work Integrity Index: Perceived and Experienced Corruption

Perception and experience of corruption were assessed in all the three components of work integrity as shown in **Figure 17**.
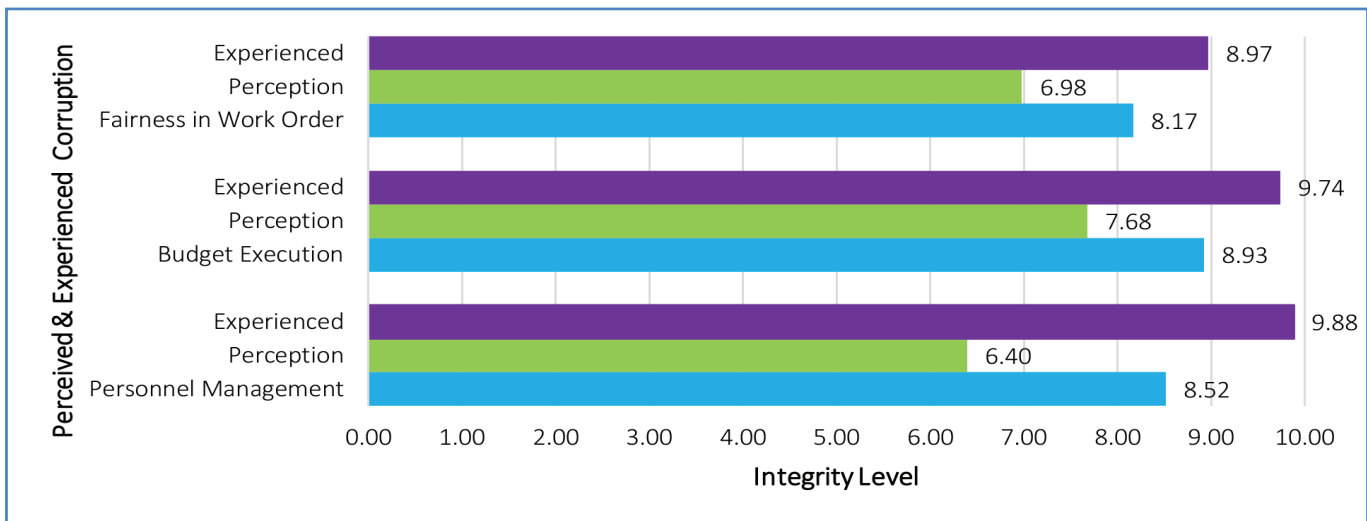
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean

Figure 17: Experienced and perceived corruption for work integrity index

As **Figure 17** shows, the low scores in the perception of corruption in all the three components indicate existence of corruption in the public agencies as perceived by the employees. The perception of existence of corruption is highest in personnel management with a score of 6.40 as compared to fairness in assignment of work and budget execution.

As in the case of external integrity, experienced corruption in all the three components of work integrity scored high. As discussed in the previous section, the score in experienced corruption contributed the highest as compared to other components.

In general, the findings of experienced corruption show increasing number of respondents making payments in cash or in-kind, entertainment and other forms of gratifications as compared to NIA 2012 except in the area of personnel management. However, the responses remained low in general. From 2,108 internal respondents, 9 (0.4%) admitted to having provided payments in cash or in-kind when availing HR services such as recruitment, training, promotion and transfer in an agency as compared to 17 (0.8%) in NIA 2012. Although, there was decrease in the number of respondents admitting to making payments in cash or in-kind, entertainment and other forms of gratification when availing HR services, the number of respondents for perceived corruption has remained the highest.

74 (3.5%) respondents admitted to having observed unjustifiable manipulation in the execution of the budget either by the head of the agency or other employees for their own benefit or for the benefit of family and friends as compared to 70 (3.3%) in NIA 2012. Unjustifiable manipulation of budget refers to diverting or re-appropriation of budget to fulfil personal interest or to benefit family or friends. 262 (12.4%) respondents admitted to having received unreasonable work instructions from the head of the agency or immediate supervisors as compared to 216 (10.3%) in NIA 2012.

In total, there were 345 (16.4%) respondents as against 303 (14.4%) in NIA 2012 who actually responded to either having seen or perceived or experienced making payments in cash or in-kind, entertainment and other forms of gratification. This finding corroborates with the findings of BTI (2016) where 10.2% of the citizens reported to having paid bribes in the past 12 months and at least, 2.6% of the citizens reported bribing a government official to get the documents they needed.

However, only 16.4% of the respondents responded to items on experience of corruption. The integrity scores for perceived corruption for all the components of work integrity were low which may indicate that corruption in relation to personnel management, misuse of budget and unfair assignment of work in the agency exists. Therefore, comparative study of experienced and perceived corruptions might lead to a better understanding of the corruption scenario.

3.5 Summary of the scores for Survey Item: Internal Integrity
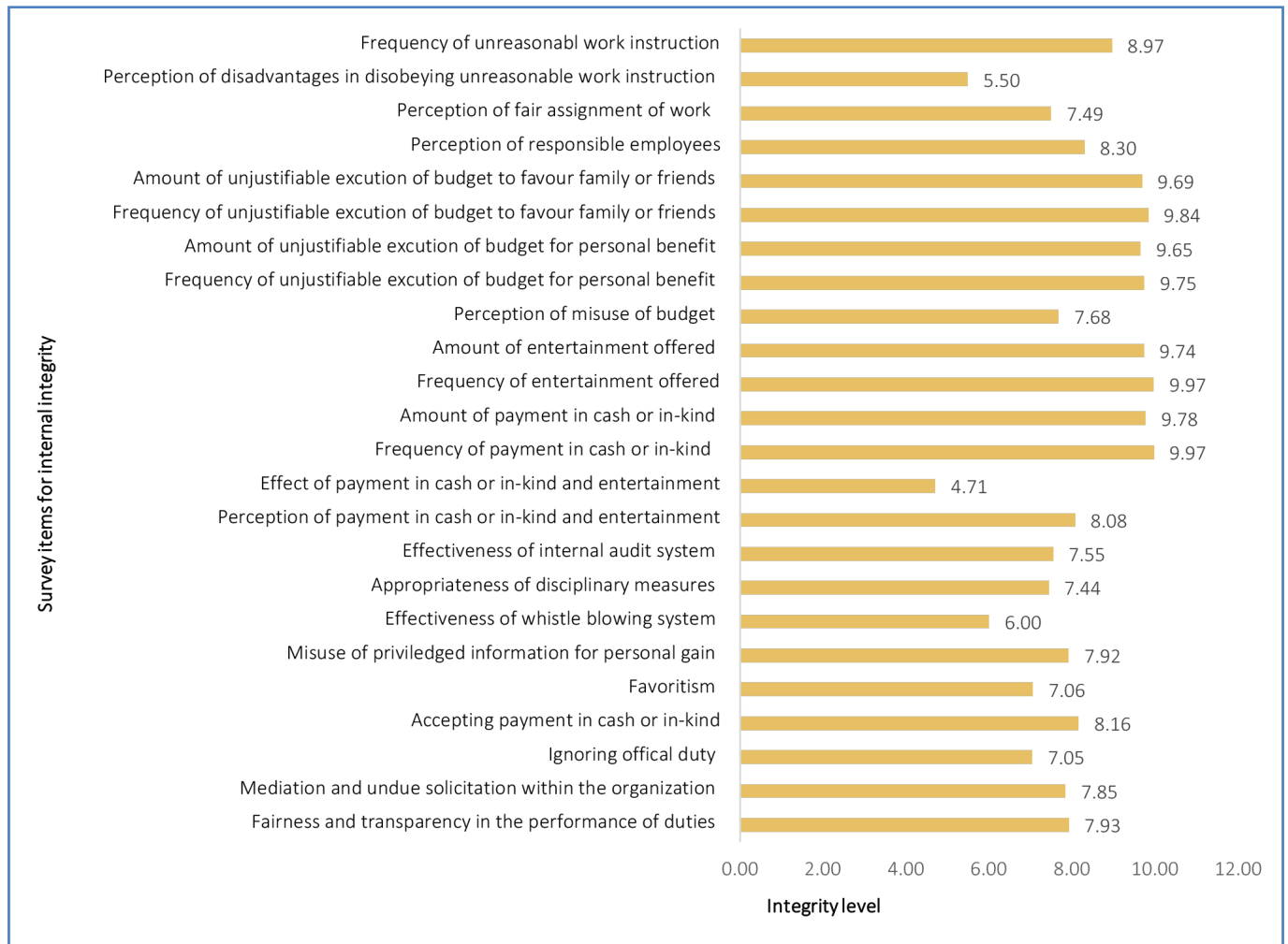
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 18: Overview of survey items for internal integrity and its scores

Figure 18 illustrates the scores for the 24 survey items that contributed to internal integrity score. As discussed earlier, three survey items were added to the organizational culture with same weights allocated to each survey item. Overall, most of the survey items scored above 7.0, indicating a good level of integrity, except for effect of payments in cash or in-kind and entertainment that scored 4.71. The perception of disadvantages of disobeying to unreasonable work instructions (5.50) and effectiveness of whistle blowing also scored low (6.00).

Low score for effect of payments in cash or in-kind and entertainment indicates that providing cash or in-kind, entertainment and other forms of gratification in availing HR services such as recruitment, training, promotion and transfers influence or affect decisions in the agencies. The low score for perception of disadvantages of disobeying to unreasonable work instructions indicates that employees have been affected when they do not comply with unreasonable work instructions of the seniors. Low score for effectiveness of whistle blowing system indicates lack of encouragement and motivation in reporting corruption. However, experienced corruption scored highest in all the three components of work integrity; personnel management, budget execution and fairness in assignment of work.

3.6 Experiences of Corruption

In assessing the experience of corruption, most of the studies asked the respondents to rate the score for incidences of bribery in the country (Mauro & Aidt as cited in ACC, 2016b). In this study, the service users were asked to reveal the frequency and amount of cash or in-kind, entertainment and other forms of gratification provided to the public officials in the course of service delivery to ascertain the actual level of experienced corruption in 2015.

Following ACRC's Practical Guide on Integrity Assessment, 2015, the average frequency of payments made in cash or in-kind, entertainment and other forms of gratification is considered as follows:

1 time = 1, 2 times = 2, 3 times = 3, 4-5 times = 4.5, 6-7 times = 6.5, 8-10 times = 9, 11-15 times = 13, 16 times or more = 16

3.6.1 Experience of Corruption by External Clients or Service Users

Experienced corruption is gauged through the frequency and amount of payments made by the external clients to the public officials involved in processing the services. **Table 10** illustrates the average frequency and amount of payments made in cash or in-kind, entertainment, and other forms of gratification offered by the external clients.

Average frequency and amount of payments in cash or in-kind, entertainment and other forms of gratification	
Average frequency of payments in cash or in-kind	2.52
Average amount of payments in cash or in-kind	Nu. 2,30,000
Average frequency of entertainment	2.91
Average amount of entertainment	Nu. 4,85,000
Average frequency of other forms of gratification	3.07

Table 10: Average frequency and amount of payment in cash or in-kind, entertainment and other forms of gratification

On an average, each respondent made payments in cash or in-kind almost three times based on the responses of 21 respondents who admitted having made payments in cash or in-kind. The average frequency of entertainment is almost three times based on the 69 respondents who provided entertainment. The average frequency of others forms of gratification is three times as reported by the 27 respondents.

As depicted in **Table 10**, in terms of the average amount of payments in cash or in-kind and entertainment provided by the external clients, Nu. 2,30,000 was the average amount of payments made in cash or in-kind as reported by the 21 respondents and Nu. 4,85,000 was the average amount of entertainment as reported by the 69 respondents. In a developing country like Bhutan where development activities are mostly donor driven, even a low level of corruption is a concern as it deprives the people of the basic socio-economic development infrastructure besides other costs of corruption.

Forms of Gratifications

The past two NIAs (2009 and 2012) considered bribery as the only form of corruption whereas NIA 2016 also acknowledged other forms of gratifications including payments made in-kind and entertainments during the course of service delivery.

Forms of gratification	Number of response	Percentage of response
Accommodation	1	3.3
Transportation	2	6.7
Gifts	10	33.3
Lending money (interest free)	1	3.3
Overseas trip	0	0.0
Others (specify)	16	53.3
*Total	30	100

*Total indicates the sum of all the responses to a multiple-response item.
Table 11: Forms of gratification

As demonstrated in **Table 11**, 33% of the respondents reported providing gifts. 6.7% reported having provided transportation and 3.3% revealed having provided accommodation and lending money without interest. The revised Gift Rules (2017) states "a public servant shall not solicit or accept a gift, directly or indirectly from a prohibited source". However, the findings showed that gift giving was common through exchange of favours in the course of service delivery. Thus, the possibilities of the public officials engaging in corrupt conduct under the guise of gifts have not been ruled out.

Providing gifts to the public officials has become the most prevalent form of expression of gratitude. With such deeply embedded culture of gift giving as an expression of gratitude, it will only increase the expectation of the public officials. Providing gifts to speed up service delivery is not only unethical but also devious when the public officials are mandated to perform their official duties. Therefore, it is even more important to understand the occasion or timing and reasons for making payments in cash or in-kind, entertainment and other forms of gratification by the external clients.

Timing of payments made in cash or in-kind, entertainment and other forms of gratifications

Irrespective of whether or not the respondents made payments in cash or in-kind, entertainment and gratifications, a general question was administered to all the 8,706 respondents on the timing of payments in cash or in-kind, entertainment and other forms of gratification provided by the external clients during the course of availing services in 2015.

When provided?	Number of response	Percentage of response
Before processing of the work	5,530	50.07
During processing of the work	1,661	15.04
After processing of the work	2,412	21.84
During settlement of accounts	439	3.98
On special occasions such as holidays or events	321	2.91
Others (specify)	681	6.17
*Total	11,044	100

*Total indicates the sum of all the responses to a multiple-response item.
Table 12: Timing for payments in cash or in-kind and entertainment provided

As illustrated in **Table 12**, 50.07% of the respondents revealed that payments in cash or in-kind, entertainment and other forms of gratification were generally provided before processing the services. 21.9% reported making payments after availing the services. 15.04% reported making payments at the time of availing the services.

