

# ANNUAL REPORT

## 2022-2023



UNITED  
AGAINST  
CORRUPTION



རྒྱ་ལྷན་ཁག་གི་སྒྲིམ་ལྷན་ཚོགས་ལྷན་ཁག་  
**ACC**  
ANTI-CORRUPTION COMMISSION



"As underpinned in our age-old saying, "the golden yoke of secular laws," accountability must henceforth become the cornerstone of governance. We must correct those who deviate, be firm with those who do not deliver, replace those who are incompetent, and terminate those who underperform and have therefore become a liability to our system and nation. We must not hesitate to expose those who engage in corrupt practices, so that we send a strong signal to deter others from doing so. "

His Majesty's Address on the 114<sup>th</sup> National Day, 2021



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# INTRODUCTION

The year 2022-2023 is a watershed year in the nation's journey of transformation, in our bid to realize the national goal of 'Developed Bhutan' as envisioned and enunciated by His Majesty The Druk Gyalpo. Synchronizing with the national level transformation initiatives and guided by the specific goals set out in its **Strategic Roadmap**, the Anti-Corruption Commission (ACC) continued to realign and reform to adeptly address the challenges of the 21<sup>st</sup> Century. Such reform in the anti-corruption strategies is critical to facilitate and contribute to seamless transformation at the national level.

On the other hand, the year also witnessed significant challenges at the national level in the face of unprecedented turnover in the civil service and the severe budget constraints even as the nation endeavored to recover from the pandemic. Despite the unprecedented Human Resource challenges aggravated by the limited budget, the ACC made every effort possible, through realignment and re-engineering of the anti-corruption initiatives facilitated by various rationalization measures and above all the unperturbed commitment of the employees, to do *more with less* and make progress in the face of all odds.



The Annual Report 2022 – 2023 is the 16<sup>th</sup> Report being submitted to His Majesty The Druk Gyalpo, the Prime Minister and Parliament as per Article 27 (4) of the Constitution of the Kingdom of Bhutan and Section 169 (1) of the Anti-Corruption Act of Bhutan (ACAB) 2011. Various initiatives are presented in Seven Sections of this Annual Report as follows:

## SECTION 01

The RED Capacity introduces the *Mission 114* towards materializing the ACC transformative drive.

## SECTION 02

Key Milestones Achieved in the Financial Year highlights notable impact from the various anti-corruption initiatives.

## SECTION 03

Value-Based Anti-Corruption Education and Marketing covers the initiatives related to advocacy, long-term behavioral change and training programs.

## SECTION 04

Embedding Innovative, Foresight, and Technology driven Corruption Prevention Measures elucidates the mainstreaming of anti-corruption tools in the public and private sectors.

## SECTION 05

Proactive, Intelligence, and Technology-based Corruption Deterrence expounds the extent of corruption prevalence and the enforcement thereof.

## SECTION 06

Organization Insight delves into the organizational culture and its performance metrics.

## SECTION 07

Challenges uncovers the concerns in the fight against corruption.

## Section

# 1

## The **RED** Capacity

- 1.1 **Role:** Aligning ACC's role towards realizing national aspirations
- 1.2 **Enforcement:** Strengthening Regulatory Framework Against Corruption through Collaborative Endeavors
- 1.3 **Deterrence:** Fortifying Vigilance and Accessibility for Greater Impact
- 1.4 **Capacity:** Nurturing Resilient Human Resources and Financial Viability



## 1.1

# Role: Aligning ACC's role towards realizing national aspirations

The resolute trajectory of Bhutan's advancement received an emphatic underscore during the 114<sup>th</sup> National Day Address in 2021. This pivotal moment reverberated with the clarion call for progress, marking the profound aspiration to transform into 'Developed Bhutan'. The national transformation initiative sets the stage that is not merely aspirational but intrinsic to the nation's identity with equal emphasis on well-being and security of the People besides economic prosperity.

The transformative impetus conveyed during the 114<sup>th</sup> National Day Address inspired and shaped the ACC vision and strategic foresight. Further, as Bhutan charts its course as a Middle-Income Country, the ACC's role in this transformative journey is unequivocal to ensure that corruption does not impede progress or fall prey to the middle-income trap. In the pursuit of this collective national aspiration, it has become inevitable for the ACC to assume a heightened role for integrity and change.

In a world characterized by uncertainties, the ACC's redefined role prepares to comprehensively respond to the intricate web of corruption trends, evidenced most recently by the National Integrity Assessment 2022 (NIA). For instance, the 38.3% of the respondents perceiving that the corruption has increased, serves as a stark reminder of the pressing need to synchronize anti-corruption efforts with

Bhutan's developmental momentum. Investigations into intricate and emerging issues such as match fixing, money laundering, among others, indicate the increasing complexity of corruption cases. Notably, the National Corruption Barometer Survey 2023 (NCBS) also sheds light on the complex tapestry of corruption causality: factors such as weak leadership, poor accountability, lengthy procedures and transparency gaps weaving the narrative of corruption prevalence in the country. Bhutan's dormant state in the Transparency International's (TI) Corruption Perceptions Index (CPI) score and ranking over the years, necessitates radical shift in the anti-corruption strategy. The ACC's role, therefore, becomes twofold – to safeguard Bhutan's evolution into 'Developed Bhutan' and to dismantle the shackles of stagnation in the anti-corruption drive.

To this, the **Strategic Anti-Corruption Roadmap 2020-2030** adopted in December 2021, strives to create greater





Fostering  
**International  
 & Regional**  
 collaboration for sustained  
 efforts against corruption





impact with enhanced intelligence, vigilance, deterrence and innovation. The target to improve corruption perception score to 79 from 68, national integrity score to 9 from 8.01, and ACC's effectiveness to more than 80% from 58.8% in 2022, is aimed at facilitating Bhutan's swift metamorphosis – from a measured pace to swift and resolute action and accomplishments.

The ACC has already transfigured its functional and operational focus with the shift from complaint-based to proactive, intelligence-based investigations in high risk and high impact areas – increasing the proactive investigations from 5% in 2021 to 25% in this reporting year. Further, from a tool-based approach, the ACC has embarked into a 'whole-of-systems' approach in the prevention of corruption. These key milestones of the Strategic Roadmap needs to be further reinforced in the 13<sup>th</sup> Five Year Plan (FYP) for unremitting anti-corruption fortitude in ensuring a society of integrity and trust.

## 1.2

## Enforcement: Strengthening Regulatory Framework Against Corruption through Collaborative Endeavors

The battle against corruption is a multifaceted endeavor that demands unwavering coordination and synergy. The strategic exchange of expertise, resources and harmonious collaboration across areas of mutual interest are the cornerstones of an effective anti-corruption framework. In this context, networking initiatives stand as robust instruments to reinforce the organizational capacity of regulatory and Law Enforcement Agencies (LEA). Emphasis was placed on sustainable partnerships among LEAs, which is pivotal to ensuring strict adherence to legal standards and bolstering enforcement capabilities. A significant stride in this direction is in networking, both domestically and globally. This collaborative momentum has led to furthering partnership with other entities, including the Office of the Attorney General (OAG), Royal Audit Authority (RAA), Royal Bhutan Police (RBP), Royal Monetary Authority (RMA), National Land Commission Secretariat (NLCS), Corrupt

Practices Investigation Bureau (CPIB) of Singapore, and the Independent Commission Against Corruption (ICAC) of Mauritius.

At the national level, collaboration with the OAG included, during the reporting period, a joint process of reviewing and streamlining practices and procedures to overcome obstacles that impede swift prosecution of corruption cases. An important outcome of this partnership is the 'elementization' of corruption offenses, where the ACC and OAG has jointly categorized corruption related offenses as well as the relevant penal provisions and adopted for implementation on 31 December 2022. It not only brings clarity to the understanding of these offenses but also ensures consistency in their application; offering a structured approach to determine charges, identify crucial evidence and establish a compelling case

that can withstand scrutiny. The ACC and OAG have introduced mechanisms such as the Joint Investigation Committee (JIC) and Focal Team meetings at the Head of Department level, which have proven to be effective platforms for expediting review of investigated cases, discussing charges and addressing appeal matters in a professional and consultative manner. During the reporting year, 12 JIC and 11 Focal Team meetings were convened, significantly contributing to the process for corruption prosecution.

In keeping with the need to strengthen efficiency and effectiveness of the regulatory ecosystem, the ACC closely collaborated with other key counterparts. Regular interactions with the RAA, both at the working and Head of the Agency level, substantially augmented the respective institutions to review and dispose case referrals objectively. Further, given the magnitude of land related corruption issues, a joint working level Committee with representatives from the NLCS has been mutually agreed to facilitate timely conclusion of land related corruption reports and cases, whilst ensuring steadfast adherence to the tenets of the rule of law.