Payments made in cash or in-kind, entertainment and other forms of gratification were also provided during the settlement of the accounts and on special occasions like holidays or events as reported by 3.9% and 2.9% respondents respectively. 6.2% reported that it was not necessary to provide cash or in-kind, entertainment and other forms of gratifications during the stipulated timing or occasions. Normally, the payments were made when the public officials expected or asked them when in urgent need of money. It is equally important to understand why service users resorted to making payments in cash or in-kind, entertainment and other forms of gratification. The reasons are discussed below:

Reasons for making payments in cash or in-kind and entertainment and other forms of gratifications

Reasons for providing cash or in-kind, entertainment and other forms of gratification	Number of response	Percentage of response
Requested by the public official on duty	341	2.80
To expedite the work progress	6,039	49.52
To avoid paying penalty	1,113	9.13
As an appreciation for the service	2,797	22.94
As a customary practice	1,450	11.89
Others (specify)	455	3.73
*Total	12,195	100

Total indicates the sum of all the responses to a multiple-response item.

Table 13: Reasons for making payments in cash or in-kind, entertainment and other forms of gratifications

Table 13 illustrates the reasons for making payments in cash or in-kind, entertainment and other forms of gratification by the external clients in the course of availing services in 2015. This question was particularly asked to determine why the respondents had to resort to making payments in cash or in-kind, entertainment and other forms of gratification and ascertain the timing of payment.

The reasons reported for making payments in cash were mostly to speed up the processing of the services (49.6%), as appreciation for processing services by the public officials (22.9%) and as customary practice (11.9%) among others. This indicates that the tolerance for corruption is still high in the country. This finding also corroborates with the findings of BTI (2016) where 25.3% of the respondents reported that corruption was normal, everyone does it and there was nothing wrong in indulging in it. The finding of Public Road Construction Research conducted by ACC (2017) where 26.7% of the respondents agreed that business firms involved in road construction generally engage in various types of corruption in order to compete effectively further substantiated it.

About 3.4% of the respondents reported that there were other reasons such as documents not ready, services offered instantly as requested, to qualify for particular tender, to obtain and sustain undue advantage or to maintain relationship for future, etc.

The next section describes the experiences of corruption from the perspective of internal clients who have availed internal services related to HR, budget and assignment of work in the agencies.

3.6.2 Experience of Corruption by Internal Client or Service Provider

Experienced corruption, from the perspective of public officials was assessed based on three internal services namely: personnel management, budget execution and fairness in assignment of work as discussed in the following section:

Personnel Management

Table 14 shows the average frequency and amount of payments in cash or in-kind, entertainment and other forms of gratification provided by the internal clients in relation to availing HR services such as recruitment, training, promotion and transfer.

Average frequency and amount of payments in cash or in-kind, entertainment and other forms of gratification	
Average frequency of payments in cash or in-kind	3.67
Average amount of payments in cash or in-kind	Nu. 70,000
Average frequency of entertainment & other forms of gratification	2.27
Average amount of entertainment & other forms of gratification	Nu. 1,35,000

Table 14: Average frequency and amount of payments in cash or in-kind, entertainment and other forms of gratification provided in relation to personnel management.

The average frequency of payments made in cash or in-kind related to personnel management was almost four times while the average frequency of entertainment and other forms of gratification was two times. Further, the study also attempted to ascertain the average amount of payments made in cash or in-kind, entertainment and other forms of gratification provided by the internal clients in terms of HR matters such as recruitment, training, promotion and transfer.

The average amount of payments made in cash or in-kind was Nu. 70,000.00 while the average amount of entertainment and other forms of gratification was Nu. 135,000.00. Although the frequency of entertainment and gratification provided was less as compared to the payments made in cash or in-kind, the amount paid was almost double. This corroborates with the findings of experienced corruption under external integrity where the average amount/value of entertainment provided by the service users was much higher than the average amount of payments made in cash or in-kind.

Reasons for making payments in cash or in-kind, entertainment and other gratifications in relations to HR matters

The assessment asked a general question to all the respondents with respect to reasons for providing cash or in-kind, entertainment and other forms of gratification in availing HR services.

Reasons for providing cash or in-kind, entertainment and other forms of gratification	Number of response	Percentage of response
Requested by immediate supervisor	258	8.41
Requested by Human Resource Committee members	188	6.13
Requested Human Resource Officer	129	4.21
To get access to privileged information	474	15.46
As an appreciation for the processing of HR services	516	16.83
To obtain undue advantage	865	28.21
It is a customary practice	446	14.55
Others (specify)	190	6.20
Total	**3,066**	**100**

*Total indicates the sum of all the responses to a multiple-response item.

Table 15: Reasons for making payments in cash or in-kind, entertainment and other forms of gratification in relation to personnel management

The reason for providing cash or in-kind, entertainment and other forms of gratification in availing HR services was to obtain undue advantage as reported by 28.21% of the respondents **(Table 15).** This corroborates with the reasons given by the external clients for making payments in cash or in-kind, entertainment and other forms of gratification.

The respondents also reported that courtesy or appreciation for processing HR services (16.9%), access to privileged information (15.5%) and customary practice (14.6%) were the reasons for making the payments. As depicted in **Table 15**, 8.4%, 6.13% and 4.2% of the respondents reported having made payments as requested by immediate supervisors, HRC members and HROs respectively.

There were also other reasons as reported by 6.2% respondents, which include grabbing an opportunity, lack of strong legal framework, reciprocity and weak management system. It can be inferred that given this laxity in the delivery of public services, there is a risk for corrupt practices to creep in.

Budget Execution

The average frequency and amount of unjustifiable manipulation in the execution of budget for personal gain and to favour family and friends are demonstrated in **Table 16.**

Average frequency of unjustifiable manipulation in the execution of budget for personal gain and to favour family and friends	
Average frequency of unjustifiable manipulation in the execution of budget for personal gain	3.85
Average amount of unjustifiable manipulation in the execution of budget for personal gain	Nu. 7,075,003
Average frequency of unjustifiable manipulation in the execution of budget to favour family & friends	4.38
Average amount of unjustifiable manipulation in the execution of budget to favour family & friends	Nu. 5,910,003

Table 16: Average frequency and amount of unjustifiable manipulation in the execution of budget for personal gain and to favour family and friends

Occurrence of unjustifiable manipulation of budget had been calibrated at two levels: for personal gain and to favour for family and friends. The average frequency of unjustifiable manipulation in the execution of budget for personal gain and to favour family and friends were almost four times each. This indicates that unjustifiable manipulation in the execution of budget was quite high thereby increasing the risks of corruption
.
The average amount of unjustifiable manipulation in the execution of budget for personal gain and to favour family and friends were Nu. 7,075,003 and Nu. 5, 91, 0,003 respectively.

As compared to NIA 2012, the average frequency and amount of unjustifiable manipulation in the execution of budget for personal gain and to favour family and friends had doubled.

Table 17 illustrates the reasons for unjustifiable manipulation in the execution of budget.

Reasons for unjustifiable manipulation in the execution of budget	Number of response	Percentage of response
Insufficient pay and allowance	916	24.04
Established practice	208	5.46
Poor leadership	596	15.64
Due to external pressure, lobbying, solicitation, etc.	218	5.72
Lack of ethics among individuals	636	16.69
Inefficient implementation of policies and procedures	355	9.32
Weak internal control system	749	19.66
Others (specify)	132	3.46
*Total	3,810	100

Total indicates the sum of all the responses to a multiple-response item.

Table 17: Reasons for unjustifiable manipulation in the execution of budget

Insufficient pay and allowances was one of the main reasons for unjustifiable manipulation in the execution of budget cited by the respondents. Weak internal control system, lack of ethics among individuals and poor leadership were highlighted as the causes of unjustifiable manipulation in the execution of budget. Similar findings were depicted by NIA 2012 and other studies (ACC, 2016a, & 2016b).

The respondents also reported other reasons such as ad hoc programs that were frequently initiated in the agencies, weak planning and budgeting where budget adjustments were made during the execution of the plan and end-to-end job by a single official.

Fairness in assignment of work

One of the ways to measure work integrity is to explore fairness in the assignment of work in an agency. A study on fairness in assignment of work by Akech (2011) found that there is significant loophole in the institutional framework in which the public servants were not empowered to resist illegal instructions of their seniors and government ministers, resulting in grand corruption. This is even more relevant to Bhutan given the cultural acceptance of respecting and accepting the seniors' instruction.

Based on 262 respondents who revealed that they were given unreasonable work instructions by the head of the agency or by their immediate supervisors, the average frequency of unreasonable work instructions was almost four times as compared to three in 2012.

3.7 Integrity by Category of Public Agencies

Despite the complexity and diversity presented by the number of different services and the respondents for each agency and service, it is important to assess the level of integrity of each category of public agency. As discussed in the earlier section, for better understanding and for the purpose of this assessment, the agencies were categorized into Ministries, Corporations, Autonomous Agencies, *Dzongkhags, Gewogs and Thromdes*. As demonstrated in **Figure 19**, in general, internal integrity in all categories of the agencies scored high. In this, the *Gewogs* scored the highest with 8.05 and the Ministries the least with 7.67.
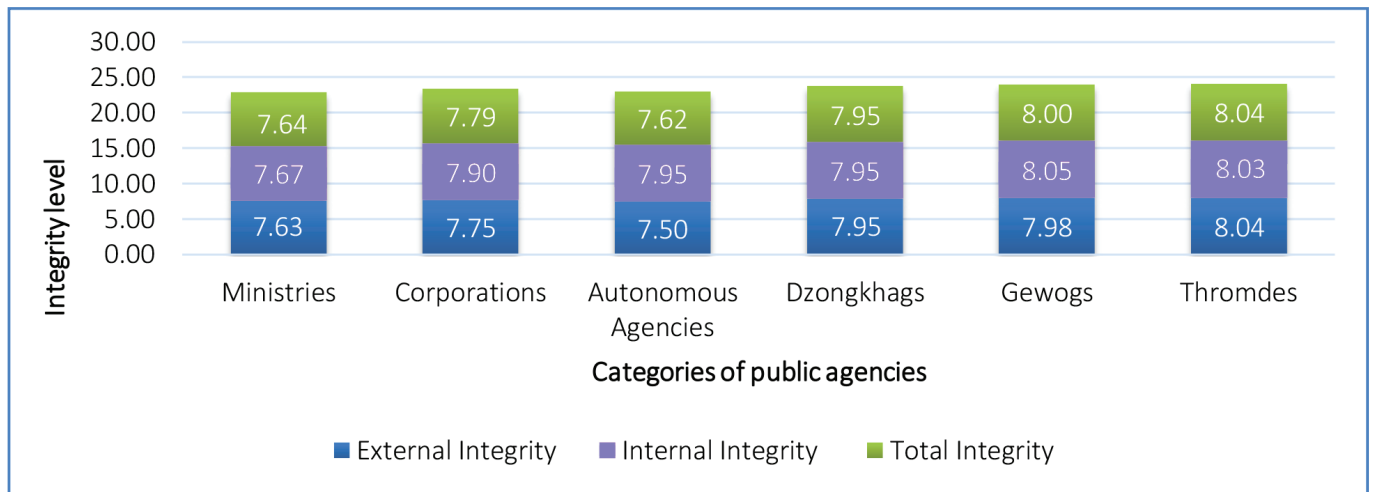
Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean
Figure 19: Level of total integrity by categories of public agencies

In terms of the total integrity, *Thromdes* scored the highest with 8.04 whereas the autonomous agencies scored the lowest with 7.62. Overall, the integrity levels of *Thromdes, Gewogs and Dzongkhags* increased as compared to Autonomous Agencies, Ministries and Corporations.

The low comprehensive integrity scores for Autonomous Agencies, Ministries and Corporations were due to weak transparency, accountability and corruption prevention systems in providing effective and efficient services to the citizens. This finding is also consistent with BTI (2016) report wherein the quality of services such as health care services, education services, agriculture and land transaction services provided by the central agencies were found to be weak and inefficient due to weak transparency and accountability systems. Thus, the citizens faced problems while availing the services of the central agencies and landed up paying bribe to avail the services whether directly or indirectly.