At the international front, Bhutan has steadily upheld global anti-corruption standards through active engagement with the United Nations Convention Against Corruption (UNCAC), who serve as the mainstay of international efforts to combat corruption, offering a comprehensive legal framework that address preventive measures, criminalization, international cooperation and asset recovery. Bhutan's commitment is reflected through its participation as both a reviewing State and a State under review. During the reporting year, as part of the second review cycle, Bahrain and Iceland conducted a comprehensive assessment of Bhutan's adherence to *Chapter II: Preventive Measures* and *Chapter V: Asset Recovery of the UNCAC*. This thorough evaluation involved a country visit from 6-8 June 2023, during which the delegates from Bahrain, Iceland and United Nations Office on Drugs and Crime (UNODC) engaged with the key national stakeholders. The primary objective of the review was not only to gather additional information and clarify the Self-Assessment Checklist but also assess the robustness of UNCAC implementation and its enforcement. Ultimately, these efforts contribute significantly to the global campaign against corruption.



## 1.3 Deterrence: Fortifying Vigilance and Accessibility for Greater Impact

The establishment of Regional Offices in Bumthang, Phuentsholing and Trashigang emerges as an important stride towards reinforcing the deterrence strategy. These offices fulfil dual role of enhancing the ACC's presence as well as ensuring comprehensive conclusion of corruption cases within respective regions. Despite the challenges posed by the exodus of staff coupled with limited experienced staff, the Regional Offices yielded commendable outcomes even in their maiden year of operation. These include their substantial input in increasing the investigation clearance rate (56 cases as against 30 last year) and notable reduction in the turn-around time (TAT) to 65.5 working days from 70.9 last year; signifying the commitment to enhance deterrence in the face of adversity or resource crunch. In particular, the Regional Offices investigated a total of 18 cases with an average TAT of 54.4 working days.

Beyond investigations, these offices have been pivotal in reviewing 104 complaints and 28 Action Taken Reports (ATR), while concurrently conducting 24 Information Enrichments (IE) in collaboration with the Head Office. By covering the entirety of the ACC's activities, these Regional Offices are poised to significantly amplify deterrence efforts by fostering heightened vigilance and making anti-corruption initiatives accessible across all corners of the country.

In tandem with the establishment of the Regional Offices, the ACC introduced rapid

response operations. A cadre of skilled investigators is entrusted with swift response thereby effectively reducing TAT for investigations and curtailing instances of prolonged inquiry. This dynamic approach bolsters the ACC's overall responsiveness and contributes to expeditious case resolution.

Given the intricate nature of modern corruption cases, technology is no longer a mere tool but an indispensable asset. The adoption of technology-aided investigation processes, ranging from advanced interview and interrogation techniques to the innovative collection of evidence, has become inevitable. For the ACC, this holds particular relevance, especially in dealing with white-collar crimes like corruption that demands technologically sophisticated evidence-gathering mechanisms. Reflecting this commitment, collaborative efforts with relevant stakeholder have resulted in the procurement and installation of specialized forensic equipment. This technological stride underscores the ACC's move to augment forensic capacity as one of the pivotal components of its deterrence strategy, aligning with the increasing corruption complexities.

Furthermore, the ACC's commitment to deterrence is evident in the consistent endeavors in restitution of corruption proceeds. Notably, the amount of Nu. 29.158 million was successfully restituted to the State between July 2022 and June 2023.

## 1.4

## Capacity: Nurturing Resilient Human Resources and Financial Viability

Considering the tall mandate of fighting corruption in this rapidly evolving socio-economic and political dimension, it has become imperative for the ACC to remain conversant by continuously nurturing and sustaining a robust Human Resource (HR) capacity. Guided by the principle of '*Agility – all for one & one for all*', the ACC emphasized staff engagement and knowledge management as a cornerstone of its HR management strategy. This approach fosters a collaborative environment, harnessing the collective strengths of its employees to contribute to the organization's success. Despite the recurring challenge of attracting and retaining talent, the ACC remains steadfast in its pursuit of cultivating a motivated workforce aligned with its values and *Mission 114*.

However, the attrition rate of 15.06 for the reporting year, surpassing the previous year's rate of 13.51%, was overwhelming. Moreover, the departure of seasoned professionals, in particular with those over a decade of experience from the Professional & Management category, accentuated significant concern and the urgent need for targeted proactive retention efforts, including sustainable knowledge transfer. To this, the ACC recruited 38 new staff members during the reporting period. Despite the persistent challenges, the ACC persevered with its multidimensional approach of accelerated recruitment and succession planning in line with the organization's focus on adaptability, strategic foresight and unwavering resilience.

That 35.5% of the existing staff possesses less than two years of experience calls for rigorous onboarding and seamless knowledge transfer processes. Hence, the ACC conducted comprehensive mandatory training from 16 January to 04 February 2023 for the new recruits. The training targets to equip the employees with vital skills on internal policies, anti-corruption legislation, investigation, complaints management and security matters. This holistic approach ensures that the workforce possesses a well-rounded skill set for effective performance.

Against a backdrop of gradual economic recovery, the ACC tried to navigate constraints with prudence despite the budgetary limitations. The initial allocation of Nu. 133.009 million (i.e. Nu. 39.416 million for capital and Nu. 93.593 million for current), fell short. To address this financial gap, a supplementary budget of Nu. 15.677 million was requested and approved by the Ministry of Finance (MoF).

The ACC's approach to human resource capacity was strategic and highlighted adaptability, resilience and drew from the deep connection and commitment of its staff to the organization's mission and enduring values. By advancing recruitment strategies, refining retention initiatives, prioritizing comprehensive capacity building and showcasing prudent financial management, the ACC strives to thrive amidst the challenges.

*Nurturing Excellence & Enhancing  
Performance through*  
**Capacity Building**



## Section

## 2

Key  
Milestones  
AchievedIntegrity Vetting System (IVS) to Foster  
Ethical Excellence:

The IVS transcends traditional boundaries, extending vigilance to personnel management, procurement and elections. With over 8,800 vetting processes carried out in the last one year alone, the system uncovered **38** instances of '**Records**' and identified **9** '**Adverse Records**' contributing to informed decision-making and deterring potential misconduct. The resounding success in its uptake and use underline the nation's resolute commitment to fostering a culture of integrity and accountability across sectors. By preventing individuals with integrity issues from assuming influential positions or prospering further, the System effectively drives home the message that corruption is '**high cost, no benefit**' and significantly elevates ethical standards in the country. As the nation advances, this impactful tool could grow further to stand as a beacon for public trust, propelling Bhutan's trajectory towards a future defined by principled leadership, responsible governance and a citizenry defined by integrity.

## Integrity for Public Service Excellence

The NIA 2022 report unveiled an integrity score of 8.01 on a scale of 0 to 10. This '**Good**' rating stands testimony to the commitment of public agencies to transparent and accountable service delivery. Excluding the new indices to facilitate comparison with the past, the score is 8.24, indicating an upward trend **from 7.95** in 2016 to **8.24** in 2022 although falling short of the 12<sup>th</sup> FYP's Target of 8.50. This positive shift reflects gradual improvements in service user and provider perspectives. Sustaining this momentum is vital as the nation progresses towards its socio-economic goals.



# KEY MILESTONES ACHIEVED

## The Rule of Law and Corruption Deterrence

In the relentless battle against corruption, an important milestone is the restitution ordered for approximately more than **one billion** since the establishment of the ACC in 2006, including the total of **Nu. 29.158 million** recovered within the reporting year. Restitution to the State extends beyond financial recovery and stands testimony to the competence of the law enforcement and justice institutions in upholding the rule of law through effective investigation, prosecution and adjudication of corrupt practices. Besides restitution, those who have violated the law, abused their authority and essentially broken sacred trust of public office have been brought to justice and made to bear the consequences of their actions and decisions. In the reporting year, 56 cases involving 318 individuals have been completed with 2,745 charges referred for prosecution. 84 IEs, and 99 administrative referrals and actions have been taken. These also serve as formidable deterrent against corruption, sending the resolute message that unlawful gains will be reclaimed and transgressors will invariably have to face the consequences of their actions. It reinforces the commitment to a just, accountable and corruption-free society.

## Enhancing Revenue Generation through Systemic Correction

The implementation of systemic recommendations yielded remarkable turnaround, visibly manifested in substantial revenue generation of **Nu. 67.461 million**. Departing from the traditional method of direct site allocation, the strategic shift to setting reserve prices and conducting open auctions has led to significant revenue increase. This success story is twofold, as it not only boosts financial gains but also serves as a potent deterrent against corruption risks in dredging sites. By embracing this innovative approach, the endeavor unlocked financial potential and also established an equitable landscape for all stakeholders as a testament to the far-reaching impact of systemic reforms in preventing corruption and fostering financial growth.