3.8 External and Internal Integrity Scores by Category of Public Agencies

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean

Figure 20: External integrity scores by categories of public agencies

As shown in **Figure 20**, all agency categories appeared to be inadequate in terms of accountability as their scores are below 7.00 except for *Gewogs* with 7.06. Similarly, the agencies also scored low in transparency. The experienced corruption contributed the highest integrity score to the corruption index indicating that respondents have not experienced corruption while availing services.
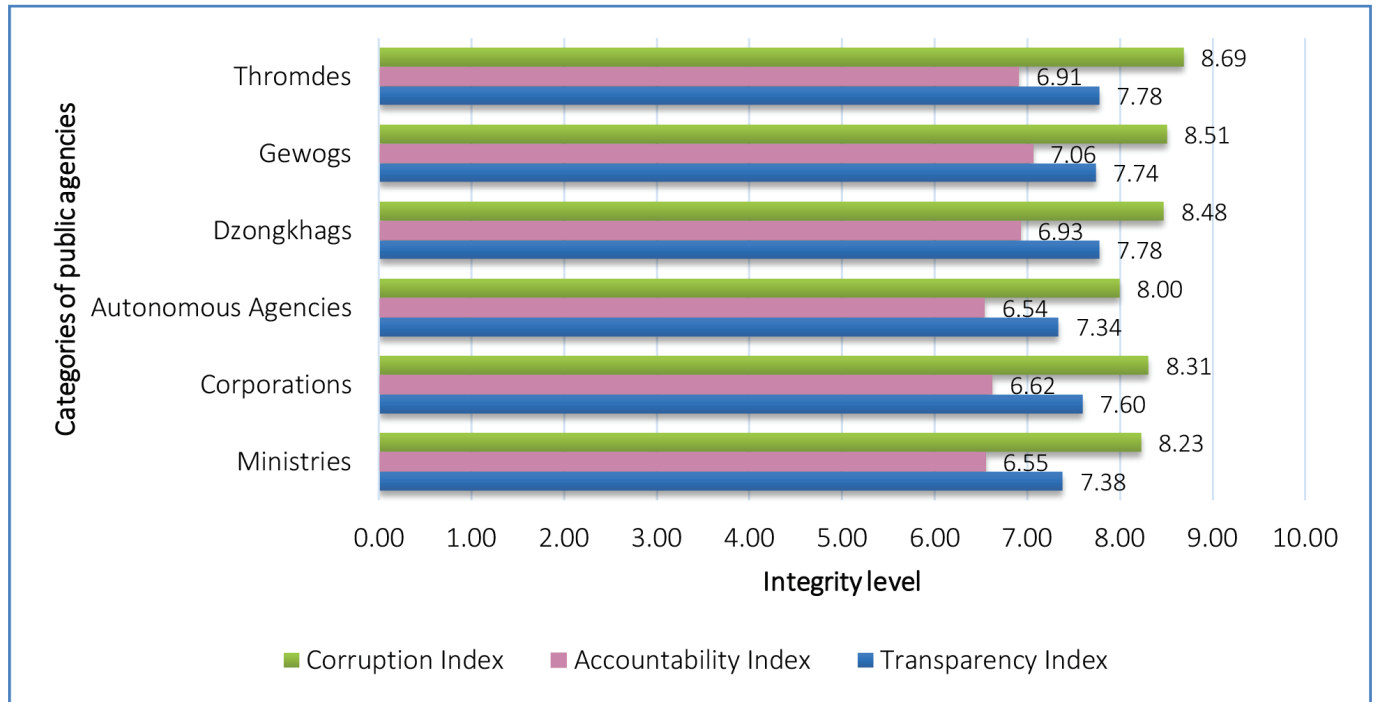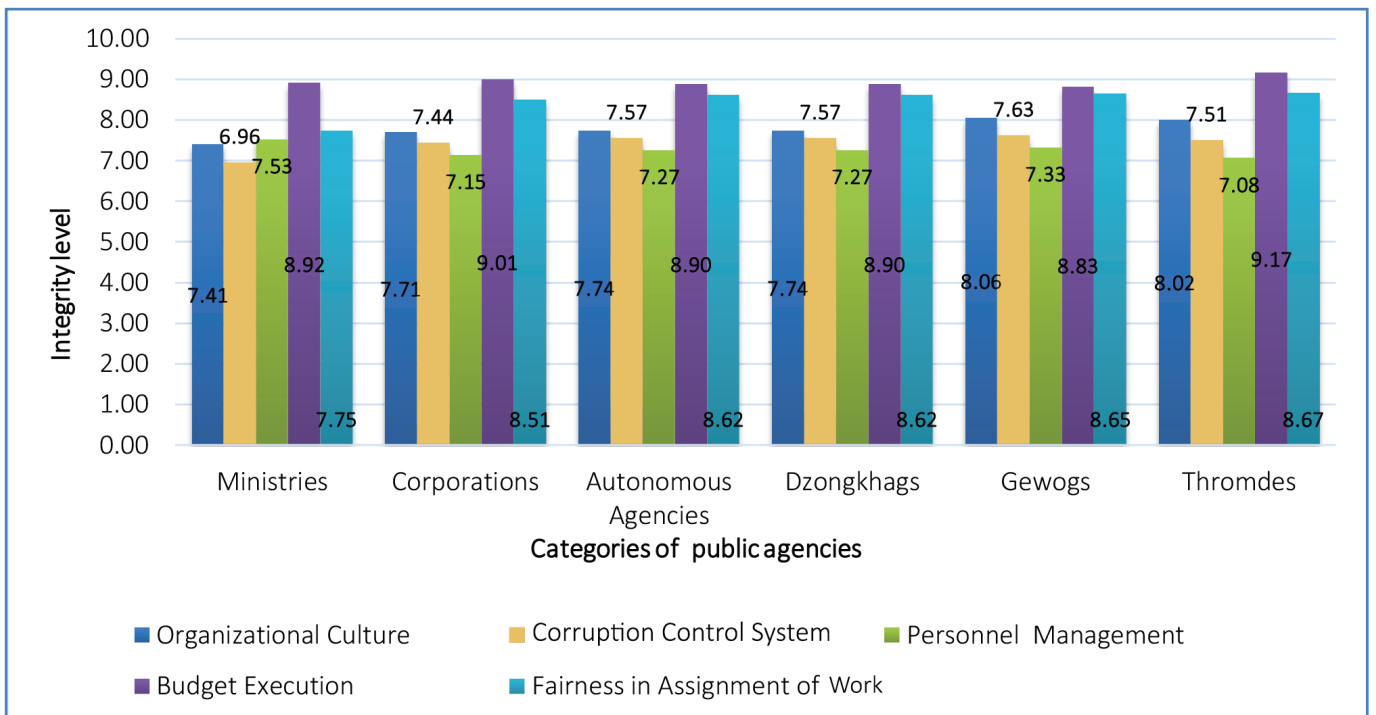

Note: 0 = highly corrupt/lowest level of integrity and 10 = highly transparent/very clean

Figure 21: Internal integrity scores by categories of public agencies

In terms of the internal integrity, budget execution scored high in all categories of the agencies whereas personnel management and corruption control system scored less **(Figure 21).** A similar trend was also observed for autonomous agencies, ministries, and corporations given their low score in all survey items of the internal integrity as compared to *Thromdes, Gewogs* and *Dzongkhags*.

In contrast to the high integrity score, ACC received high number of complaints against the *Gewogs* (454 out of 1716 - 26.5%) from 2012 to 2016. The high number of complaints could be attributed to the more number of *Gewogs* as compared to other agencies. However, the high integrity score should not be taken as comfort for not striving to improve further.

3.9 Summary of Comparative Analysis (NIA 2009, 2012 and 2016)

Table 18 shows the summary of the comparisons amongst the three NIAs. Direct comparison could be done for the 2nd and 3rd NIA only. However, a proxy comparison was done with the 1st NIA, as only external integrity was taken for assessment and components used were also different in 2009. Therefore, wherever relevant, 2nd and 3rd NIA findings were compared since the components, survey items and the methodology adapted were similar but with improvement in terms of contextualization in the 3rd NIA.

Integrity Component	Integrity scores for each component and survey item		
	2009	2012	2016
Comprehensive/National/Total Integrity	7.44	8.37	7.95
External Integrity	7.44	8.50	7.89
Transparency	7.37	8.35	7.68
Accountability	6.88	7.66	6.86
Corruption	8.60	8.95	8.46
Experienced Corruption	9.89	9.91	9.90
Perceived Corruption	7.28	7.43	6.18
Internal Integrity	N/A	7.89	8.10
Integrity Culture	N/A	7.21	7.48
Organizational Culture	N/A	7.56	7.75
Corruption Control System	N/A	6.62	7.01
Work Integrity	N/A	8.57	8.58
Personnel Management	N/A	8.66	8.52
Budget Execution	N/A	8.45	8.93
Fairness in Assignment of Work	N/A	8.59	8.17

Table 18: Summary of comparative analysis of NIA

In general, the integrity scores for all the external integrity components and survey items had decreased. The external integrity score decreased to 7.95 from 8.37 in 2012, although there was a slight increase as compared to 2009 (7.44). The integrity scores for all the components of external integrity decreased compared to 2009 and 2012. The decrease in the scores of transparency and accountability could be due to weak disclosure of information related to services, complex standards and procedures for services, existence of abuse of authority and unnecessary delays in service delivery by the public officials.

In contrast, internal integrity score had increased by 0.21 and was mainly due to the increased scores of organizational culture, budget execution and a slight increased in the score for corruption control

system. This means that the scores for integrity culture in terms of effectiveness of whistle blowing system, appropriateness of disciplinary measures and punishment against corrupt acts and effectiveness of internal audit system had improved. Nevertheless, the scores for these survey items still remained low.

However, there was a decrease in the score of work integrity specifically for personnel management and fairness in assignment of work by 0.14 and 0.42 points respectively. This indicates that further improvement could be made in relation to HR matters such as recruitment, training, promotion and transfer. Past studies (ACC, 2016a) also showed that favouritism was the most prevalent in HR services.

The decreasing score for fairness in the assignment of work in the agencies could be due to increased number of unreasonable work instructions by the heads of the agencies or immediate supervisors. 262 respondents reported that they were given unreasonable work instructions as against 216 in 2012. The unreasonable work instructions referred to assignment of work to subordinates by heads of the agencies or immediate supervisors related to his/her private work such as transportation, attending to kids or other personal work that benefited him/her.

CHAPTER 4: GENERAL CORRUPTION PERCEPTION

The NIA 2016 also gauged the perception of the service users and providers on corruption. A total of 10,814 respondents comprising 8,706 service users and 2,108 service providers were asked for their views on various aspects of corruption pertaining to the seriousness of corruption problem, trend of corruption in the last five years, prevalence of types of corruption and ACC's effort in combating corruption.

4.1 Seriousness of Problem of Corruption

Table 19 depicts the opinion of the service providers and users on the seriousness of the problem of corruption in the country. Majority of the respondents reported the problem of corruption as "Quite Serious", about 25% reported "Very Serious", 14% "Not Serious" and 6.2% "Don't Know".

		In your opinion, how serious is the problem of corruption in the country?					
		Very serious	**Quite serious**	**Not serious**	**Don't know**	**Missing**	**Total**
External	Count	2,099	4,810	1,226	568	3	8,706
Internal	Count	587	1,147	267	107	0	2,108
Total		2,686	5,957	1,493	675	3	10,814
Percentage		24.8	55.1	13.8	6.2	0.0	100.0

Table 19 Seriousness of problem of corruption

In terms of the differences in the opinion of the service providers and service users on the seriousness of the problem of corruption in the country, there was no significant difference as depicted in **Figure 22.**
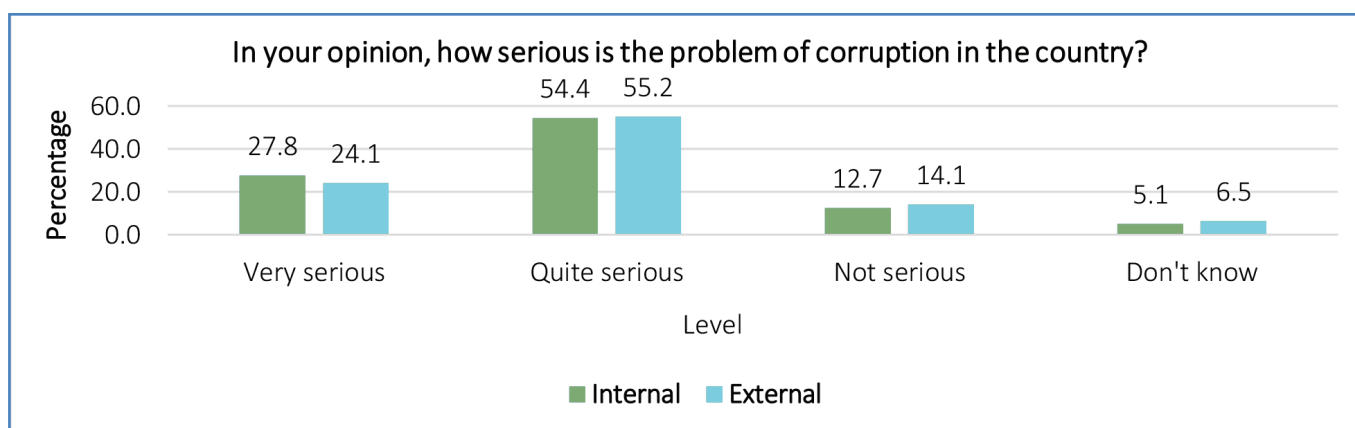
Figure 22: Seriousness of problem of corruption by service users and providers

Figure 23 depicts the responses to the seriousness of corruption problem by age group. The responses depicted a similar trend across age groups with "Quite Serious" as the highest response followed by "Very Serious" indicating that the service users and providers generally viewed corruption as a serious problem in Bhutan. While it could be attributed to the growing investment and economic activities in the country, it could also be due to various interpretation and understanding of the term corruption itself as most of the citizens also refer to administrative lapses as corruption. It was mostly the respondents, mostly in the age group of 21-30 and 31-40 who viewed the problem of corruption as "Quite Serious" and "Very Serious".
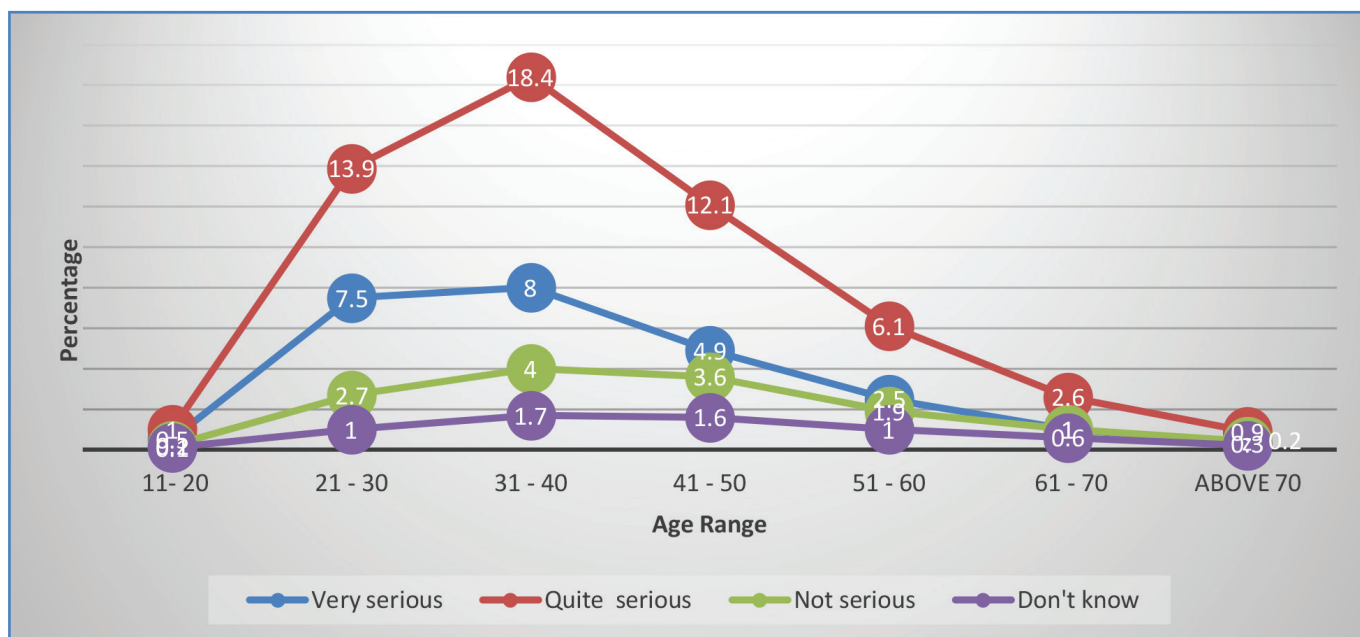
Figure 23: Seriousness of problem of corruption by age

An analysis of the perception of the service users and providers by educational qualification also showed similar responses in terms of the seriousness of the problem of corruption as shown in **Table 20.**

Education Level	In your opinion, how serious is the problem of corruption in the country?				
	Very serious	**Quite serious**	**Not serious**	**Don't know**	**Total**
Post Graduate	1.5	3	0.6	0.2	5.2
Graduate	3.8	6.7	1.7	0.4	12.6
Diploma/Certificate	2.7	5.6	1.2	0.3	9.8
Higher secondary	2.6	5.4	1.3	0.4	9.7
Middle Secondary	2.4	5.5	1.2	0.5	9.7
Lower Secondary	1.1	2.8	0.7	0.4	5.1
Primary	1.5	3.8	1	0.4	6.7
Functionally Literate	2	4.8	1.2	0.4	8.3
No education	6.9	17	4.9	3.2	32.1
Others	0.3	0.4	0.1	0	0.8
Total Percentage	24.8	55	13.9	6.2	100

Table 20 Seriousness of problem of Corruption by education level

It shows that the highest percentage of respondents who viewed corruption as "Very Serious" and "Quite Serious" problem are the ones with no education. This could indicate that the uneducated ones are mostly affected by corruption, whereas the highly educated ones do not see corruption as a grave problem because they are in the positions of authority or have larger connections.

4.2 Trend of Corruption in the last five years

Figure 24 shows the trend of corruption as reported by the respondents.
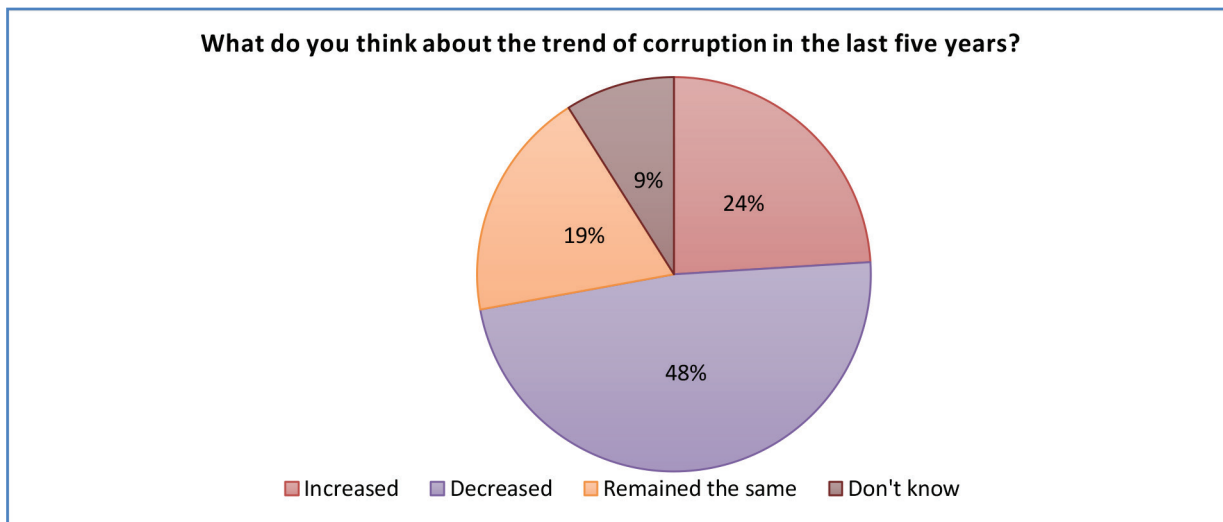
Figure 24: Trend of Corruption

24% of the respondents reported that corruption has increased in the last five years while 48% reported that it has decreased. 19% reported that it has remained same and another 9% reported that they don't know. Similar finding was also observed by BTI (2016) where about 31.5% of the people viewed that the level of corruption had "increased somewhat". The responses by the service users and providers are illustrated in **Figure 25.**
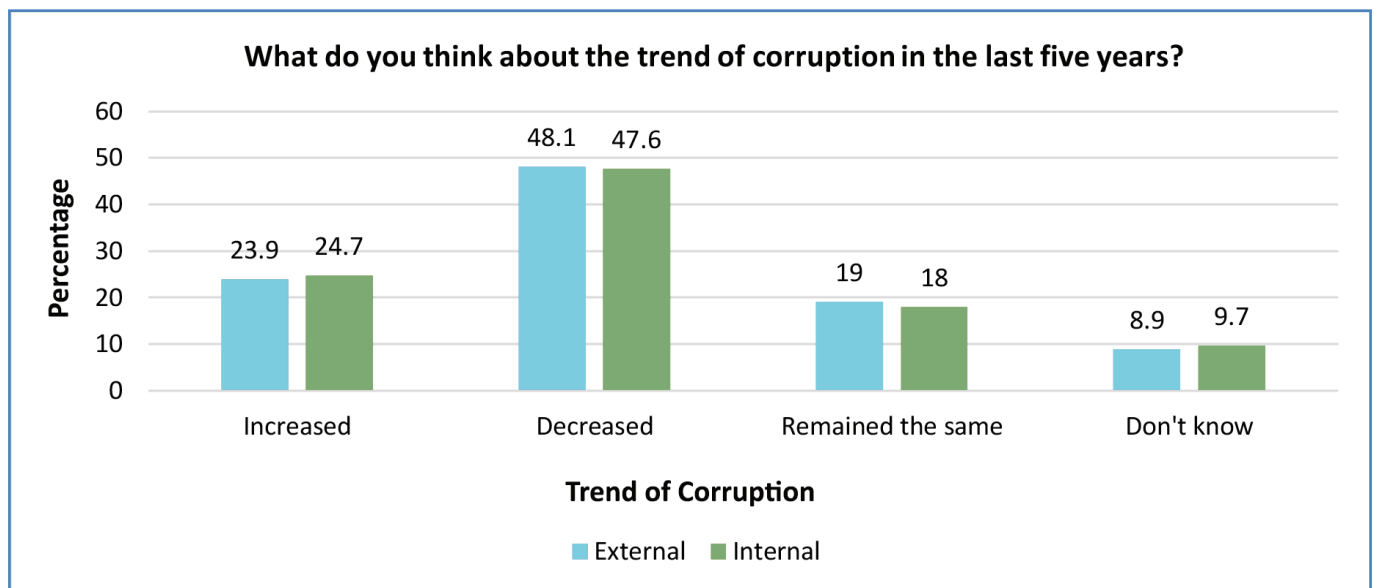
Figure 25: Trend of corruption by service users and providers

As depicted in **Figure 26**, 24% of the respondents perceived that corruption had increased as compared to 14% in NIA 2012. This could be due to increasing corrupt practices with emergence of different corruption types culminated from increasing socio-economic development.
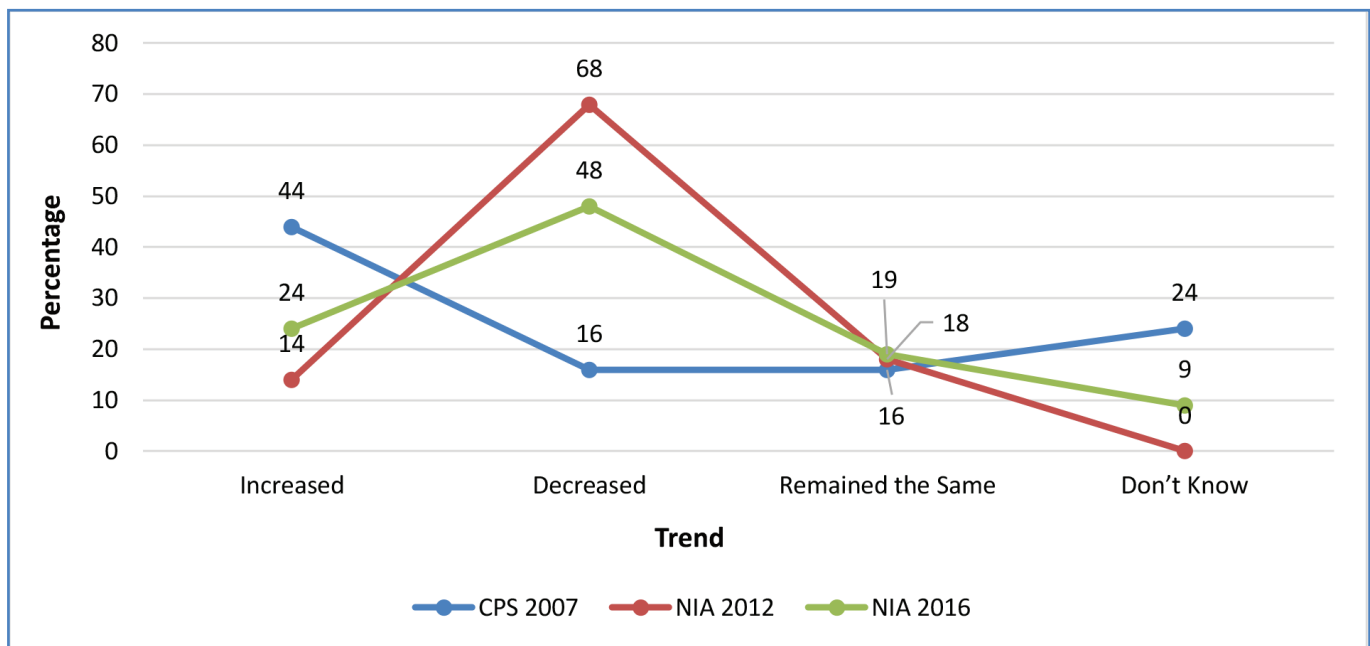
Figure 26: Comparative analysis of corruption trend

It is interesting to observe that there was not much difference in the percentage of respondents who reported that corruption had "Remained the same" over the years. A significant decrease in the percentage of response to "Don't Know" by 15% from 2009 to 2016 indicates improvement in the awareness of corruption and its trend by the general citizens. This could be attributed to the continued efforts and the priority accorded by various agencies and ACC in advocacy and education programs over the years.

4.3 Prevalence of types of corruption

To gauge the perception of the service providers and users on the prevalence of corruption in the country, the respondents were asked to rate the rampancy of various types of corruption such as bribery, embezzlement, abuse of function and conflicts of interest.

Figure 27 shows the overall trend of the perception of the service providers and users on the rampancy of the above-mentioned types of corruption. It showed a similar perception for all the four types of corruption. While almost equal percentage of respondents perceived that the various forms of corruption were "Most Rampant" and "Not at all rampant", it can be deduced that corruption exist in these forms. It should be a matter of concern for all the stakeholders to further strengthen collective alliance to combat corruption. Considering the percentage of the respondents for "Most Rampant", abuse of function and conflicts of interest were perceived to be the highest. This corroborates with the integrity scores for perceived corruption whereby favours based on region or relationship scored the least, though this cannot be compared directly with the scores since scoring methodology and percentage of the respondents are different, a proxy comparison showed that conflicts of interest was the most rampant form of corruption.
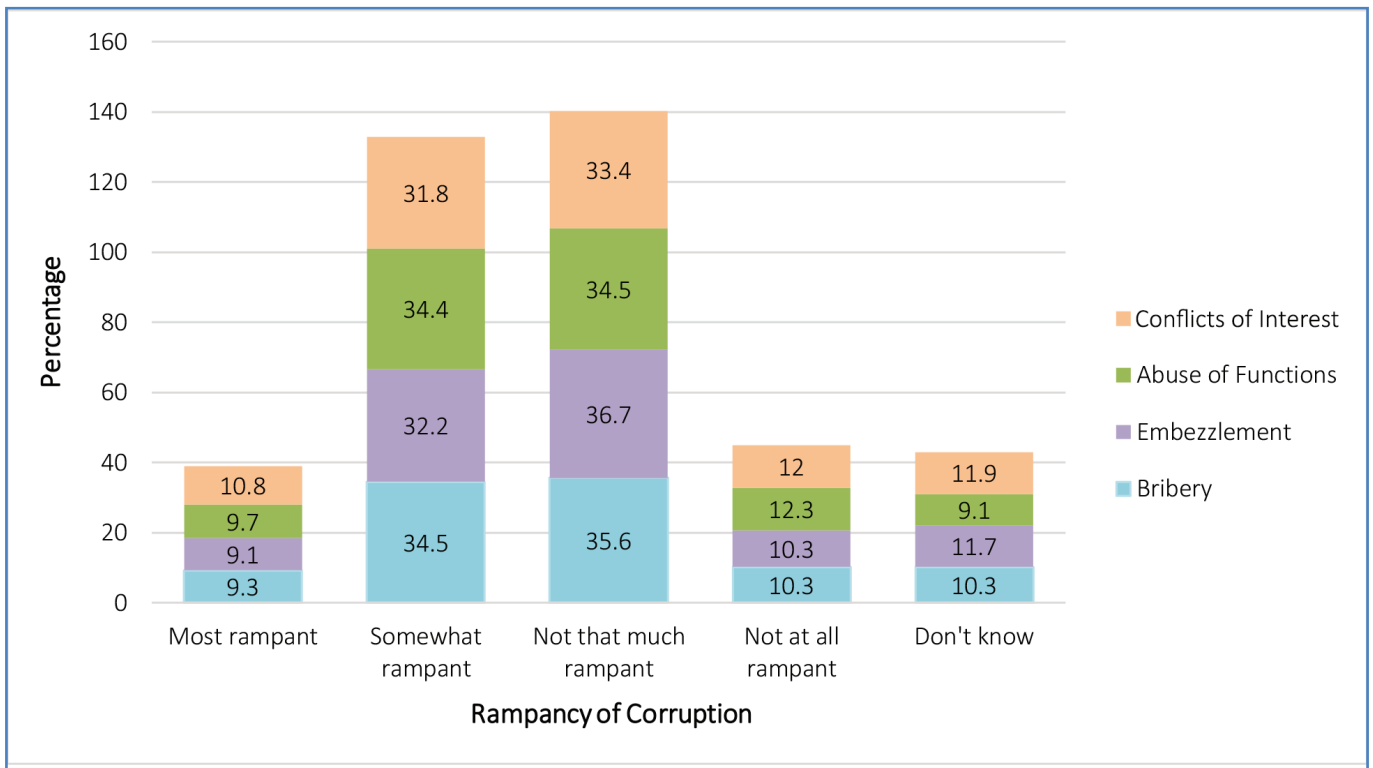
Figure 27: Perception on rampancy of various types of corruption