## Proactive Pursuit of Justice through Revolutionizing Anti-Corruption Measures

A transformative shift in anti-corruption strategies has taken center stage during the reporting period, with 25% of cases investigated originating from proactive research and intelligence efforts – a significant advancement from the 5% recorded in the previous year. This strategic shift not only indicates the direction to a more impactful approach but it also aligns with ACC's goal to achieve 90.0% proactive investigation rate by 2030. This advancement promises enhanced case quality and quantity, reinforcing the ACC's commitment to combat corruption across all levels of society, from everyday embezzlement and bribery to more complex instances of policy corruption and abuse of function. It underscores the agency's ability to adapt, strategize and drive tangible change, against all odds, in the ongoing fight against corruption.

Section

# 3

## Value-based Anti-Corruption Education & Marketing

- 3.1 General Interactive Sessions
- 3.2 Behavioral Change Initiatives
- 3.3 Ethics and Integrity Training

## 3.1 Advocacy

### 3.1.1 General Interactive Sessions

In the reporting period, a total of 35 interactive sessions were conducted covering a total of 10,924 participants, as presented in **Table 3.1**.

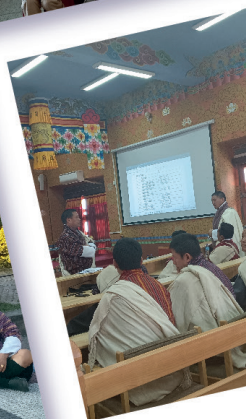
**Table 3.1:** Participants covered in different sessions

SN	Target Group	Number of Sessions	Number of Participants	Institutions Covered
1	General Public and Local Government Officials	21	339	20 Dzongkhags and 1 Drungkhag
2	University Graduates; Students; and Staff in School/ University	4	10,151	Scouts of Leadership Training (15 <sup>th</sup> and 16 <sup>th</sup> Batch) Sakteng Lower Secondary School Schools with Integrity Club
3	Government Agencies; Corporate Sectors; Civil Society Organizations; and Private Sectors	10	434	Department of Local Government and Disaster Management, MoHA (new GAOs) ToT for Modular Curriculum on Ethics, Integrity and Professionalism Druk Green Power Corporation Bhutan Transparency Initiative

The sessions have been instrumental in raising awareness and fostering collective effort to combat corruption. Through its inclusive approach and partnership with various sectors, the program has been able to reach diverse sections of society, enhancing the awareness level on integrity standards and corruption risks in the country. Moreover, the feedback received has been largely positive, as also evidenced by 86.5% of the respondents

being fully aware of the ACC functions as per the Bhutan Transparency Initiative's (BTI) Citizen Report on the Quality of Justice Services 2022. The positive trend over the years in the perceived corruption score, 6.63, 6.31 & 6.18 in the NIA 2022, 2019 & 2016 respectively, indicates the impact of the extensive awareness on the expected behavioral and service delivery standards. Further, while the NIA 2022 and NCBS 2023 reveals increase on the level

# HARNESSING THE STRENGTH OF SHARED VALUES AND FORTIFYING MARKETING ENDEAVORS IN COMBATING CORRUPTION





of corruption in the country, it is a positive indication on the increased level of awareness and empowerment among the public on corruption, with majority of the known complainants also acknowledging the usefulness of the awareness sessions. Such positive outcome is attributed to the substantial support and collaboration from various agencies, solidifying the program's implementation and outreach capabilities.

Besides in-person awareness sessions, the ACC continues to use mainstream and social media platforms in aiding the outreach and awareness programs. During the reporting year, three infographics on enhanced Asset Declaration Rule 2022, Model Public Service Code of Conduct and Integrity Vetting System were developed and published for larger dissemination. Simultaneously, media engagement has also evolved, extending

beyond inquiries and releases to dynamic utilization of our official social media platforms. Through these channels, the ACC adeptly disseminated information concerning impactful activities such as '*Denkuel: Prevention Advisory*'. Further, the ACC's enhanced website (launched June 14, 2023) provides comprehensive information on various integrity enhancement tools and strategies, building an informed citizenry.

In addition, on the theme '**BHUTAN Believe with Integrity**', the 19<sup>th</sup> International Anti-Corruption Day (IACD) was observed on 9 December 2022, reaching out to the wider section of the society through various activities in social media platforms, and by involving schools with Integrity Club, along with the launching of e-Learning Course for Corporate Employees.

### 3.1.1.1 Thematic Sessions

Towards ensuring targeted advocacy based on the vulnerability, the ACC conducted following three profession specific thematic sessions as shown in **Table 3.2**. The sessions specifically targeted to educate on the profession associated corruption risks and mitigating tools/strategies to safeguard individuals from succumbing to corruption.