A comparative analysis of the perception of the service providers and users on rampancy of each type of corruption such as bribery, embezzlement, abuse of function and conflicts of interest are shown in **Figure 28, 29, 30 and 31**.
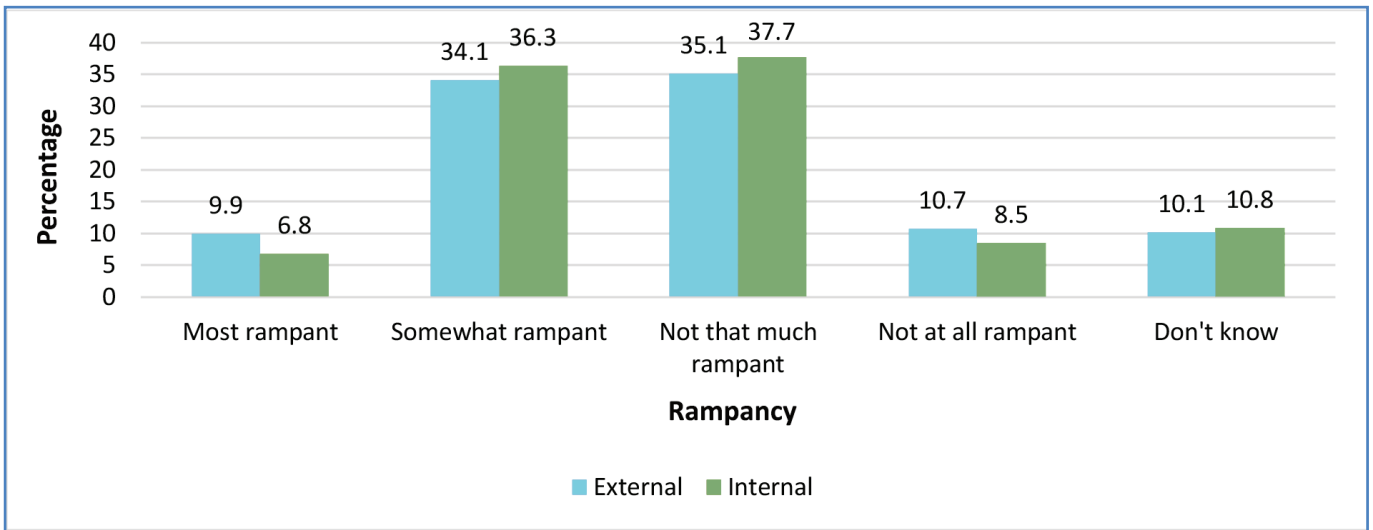
Figure 28: Rampancy of bribery
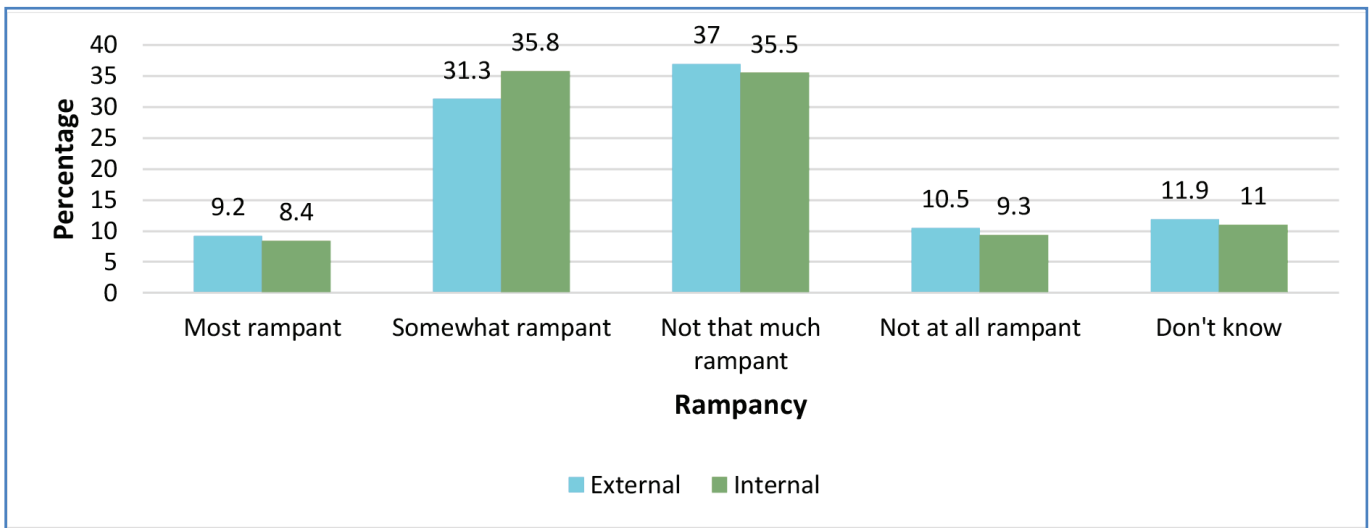
Figure 29: Rampancy of embezzlement

NIA 2016 did not observe significant difference in the perception of the service providers and users on the rampancy of bribery and embezzlement in the country. However, in both the cases, almost 36% of the service providers rated "Somewhat Rampant", which is slightly higher than that of the service users. On the contrary, most of the service users perceived bribery and embezzlement as "Most Rampant".
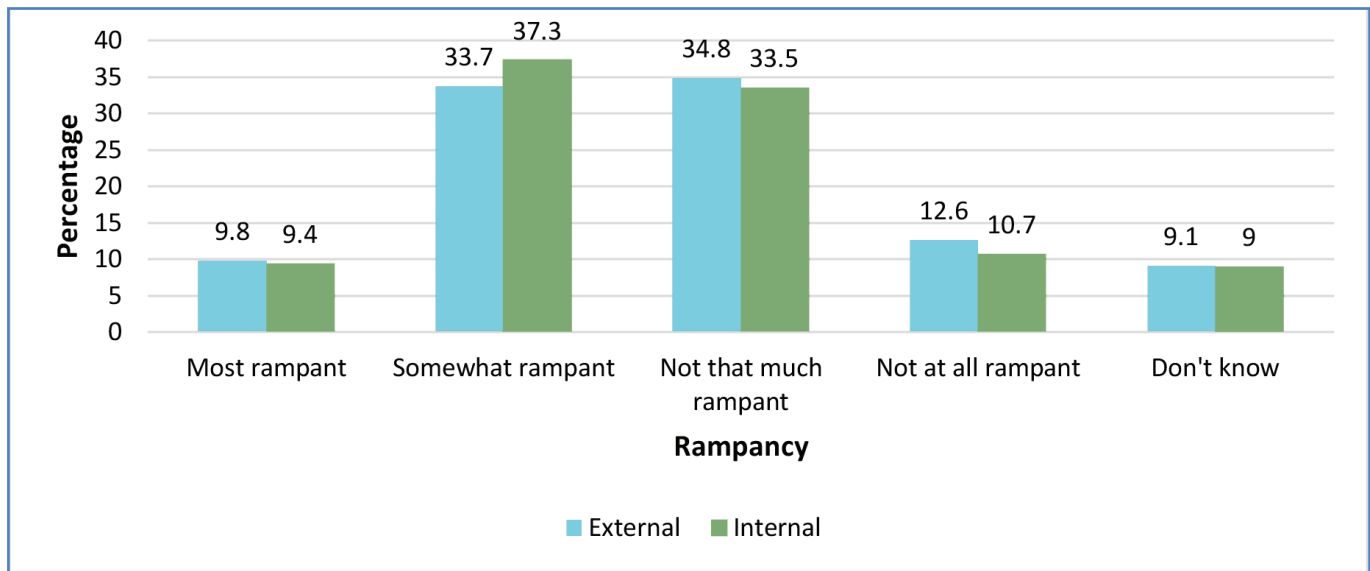
Figure 30: Rampancy of abuse of function

In the rampancy of the abuse of function, almost 10% of the service users perceived it as "Most Rampant" compared to 9% of the service providers. However, 37% of the service providers perceived it as "Somewhat Rampant" compared to 34% of the service users. Similarly, the rampancy of conflicts of interest also show similar trend.
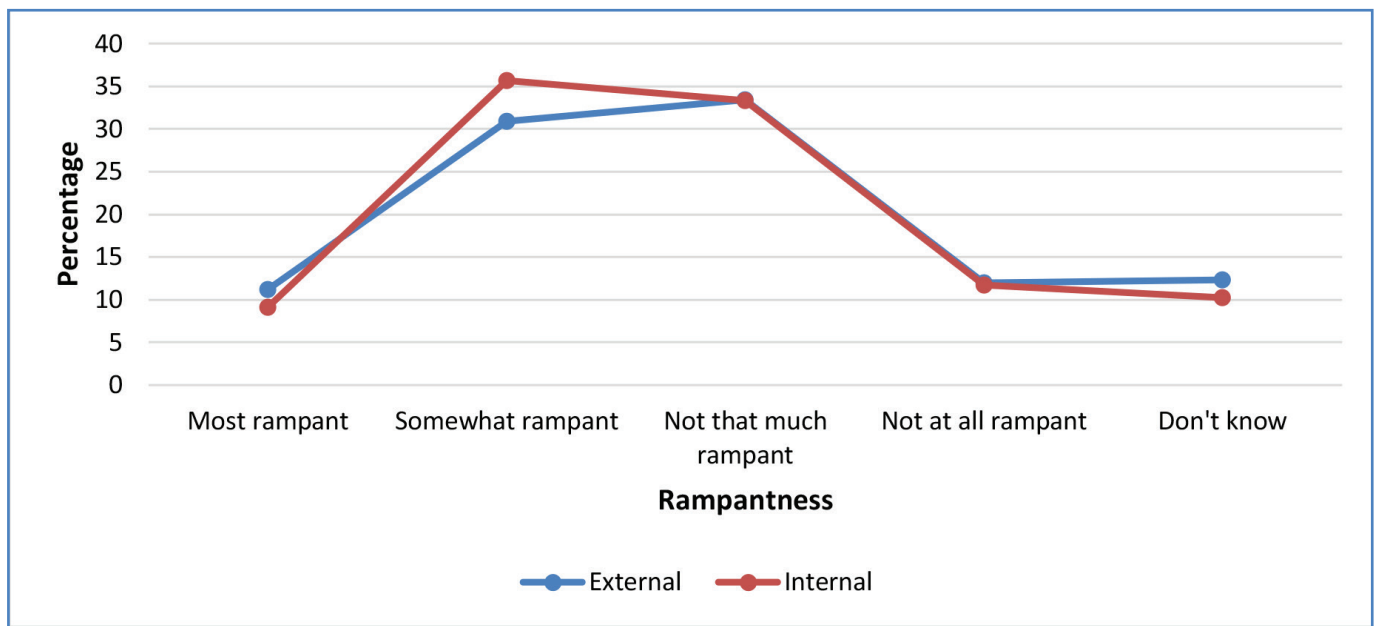
Figure 31: Rampancy of Conflicts of Interest

Overall, it could be deduced that both the service providers and users perceived the prevalence of various types of corruption in our country with abuse of function and conflicts of interest slightly more prevalent than bribery and embezzlement. BTI (2016) also reported similar findings wherein majority of the respondents agreed to the existence of nepotism and favoritism, which led to abuse of authority by the public officials. The assessment indicated that more than 70% of the respondents agreed to existence of embezzlement of public funds and properties as also reported by more than 40% of the service users and providers.

The finding clearly indicates existence of the different types of corruption, as mentioned above, and their prevalence calls for effective alliance of all the stakeholders and the general citizens to combat corruption in the country.

4.4 Anti-Corruption Efforts

In terms of ACC's efforts in combating corruption, 52% of the respondents reported ACC doing very well while 41% reported ACC doing fairly well. BTI (2016) found that 72% of the respondents rated fairly well and 19.3% rated very well in ACC's efforts to combating corruption. The rating by the educated respondents were relatively better than the uneducated (BTI, 2016). Only 2% of the respondent reported ACC not doing well to combat corruption while 5% reported not knowing about ACC's efforts as shown in **Figure 32.** Overall, it indicates that the respondents reported ACC doing very well.
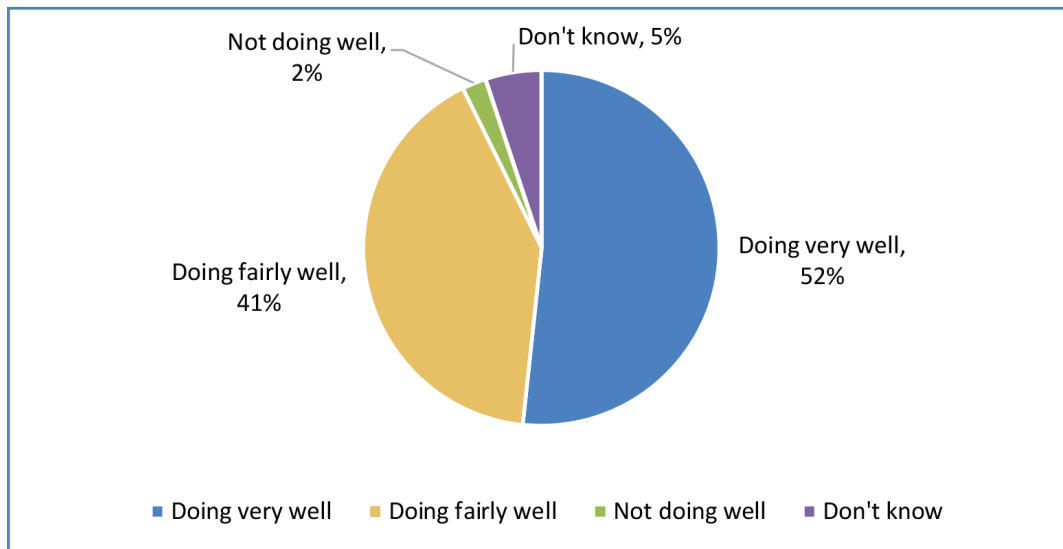
Figure 32: ACC's Efforts in combating corruption

A comparison of perception of service providers and users on ACC's effort in combating corruption in the country is depicted in **Figure 33.**
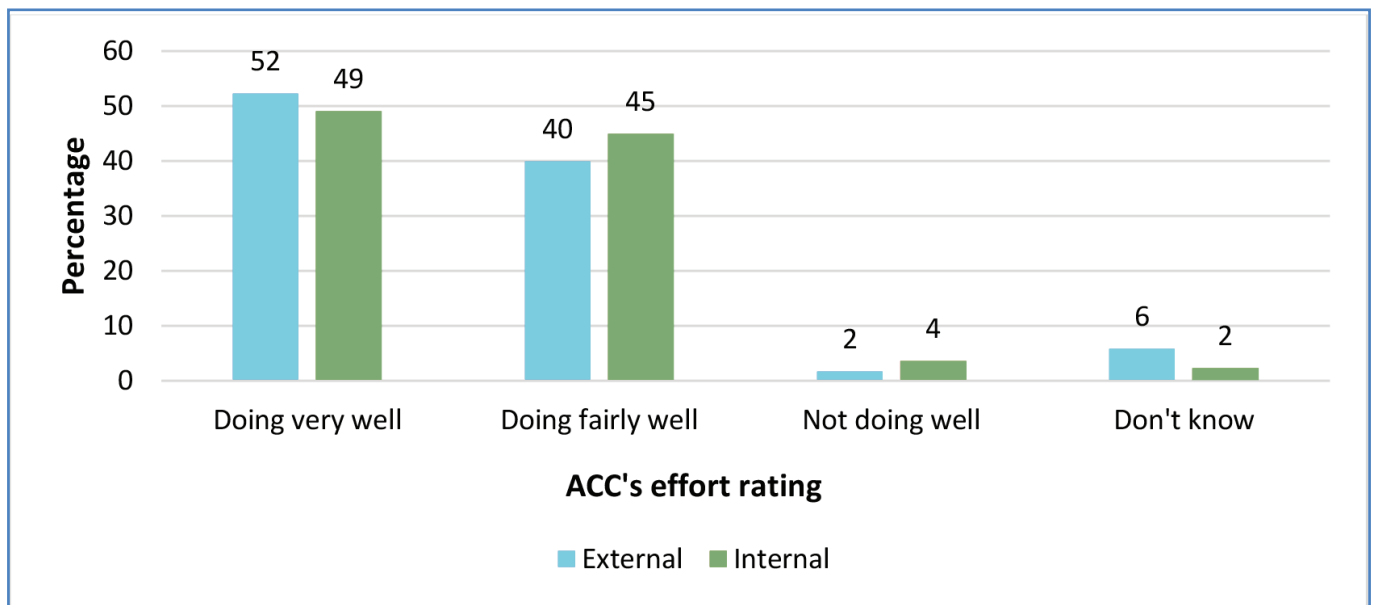
Figure 33: Perception on ACC's effort by service users and providers

Generally, most service users agreed that ACC is doing very well as compared to the service providers. Despite ACC's advocacy programs in various agencies, 2% of the service providers and 4% of the service users were unaware of ACC's efforts in combating corruption.

A further comparison of the perception on ACC's effort from various surveys (ACC 2007, 2012, 2016) are shown in **Figure 34**.
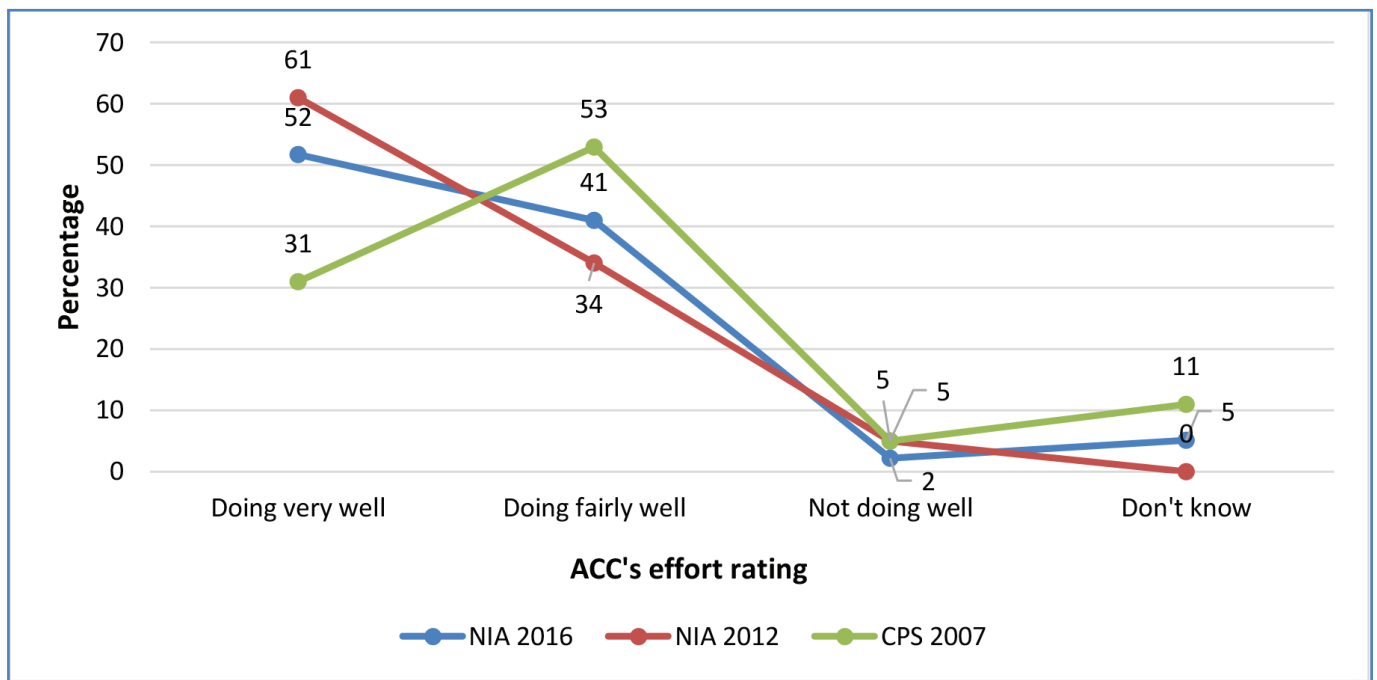
Figure 34: Comparative analysis of ACC's effort

Although the percentage of responses for "Doing very well" in NIA 2016 decreased by 9% from that of NIA 2012, the responses for "Doing fairly well" increased by 7% and "Not doing well" decreased by 3%. This indicates that the service users and providers on the whole believe in ACC's sustained efforts in combating corruption. However, a strict comparison of NIA 2012 and 2016 cannot be made as the response option "Don't Know" was not included in NIA 2012. The reduction in the percentage of responses for "Don't Know" from 11% in 2007 to 5% in 2016 indicated increased awareness about ACC and its efforts in combating corruption implying a positive impact of advocacy and education programs.

4.5 Anti-Corruption Strategies

Figure 35 shows the perception of the service users and providers on the strategies ACC should focus on. In general, the respondents reported that ACC should focus on all the three strategies (Education = 36%, Investigation = 35% and Prevention = 25%). The percentage of respondents, who reported that ACC should focus on prevention, is less as compared to education and investigation. This could be attributed to lack of awareness of the service users on prevention activities carried out by ACC. This is also evident from the "Others" category where the respondents suggested ACC to conduct surveys and system studies regularly.
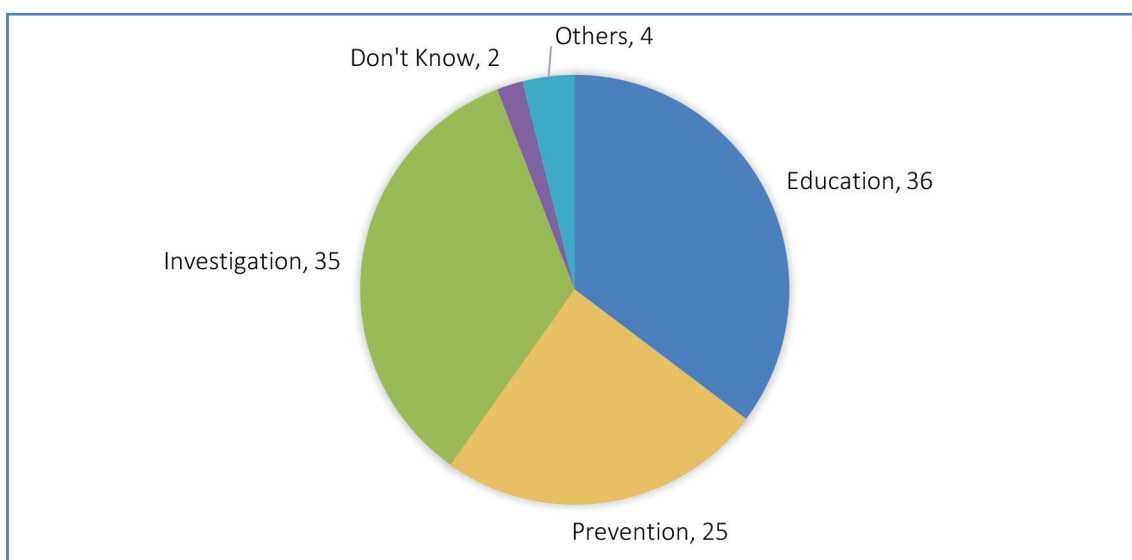
Figure 35: Opinion on strategies to combat corruption

A closer look at the 4% "Others" suggest various strategies for ACC. Some of the recurring strategies suggested are as follows:

- Establish ACC sectors in all the *Dzongkhags* and deploy officers;
- Establish regional offices;
- Protect whistle blowers;
- Name and contact number of the complainants should not be made compulsory to report corruption;
- Shorten the duration of investigation by strengthening number of staff;
- Investigate both high and low profile cases;
- Do thorough research after receiving the complaints before acting upon them;
- Carry out regular surveys, system studies, and education programs;
- Strengthen control mechanisms/check and balance systems in the agencies;
- Use media for reporting corruption cases and
- Improve transparency in the private sector.

CHAPTER 5: RECOMMENDATIONS

The recommendations proposed below are diagnosed after thorough analyses of the survey results and incorporating relevant literature related to corruption and service delivery.

5.1 Strengthen Accountability (low cost and long term)

The research established inadequate accountability mechanisms given the recurrence reported by the respondents. Hence, there is a need to strengthen accountability mechanisms in the agencies. It is important to understand and implement accountability holistically rather than focusing on only one aspect of accountability.

Accountability is defined using varying dimensions by various authors and agencies. One comprehensive definition of recent times is by Ackerman (2014) who defined accountability as a "*proactive process by which public officials inform about and justify their plans of action, their behavior, and results, and are sanctioned accordingly.*" In other words, accountability refers to proactive behaviours like information and justification, evaluating the performance besides following the rule, responsibility to hold accountability in all stages of decision-making and the application of sanctions. This understanding of accountability calls for the need to accord equal importance in all the processes of activities/programs in the agencies. It emphasizes on the need for timely communication on both processes and results to all the stakeholders such as service users, supervisors/heads of the agencies and the law enforcement agencies. **Figure 37** adopted from Ackerman (2014) summarizes the core elements of accountability.
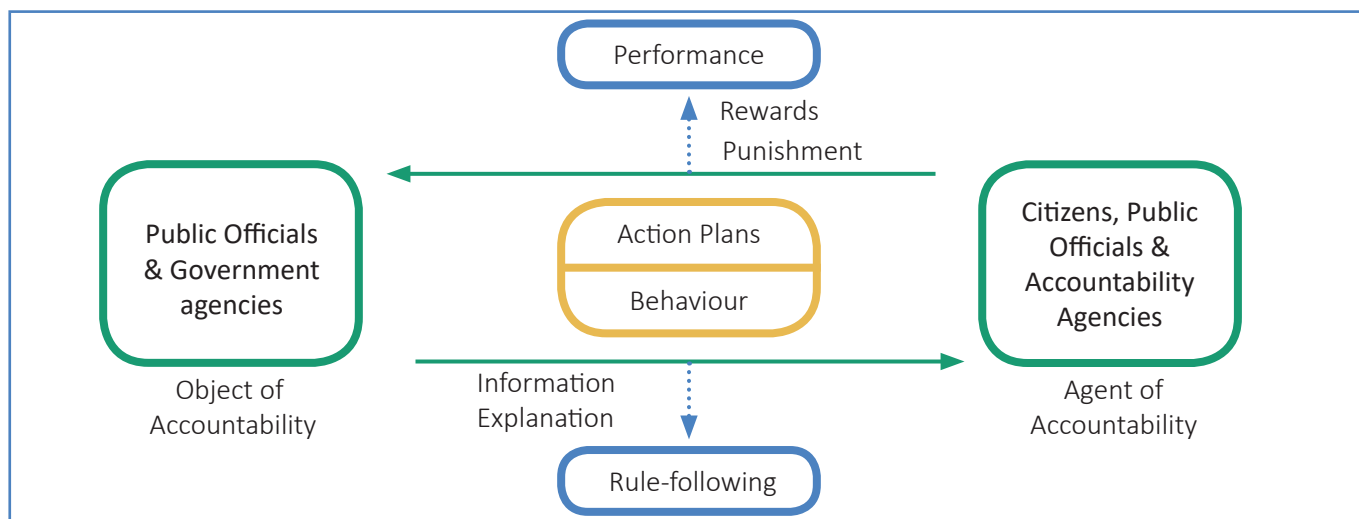
Figure 36: Core elements of Accountability (adopted from Ackerman, 2014)

While the activities or programs of the public servants are largely governed by Individual Work Plan and Performance Appraisals, there is a need to equally focus on the processes (both technical and ethical) by the supervisors and the heads of the agencies through enhanced supervision and monitoring mechanisms and taking appropriate actions (reward or sanctions) accordingly. Timely communication to the service users is also equally important for the heads of the agencies to strengthen accountability in the agencies. Therefore, the agencies should create appropriate platforms for the service users to share their views or grievances without fear of reprisal. In turn, the heads of the agencies need to study the information provided by the service users and use them for improving the systems.