**Table 3.2:** Target wise thematic sessions

SN	Target Group	Number of Sessions	Number of Participants	Institutions Covered
1	Regulatory Officials	3	259	Department of Forest and Park Services (Divisions of Wangdue Phodrang, Gedu, Paro and Haa)
2	Finance and Procurement Officials	2	47	20 Dzongkhags and 4 Thromdes
3	Local Government Leaders	1	21	Trongsa, Zhemgang

The above target groups are prioritized based on the systemic vulnerabilities exposed by investigations as well as corruption reports received over the years. Since the introduction of such targeted sessions in 2018, the Local Government (LG) officials were one of the consistently prioritized target groups for the session. Consequently, the first ever dip in the corruption reports against LG may be attributed to these sessions.



UNCAC AT 20:  
UNITING THE WORLD  
AGAINST CORRUPTION



# INTERNATIONAL ANTI-CORRUPTION DAY 2022

9<sup>th</sup> December 2022

**BHUTAN**  
Believe  
with Integrity





### 3.1.1.2 Integrity Clubs

Integrity clubs were initiated to promote ethical values and foster a sense of responsibility among the youth in schools and local communities. Currently, there are 21 schools in all 20 Dzongkhag with integrity clubs. During the reporting period, an enhancement workshop attended by principals and club coordinators culminated into the development of effective strategies and plans for club activities. Remarkable level of awareness among youth with integrity awareness score of 70.72% in the Youth Integrity Assessment 2022 substantiate the effectiveness of the initiative.

## 3.2 Behavioral Change Initiatives

As a long-term measure to bring paradigm shift in the attitude of younger generation against corruption, the ACC strives to infuse principles of integrity in the curricula of schools and tertiary institutions. Integrating integrity principles deeply in the values of individuals and systems is expected to withstand the rapidly evolving societal norms and culture. In this regard, Youth Integrity Program (YIP) on the theme DAMTSI encompasses nurturing of integrity education at various levels targeting pre-primary children to youth in the tertiary institutions. The following programs of the YIP have reached a broad target audience across various educational institutions:

### DAMTSI Handbook for Scouts

Given the success of the DAMTSI (Developing Accountable and Moral, Trustworthy, and Successful Individuals) Activity Book for ECCD children, the ACC, in collaboration with the Ministry of Education and Skills Development (MoESD), developed the DAMTSI Handbook for Scouts. Besides complementing the Scouting Program, the handbook aims to promote value education and cultivate lifelong moral values of honesty, responsibility and fairness and a deep-seated intolerance to corruption. The handbook comprises of activities designed for all levels of Scouts, specifically for *CheyChey*, *Nachung*, *Nazhoen* Scouts and recommended activities for Rovers and Community-Based Scouts.



### Curriculum for Technical and Vocational Education & Training (TVET) Institutes

Further building on the training of trainers (ToT) on modular curriculum for TVET Institutes, a collaborative workshop with the Department of Workforce Planning & Skills Development, MoESD was conducted. Besides reinforcing the imperativeness of ethical standards in the vocational curriculum, the workshop included development of lesson plans for implementation in the upcoming academic session. This initiative marks a significant step towards raising the standard of TVET education and nurturing a more responsible and ethical workforce in the country.

### Curriculum for Ugyen Wangchuck Institute for Forest Research & Training (UWIFoRT)

Towards enhancing natural resources conservation and management efforts with professional integrity, the ACC collaborated with the Ministry of Energy & Natural Resources (MoENR) to integrate anti-corruption curriculum into the training provided by the institute. The curriculum is not only expected to equip young foresters with prerequisite ethical competencies to avert the risks of corruption in line of duty, but also bring about positive behavioral changes in the society. The curriculum will be rolled out in the upcoming academic session.

## 3.3

Ethics & Integrity  
Training

## 3.3.1 E-Learning

Towards contributing to a more ethical and accountable civil service, Royal Civil Service Commission (RCSC) integrated the e-learning course for civil servants as mandatory in the Bhutan Civil Service Rules (BCSR) for promotions to P1 positions. In this regard, a total of 728 civil servants has undertaken the course in the reporting year. Similar to the course for civil servants, the ACC developed courses for parliamentarians, corporate employees and judges/justices in collaboration with respective agencies. The course for corporate employees was launched on 9 December 2022, coinciding with the commemoration of IACD. Consequently, the Druk Green Power Corporation Ltd. (DGPC) proactively adopted the course with 467 corporate employees being enrolled. The course for parliamentarians was introduced during the National Council Seminar for aspiring candidates. In moving forward, sustainability of the initiative in the long run necessitates its incorporation and alignment with the existing rules and programs of the respective agencies. The online course was developed to reinforce ethical awareness and promote a culture of integrity, and foster a sense of accountability in public service delivery.