Based on the above discussions, the following key aspects of improving accountability in the agencies are suggested:

- Develop and institutionalize effective supervision and monitoring plan for the supervisors and the head of agencies.
- Develop and institutionalize communication and reporting plan.

5.2 Improve Conduct of Public Officials (low cost and short term)

The public officials conduct could be improved through the following:

- ***Training on Ethics and integrity***

The NIA 2016 recommends the need to provide training on ethics and integrity for all employees in the agencies. The training on ethics and integrity will ensure transparency, accountability, efficiency and reduce corruption in the agencies.

Upholding Codes of Ethics and integrity is important for proper functioning of an agency since the cost of integrity lapses or misbehaviors are very severe to any public agency and individual. According to OECD (2015), "when detected, misbehavior causes direct and indirect costs for companies, including reputational damage and loss of customers among others".

Most importantly, when an agency recruits new employees, they should be effectively communicated about the organizational core values, principles, objectives, and standards for public services. Nonetheless, only few agency undertake induction programs for new recruits despite the requirements. Moreover, induction on ethics and integrity is either least focused or not focused at all. Ssonko (2010) stressed that induction program to new employees is the most popular method to communicate organizational values and standards. According to Ssonko (2010), among others, induction is one of the measures to help reduce malpractices in an agency. However, Ssonkon (2010) states that very often such induction programs are poorly designed or coordinated. Integrity Commission in Australia, Tasmania (as cited in ACC, 2016) has initiated integrity training to the public sectors to reinforce ethical conduct and remind ethical decision making in the work place.

Further, at the national level, there is a need to institutionalize training on ethics and integrity for all the leaders of the public agencies to promote ethical leadership.

Therefore, it is important that every individual in an agency abide by ethics and integrity and periodic training on ethics and integrity must be undertaken to ensure proper ethical conduct. This could be done in collaboration with ACC, RCSC and other relevant law enforcement agencies and academic institutions.

- ***Strengthen enforcement of Ethical Code of Conduct***

Generally, RCSC's Ethical Code of Conduct guides the conduct of the civil servants. While most agencies have developed Ethical Code of Conduct, strict implementation both in terms of letter and spirit is hindered due to the culture of 'misplaced compassion'. However, for deterrence and monitoring purpose, enforcement of Ethical Code of Conduct should be strengthened. NIA 2016 recommends the need to review Ethical Code of Conduct policies of the public agencies, assessing whether the implementation of the policies are actually serving the intended purpose, and identifying areas of improvement.

5.3 Institutionalize Grievance Redress Mechanism Related to Service Delivery in the Agencies (low cost and long term)

Grievance Redressal Mechanism (GRM) is a strategy to enhance transparency and accountability in an agency for improving public service delivery (Vian, 2013). When people believe that their complaints will result in bringing about improvements in the organizations, participation by the citizens in governance activities like community boards is likely to increase (Vian, 2013). Therefore, mere institution of GRM may not resolve any issue related to service delivery if it is not strictly implemented.

To ensure satisfaction of the service users, issues raised by the service users must be given due consideration and addressed effectively. NIA 2016 recommends institutionalizing GRM in the agencies to improve public service delivery.

5.4 Develop Service Delivery Standards or Turnaround Time (low cost and short term)

Service delivery standards is developed to ensure timely service delivery, which will lead to meeting the expectations of the services users. To ensure timely service delivery, it is proposed to develop service delivery standards or turnaround time. At present, only few agencies have developed service delivery standards for processing the services. Service delivery standards of MoWHS (2009) is a good example. However, there is need for strict implementation of service delivery standards followed by periodic monitoring.

5.5 Encourage and Ensure Whistle Blower Protection (high cost and long term)

In order to encourage whistle blowers in an agency, protecting the whistle blower is necessary. Currently, only few report or lodge any complaint on corruption and other wrongdoings. This was found to be due to lack of whistle blower protection. With whistle blower protection put in place, it will instill confidence in the whistle blower and enhance the culture of reporting corruption and wrongdoings. Otherwise, corruption or other wrongdoings will remain unreported. Therefore, whistle blowers must be appropriately protected to encourage reporting corruption and wrongdoings. OECD (2012) underscores that the risk of corruption is more severe in an environment where the whistle blower is not protected.

The study recommends enhancing whistle blower protection. Chapter 7 of the Anti-Corruption Act of Bhutan, 2011: Protection of Witness and Informers, ensures protection of the complainants or informers. It requires that the identity of the informer should be kept confidential and not be disclosed in any proceeding before any court, tribunal, or other authority. This clause allows the relevant public agencies such as the Office of the Attorney General (OAG), ACC, RCSC, etc. to initiate the development of guideline to ensure protection of whistle blowers.

However, according to OECD (2012) mere having of clause in any Anti-Corruption Act may not suffice complete protection of the whistle blowers. Therefore, having Whistle Blower Protection Act is strongly desired. OECD (2012) stressed, "There should be comprehensive and clear legislation in place to protect from retaliation, discriminatory, or disciplinary action, employees who disclose in good faith and on reasonable grounds, suspected acts of wrongdoing or corruption to competent authorities". Therefore, it is recommended that a Whistle Blower Protection Act be developed by relevant agencies.

5.6 Improve Transparency in Human Resource Services (low cost and short term)

HR is an integral part of any agency. Internal management depends on how effective HR management is in the agencies. It is recommended to improve transparency in HR services in the agencies. Transparency in HR services could be improved through the following:

- ***Disclosure of Information related to HR services and decisions***

When the employees are informed of the decisions taken in relation to HR services such as recruitment, training, promotion and transfer, it develops trust by the employees in the management. Therefore, sharing of information to the employees is required to avoid ambiguity in the minds of the employees.

- ***Address grievances related to HR***

In order to address grievances related to HR, it is recommended to establish an internal grievance redressal committee. This will require developing guidelines to handle grievances and process for action. The establishment of internal grievance committee allows improving not only HR issues but also other issues related to internal management affairs. It is also necessary that the grievances raised by the employees be addressed adequately and decision and the actions taken be informed accordingly.

5.7 Promote and Strengthen e-Service (high cost and long term)

E-governance has gained popularity in recent years with many countries resorting to information communications technology (ICTs) to modernize and speed up government performance, increase transparency, efficiency and improve public service delivery (Chene, 2016). ICT is also expected to reduce corruption by promoting transparency, openness in the sharing of data for public scrutiny and automating government processes, restricting discretion of the officials and limiting citizens' interaction with the gatekeepers to access key services.

G2C Office was established under the Office of the Prime Minister and Cabinet with the primary objective to simplify and enhance the delivery of public services. Currently, G2C Office makes about 107 services available through its system in collaboration with the respective agencies (Tobgay, 2017). The system also has features to provide feedback and raise grievances in case of any failure or delay in availing services. Similarly, some of the corporate and autonomous agencies have also embarked on providing online services. Agencies are recommended to embark on e-service delivery initiatives wherever appropriate as it minimizes the risk of corruption by reducing the interface of the public officials and service users. However, since the online services are not full proof, against corruption it must embed features for auditing which the supervisors can use proactively for supervision and monitoring.

5.8 Implement Model Guidelines on Managing Conflicts of Interest in the Public Sector, 2017

Consecutive NIAs and other studies confirmed the abuse of functions as the most prevalent form of corruption caused by strong social ties and undue influences. The risk of abusing conflicts of interest situations by the public officials increases with growing investment and decentralization of authority. Therefore, it is important to proactively identify risks of conflicts of interest and manage them effectively to prevent corruption.

It is recommended that agencies develop CoI management framework in line with the Model Guideline on Managing Conflicts of Interest in the Public Sector 2017 developed by ACC.

5.9 Implement Gift Rules 2017

Exchange of gift is an important aspect of Bhutanese culture rooted in the general belief that going 'empty handed' to someone's place is not proper. It is a way of showing love, respect and gratitude to family members, friends, elders and superiors.

When individuals exchange gifts, social bonds are created and strengthened. If the gift and the reciprocation both come from private resources based on personal relationship, it is clearly a gift. However, instances of reciprocation in terms of favoritism in service delivery were reported by the respondents, extending the gift giving culture to extortion. Klitgaard (as cited in Graycar & Jancsics, 2016) states that speed money, by which civil servants speed up the process, has often led government officials to extort payments for provision of the services. One of the reasons given by the respondents for having to provide payments in cash or in-kind, entertainment and other forms of gratification was "requested by the public officials". Although the instances are very few, if not prevented proactively, rent-seeking behavior may become entrenched leading to significant inefficiencies in service delivery. In view of the risks of gifts being used as lubricants for speeding up the processes of service delivery, institutionalizing the implementation of The Gift Rules 2017 is recommended for all the agencies.

5.10 Enhance Implementation of Social Accountability Tools (high cost and long term)

Engaging the citizens in the due course of service delivery and development phase helps in enhancing transparency and accountability. The impact of service delivery and development often depends on the constructiveness of the citizens' participation in service delivery processes to ensure transparency and accountability. World Bank (2010) emphasizes on increased accountability and participation by the citizens, a demand side of good governance in tackling "quiet corruption". Thus, constructive citizen engagement in the development phase is crucial for improving the quality of infrastructure development and services. It is by engaging the citizens that some of the projects and development activities in Bangladesh, India, and Philippines were successful. It is with this intention that ACC in collaboration with DLG and Royal Institute of Management initiated rolling out the Social Accountability (SA) tools in the country. Since then, at least four SA tools: Community Score Card, Citizen Report Card, Social Audit and Budget Advocacy and Analysis were rolled out. These tools require further streamlining and implementation.

A tool that would empower citizens and ensure constructive citizen engagement through exchange of information, discussion, and involvement of citizens themselves in the development activities and sharing of responsibilities should be effectively rolled out. The first step to ensure constructive citizen engagement is the awareness and education on the tools itself. There are risks of the citizens becoming obsessed with excessive empowerment and demotivating the public officials through fears created in those civil servants if the SA tools are not effectively streamlined and assessed. Such risks should be moderated through proper guidelines, timely monitoring and assessment by DLG as a custodian of rolling out SA tools.

Thus, the research recommends the continuation of taking forward and streamlining SA tools at the grass-roots level and ensuring constructive engagement of the citizens in improving quality service delivery.

5.11 Develop and Implement Organization Integrity Plan (OIP)

Organization Integrity Plan is a comprehensive action plan to develop integrity program and manage integrity matters in an organization. In 2017, a Training of Trainers (ToT) workshop was organized for the ACC focal persons from agencies. As a result of this workshop, the participating agencies have now developed their OIP for implementation. Therefore, all the agencies are recommended to develop OIP and implement.

CONCLUSION

The findings of the 3rd NIA reconfirms the organizational integrity position in terms of effectiveness of quality service delivery and establishes the baseline for achieving the goal of improved service delivery which is one of the NKRAs in the 12th FYP 2018 – 2023. The Royal Government of Bhutan has emphasized on improving quality service delivery through adoption of various technological innovations in the form of online services. The assessment is timely as the government is in the process of formulating the 12th FYP and consequently developing APA. The use of the integrity scores as one of the indicators to measure the 12th NKRA, "Corruption Reduced" further reconfirms the importance of integrity assessment. The ill effects of corruption cannot be undermined as it affects quality, efficiency and efficacy of the services. It is through the institutionalization of integrity measures that corruption be curbed. Thus, organizational integrity is an integral part of service delivery.

The national integrity scores for the NIA 2016 indicates a good level of integrity despite slight decrease in the score as compared to NIA 2012. The decrease in national integrity score is also consistent with the findings of the 2015 GNH Survey Report (CBS & GNH, 2016) where "Services" which is one of the indicators to measuring "Good Governance" domain contributed the least calling for the need to improve service delivery.

However, the internal integrity, assessed by the service providers increased. Internal integrity score improved by marginal points and was mainly due to the increased scores of budget execution and organizational culture. Although, the score for corruption control system increased as compared to the NIA 2012, the perception of prevalence of corruption in service delivery still exists calling for the need to institutionalize corruption control system in the agencies.

The external integrity decreased slightly as compared to NIA 2012. This was mainly due to low score in transparency and accountability. Therefore, attention must be given to improve transparency and accountability in terms of disclosing information, simplifying standards and procedures and effective discharge of duties by the public officials. The highest decrease was for the accountability index particularly, due to negligence of duties by the public officials. Favouritism based on region or relationships was established to be prevalent in service delivery. These issues called for enhanced supervision and monitoring systems at the agency level with strict implementation of appropriate rewards and sanctions for performance and breach of conduct by the public officials.