## 3.3.2 In-Person Training

During the reporting year, in collaboration with the Financial Institutions Training Institute (FITI), the ACC developed comprehensive training program on code of ethics, integrity and accountability for Financial Service Providers (FSP). The repeated occurrence of fraud and corruption cases over the years and 68.4% of the total complaints qualifying for investigation in the reporting year alone, highlight the vulnerability of the Financial Institutions (FI). The training program is designed to provide all employees of FIs, irrespective of the levels, with a comprehensive understanding of integrity principles, ethical responsibilities and professional standards in the day-to-day operations. The program was launched in August 2023.

## Section

# 4

## Embedding **Innovative, Foresight & Technology** driven corruption prevention measures

- 4.1 Public Sector Integrity
- 4.2 Private Sector Integrity
- 4.3 Civil Society Integrity

## 4.1

Public Sector  
Integrity

## 4.1.1 National Integrity and Anti-Corruption Strategy for accountable and transparent systems and institutions

Under the aegis of the National Integrity and Anti-Corruption Strategy 2019-2023 (NIACS), the ACC has been implementing integrity and anti-corruption measures in the public agencies in the form of Organizational Integrity Plan (OIP). The OIP serves as a standard framework for the agencies to implement various integrity, transparency and accountability tools. This was the final year of NIACS implementation.

In the reporting year, a total of 101 agencies implemented the OIP as compared to 112 in the previous financial year. The decrease in the number of agencies implementing the OIP is due to merger of agencies as a result of civil service reform. All agencies were given mandatory activities for implementation except for 10 agencies that included six (06) additional activities based on the vulnerability. These activities were evaluated at the end of the FY 2022-2023 based on the standard Means of Verification (MoV).

Among the 101 agencies evaluated, the Ministry of Agriculture & Livestock (MoAL), Chhukha & Mongar Dzongkhag, Gelephu Thromde, National Centre for Hydrology & Meteorology (NCHM), Natural Resources Development Corporation Ltd (NRDCL), Dungsam Cement Corporation Ltd, and the ACC scored 'Excellent' rating with 100% score. These organizations showcased and exemplified commitment to fostering systems of integrity. Conversely, a total of 42 agencies were placed in the 'Poor' category. Within this group, the Bhutan Olympic Committee (BOC), Kofuku International Ltd, Green Bhutan Corporation Ltd, Agency for Promotion of Indigenous Crafts, and the Office of the Attorney General (OAG) garnered the lowest scores.

Reviewing the broader landscape, the reporting year showcases an average score of 71.7%, with Constitutional Offices emerging as frontrunners as depicted in Figure 4.1.

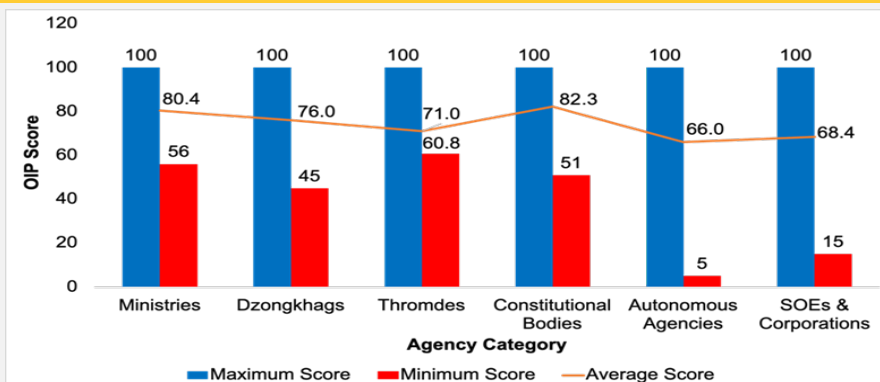
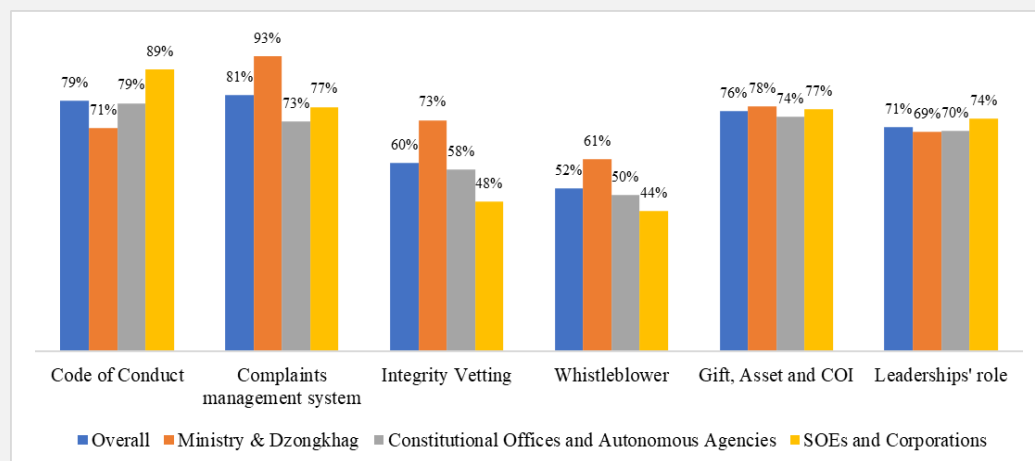