The findings also concluded weak corruption control system calling for creation of conducive environment in the agencies to report corruption or wrongdoings and enhancing internal checks and balance. The assessment also highlighted improving transparency and fairness in terms of executing HR services, assigning work by the seniors in the agencies, encouraging people to report corruption and other wrongdoings and thereby build confidence in them. The study reaffirms government initiatives and its priority in improving quality service delivery through online services and reducing human interface to reduce corrupt practices. Further, weak internal control systems in the agencies calls for strengthening internal auditing through due recognition and regard for the internal audit reports and take proactive interventions both at systemic and operational level by the management in the agencies.

Corruption in public service delivery remains hidden. Unlike grand corruption, it is difficult to tackle and thereby, it requires strong and ethical leadership, policies and effective participation by the citizens in demanding accountability (World Bank, 2010).

Thus, along with the need to take cognizance of the subtle forms of corruption in the country, there is a need to reinforce coordinated efforts towards improving service delivery, strengthening accountability mechanisms, ethical leadership and corruption prevention measures in the agencies to improve the level of integrity. The recommendations proposed in this report are expected to address corruption and wrongdoings in the public service delivery to a large extent.

While our scores appear good in comparison, agencies should not take comfort in it and be complacent. His Majesty the King of Bhutan, in his address on 20th May, 2011 in the opening ceremony of the 7th Session of the first parliament, highlighted,

> *"In spite of our achievements and the peace and prosperity we have experienced for so long-in fact because of this success-we must remember to never be complacent. If even a small fraction of the problems that plague other nations appear in Bhutan, our small society will be forever afflicted and we may never regain our jewel of a nation".*

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ABBREVIATIONS

ACAB	Anti-Corruption Act of Bhutan, 2011
ACC	Anti-Corruption Commission
ACRC	Anti-Corruption and Civil Rights Commission (South Korea)
APA	Annual Performance Agreement
BAFRA	Bhutan Agriculture and Food Regulatory Authority
BCCI	Bhutan Chamber of Commerce and Industry
BICMA	Bhutan Info-Comm and Media Authority
BPC	Bhutan Power Corporation
BTI	Bhutan Transparency Initiative
CCI	Corruption Case Index
CDB	Construction Development Board
CDCL	Construction Development Corporation Ltd.
CIC	Community Information Center
CoI	Conflicts of Interest
CPOID	Corrupt Public Official Disciplinary Index
CSO	Civil Society Organization
DLG	Department of Local Government
DRA	Drug Regulatory Authority
FYP	Five-Year Plans
GDP	Gross Domestic Product
GNH	Gross National Happiness
GNHC	Gross National Happiness Commission
G2C	Government to Citizens
IA	Integrity Assessment
IOA	Integrated Organization Assessment
LG	Local Government
MoAF	Ministry of Agriculture and Forests
MoE	Ministry of Education
MoEA	Ministry of Economic Affairs
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoHCA	Ministry of Home and Cultural Affairs
MoIC	Ministry of Information and Communications
MoLHR	Ministry of Labour and Human Resources
MoWHS	Ministry of Works and Human Settlement
NIA	National Integrity Assessment
NIACS	National Integrity and Anti-Corruption Strategy
NGO	Non-Government Organization
NKRA	National Key Results Areas
NLCS	National Land Commission Secretariat
NSB	National Statistics Bureau

OAG	Office of the Attorney General
OECD	Organization for Economic Co-operation and Development
OIP	Organization Integrity Plan
RAA	Royal Audit Authority
RCSC	Royal Civil Service Commission
RGOB	Royal Government of Bhutan
RIM	Royal Institute of Management
RUB	Royal University of Bhutan
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goals
SPSS	Statistical Package for the Social Sciences
TI	Transparency International
ToT	Training of Trainers
UCP	Upper Cut-Point

GLOSSARY

Abuse of Authority: The abuse of authority is the improper use of a position of influence, power or authority by a staff member or non-staff personnel against another staff member or non-staff personnel or a group thereof.

Accountability: Accountability is defined as "proactive process by which public officials inform about and justify their plans of action, their behavior, and results, and are sanctioned accordingly" Ackerman (2014).

Bribery: The act of taking or receiving something with the intention of influencing the recipient in some way favorable to the party providing the bribe.

Conflicts of Interest: Arises when an individual with a formal responsibility to serve the public participates in an activity that jeopardizes his or her professional judgment, objectivity, and independence.

Collusion: Secret agreement or cooperation especially for an illegal or deceitful purpose.

Disproportionate Assets: Refers to asset of a person acquired at or around the time the person is alleged to have committed an act of corruption and whose value is disproportionate to one's lawful sources of income at or around that time and for which there is no reasonable or satisfactory explanation.

Dzongkhag: District

Dzongdag: Governor of a district

Embezzlement: Fraudulent taking of public property/fund for personal gain.

External Client: Service users or citizens who avail services from an agency.

Favoritism: A normal human inclination to prefer acquaintances, friends and family over strangers

Bribery: An act of promising, offering or giving an advantage to a public servant as an inducement to or reward for performing or abstaining from performing directly or indirectly any act in his or her capacity as a public servant.

Gewog: Lowest administrative unit in Bhutan's three tiered governance system. A group of villages makes up a *Gewog* and is translated as a block.

Index: A statistical measure of integrity score of the public agencies and its services.

Integrity: Adherence to a set of moral or ethical principles.

Integrity Score: A score generated through set of formulae based on the perception and experience of citizens about the effectiveness of service delivery.

Internal Client: Service providers or employees of an agency responsible for providing services.

Nepotism: A form of favoritism that involves family relationships.

Organization Integrity Plan: a comprehensive action plan to develop integrity program and manage integrity matters in an organization.

Patronage: Support or sponsorship of a patron (wealthy or influential guardian). Patronage is used, for instance, to make appointments to government jobs, promotions, contracts for work, etc.

Policy Customer Evaluation: Assessment of policy decision-making process by policy experts and those affected by policy.

Quiet Corruption: various types of malpractice of frontline service providers (public officials) that do not involve monetary exchange. These behaviors include both potentially observable deviations, such as absenteeism, but also hard-to-observe deviations from expected conduct, such a lower level of effort than expected or the deliberate bending of rules for personal advantage.

***Thrompon*:** Mayor

***Thromde*:** Municipality

Transparency: Transparency refers to open decision making based on sufficient information so that other agencies and general public can assess whether the relevant procedures are followed, consonant with the given mandate.

Upper Cut-Point: Converted score for position and amount of corruption proceeds (out of 10)

APPENDIX

Agency	Service
Ministry	
Ministry of Agriculture and Forests	Export permit
	Farm road monitoring services
	GRF land allotment and land lease for commercial activities and plantations
	Import permit
	Inspection of goods and products
	Irrigation engineering services
	Land conversion
	Livestock health facilities
	Quarantine services
	Supply of artificial insemination
	Supply of commercial timber
	Supply of livestock inputs
	Supply of non-wood forest products
	HR services
	AFD services
Ministry of Economic Affairs	Approval and leasing of mines and stone quarry
	Approval and renewal of all trade license
	Approval and supply of solar photo voltaic system
	Approval of foreign direct investment and domestic industrial projects
	Approval of rural grant
	Approval of small and cottage industries
	Issuance of import and export license
	Issuance of new LPG cylinders
	Issuance of whole sale dealership and retail license
	Issue of kerosene coupon services
	Leasing of industrial plots and sheds
	Mining inspection services
	HR services
	AFD services

Ministry	Service
Ministry of Education	Approval of scholarship to private school and colleges
	Approval of the establishment of early child day care centre
	Approval of the establishment of private school
	Student loan scheme for tertiary education services
	Student scholarship services
	HR services
	AFD services
Ministry of Finance	Approval and provision of import/custom duty exemption certificate (IDEC)
	Assessment and refund of tax services
	Auction of government properties
	Export clearance- valid trade license
	Import duty exemption certificate/ clearance
	Issuance of sales tax exemption certificate
	Refund of sales tax: excess payment
	TAX appeal services
	Vehicle import license- third country
	HR services
	AFD services
Ministry of Foreign Affairs	Issuance of passport
	Issuance of visa
	HR services
	AFD services
Ministry of Health	Approval and registration of in country training institutes
	Approval of private health clinics
	Procurement and delivery of medical suppliers
	Procurement of works
	Professionals qualification
	Recognition and registration of medical and health
	HR services
	AFD services
Ministry of Home and Cultural Affairs	Census transfer
	Correction of date of birth
	Entry permit/ route permit and visa
	Issuance of new CID card
	Issuance of work permit
	Issue of nationality certificate
	Name change
	Replacement of lost CID
	HR services
	AFD services

Ministry	Service
Ministry of Information and Communication	Approval for system /application development
	Bus route allocation services
	Issuance and renewal of driving license
	Issuance and renewal of professional driving license
	Registration, transfer and renewal of vehicles
	Specification clearance for procurement of computer hardware
	HR services
	AFD services
Ministry of Labour and Human Resources	Approval and grant of internship and funding
	Approval and registration of private training institutes
	Approval of work permit for foreign workers
	Overseas employment services
	Regulatory and monitoring services
	HR services
	AFD services
Ministry of Works and Human Settlement	Procurement of goods and works- road related
	Rural/ urban building permit approval
	HR services
	AFD services

Autonomous Agency	Service
Bhutan Chamber of Commerce and Industry	Business support services
	HR services
	AFD services
Bhutan Council for School Examination and Assessments	Selection of teachers for managing and evaluation of exam papers
	Selection teachers for setting examination questions
	HR services
	AFD services
Bhutan Infocomm and Media Authority	Approval of entertainment license and permit for Drayangs
	Approval and renewal of printing and publishing licenses
	Approval of radio septum cicense and cable TV license
	Balling
	Cinema
	Discotheques
	Film permit for national and international
	Gaming arcade
	Karaoke
	Performing troops
	Snooker
	Video gaming parlor
	HR services
	AFD services

Autonomous Agency	Service
Bhutan Narcotic Control Authority	Authorization of import/export of schedule V substances
	Authorization of transit for schedule III and IV substance through Bhutan
	Registration of schedule II, III and IV substances
	HR services
	AFD services
Construction Development Board	Grievance redress mechanism services
	New contractor registration
	Renewal and registration of a consultant / architect
Drug Regulatory Authority	Authorization to import medicinal products for sale and distribution in Bhutan
	Certification of lot releases
	Inspection services
	Registration and renewal of competent persons to set up pharmacies
	Registration and renewal of medicinal products
	HR services
	AFD services
Jigme Dorji Wangchuk National Referral Hospital	Ambulance services
	Approval and referral of patients outside
	Issuance of medical services
	OPD services
	HR services
	AFD services
	OPD service (Dzongkhag)
National Environment Commission	Approval and Issuance of environment clearance to all developmental activities
	Inspection services for compliances
	HR services
	AFD services
National Land Commission	Approval and allotment of rehabilitation/resettlement land
	Approval of Land lease, acquisition and swapping
	Approval of land transaction and land conversion and compensation
	Cadastral surveying services
	HR services
	AFD services
National Pension and Provident Fund	Approval and allotment of houses
	Approval and disbursement of loan
	Approval and settlement of pension
	HR services
	AFD services
Royal Audit Authority	Audit clearance
	Financial audits
	HR services
	AFD services

Autonomous Agency	Service
Royal Bhutan Police	Traffic services
	HR services
	AFD services
Royal Civil Service Commission	Civil servant appeal services
	Executive selection
	Long term scholar service
	Recruitment and selection (P5 & above)
	Transfer service
	HR services
	AFD services
Royal University of Bhutan	HR services
	AFD services
Tourism Council of Bhutan	Classification of hotels services
	Issuance of clearance letter to establish tour agents
	Issuance of tourist guides license
	Visa processing services for tourist
	HR services
	AFD services
Corporation	Service
Bank of Bhutan	Approval and disbursement of loans
	Credit card services
	Internet banking system
	Personal banking services
	HR services
	AFD services
Bhutan Broadcasting Services	HR services
	AFD services
Bhutan Development Bank Limited	Approval and disbursement of loans
	ATM card services
	Banking services
	Credit card services
	HR services
	AFD services
Bhutan National Bank Limited	Approval and disbursement of loans
	ATM/ Credit card services
	Banking services
	HR services
	AFD services

Corporation	Service
Bhutan Postal Corporation Limited	City bus services
	Courier service
	Express mail services
	Financial services
	Local urgent mail services
	Overnight courier service
	HR services
	AFD services
Bhutan Power Corporation Limited	Billing services
	HR services
	AFD services
Bhutan Telecom Limited	Internet services and lease line
	Mobile services
	HR services
	AFD services
Druk Air Corporation Limited	Ticketing and reservation services
	HR services
	AFD services
Food Corporation of Bhutan	Auction services-farm production
	HR services
	AFD services
National Housing Development Corporation Limited	Accounting of rents
	Approval for allotment of houses
	Maintenance of houses
	HR services
	AFD services
Natural Resources Development Corporation Limited	Supply of firewood and briquettes
	Supply of rural timber
	Supply of sand
	Supply of stone boulders and chips
	HR services
	AFD services
Royal Insurance Corporation of Bhutan	Approval and settlement of death and total disability compensations
	Approval and settlement of housing Insurance claim
	Approval and settlement of life insurance
	Approval and settlement of motor insurance claims
	Approval and settlements of GIS
	Approval of loans
	HR services
	AFD services

Dzongkhag	Service
Dzongkhags (20)	Approval for construction of rural house
	Approval for rural timber
	Land transaction services
	Rural life insurances services
	School admission services
	Supply of agriculture and livestock input services
	HR services
	AFD services

Gewog	Service
Gewogs (20)	Approval for construction of house
	Approval of rural timber
	Census registration
	Land transaction approval
	Life insurance claim
	AFD services

Thromde	Service
Thromdes (4)	Approval and lease of urban land
	Approval of land transaction
	Approval of site plan and construction of building
	Billing services
	Construction inspection Services
	LAP services
	Occupancy certificates services
	Revenue and taxation services
	School admission services
	Survey and demarcation services
	Water supply connection and maintenance services
	HR services
	AFD services