Figure 4.1. Proportion of agencies by OIP implementation target levels

Closer analysis of the evaluation reveal that the implementation of grievance redressal mechanisms and integrity vetting is generally lacking in comparison to other activities, as depicted by

**Figure 4.2.** Such discrepancies in implementation of the OIP underscores the need for continuous assessment and integrity enhancement across all sectors.



**Figure 4.2:** Overall implementation status of activities

When analyzing the correlation between the OIP implementation score and Corruption Control score of the NIA, by agency category, the correlation coefficient of 0.5476 indicates a moderately positive correlation across different agency categories as shown in the **Table 4.1**. While there may be other factors influencing the relationship between these scores, the current value of 0.5476 suggests a positive trend wherein higher OIP implementation scores are matched by higher Corruption Control scores, and vice versa. Constitutional Offices had the highest OIP implementation score (76.8) and Corruption Control score (8.21), indicating strong performance in both areas. Autonomous Agency had the lowest OIP implementation score (52.4) and one of the lowest Corruption Control scores (7.44).

**Table 4.1:** Correlation between OIP and Corruption Control Score

Agency Category	OIP Implementation Score	Corruption Control score under Internal Integrity (NIA)
Autonomous Agency	52.4	7.4
Constitutional Offices	76.8	8.2
Corporation	68.1	7.5
Dzongkhag	76.1	7.6
Thromde	71.0	7.7
Ministry	72.4	7.5
Correlation between OIP Implementation score & Corruption Control score (NIA)		0.5476



Following are some of the anti-corruption tools introduced and implemented at the individual and systemic level:

### **i. Code of Conduct (CoC)**

As a crucial measure against corruption, it is mandated that agencies must create tailored Code of Conduct (CoC) or revise existing ones as part of the activities within the OIP framework. In accordance with this requirement, the Ministry of Finance (MoF) and the Ministry of Agriculture & Livestock (MoAL) have developed specific CoCs for their finance and human resource services, respectively. Other agencies have either adopted Chapter 3 on Civil Service Values and Conduct from the Bhutan Civil Service Rules & Regulations 2018 (BCSR) without alteration or made minor modifications. Nonetheless, the task of ensuring uniformity across agencies in the establishment and enforcement of consistent public service values and conduct presents a challenge.

In order to strengthen the consistent and standardized implementation of ethical principles and behavior for individuals in public service roles, the ACC adopted the Model Public Service Code of Conduct on 31 December 2022, in accordance with Section 35 of the Anti-Corruption Act of Bhutan 2011 (ACAB). Beyond aiding public servants in meeting these principles, the Model Code is anticipated to educate the public about the expected conduct of public servants. Within the Model Code, provisions are outlined for addressing grievances and imposing appropriate penalties for any violations, all of which contribute to fostering a robust culture of accountability within the public sector.

### **ii. Integrity Vetting System (IVS)**

Towards promoting individuals with highest standards of integrity and cultivating a culture of ethical leadership across both the public and private sectors, the ACC has been conducting integrity vetting based on the request from the agencies. In order to mainstream the system of integrity vetting across the agencies, the ACC included it as one of the activities in the OIP during the 12<sup>th</sup> FYP. While a number of agencies have embraced the practice of conducting integrity vetting, the transformative impact on the broader ethical landscape is still in the process of reaching its full potential.

To augment the above initiative, the ACC adopted the Rules for Integrity Vetting 2022 in accordance with the Section 24(1)(a) & (j), 25(1)(h) and 171 of the ACAB. Hereafter, it is mandatory for the agencies to conduct integrity vetting when selecting, recruiting, promoting, nominating, appointing, or electing individuals at P1 level and above or equivalent positions, within both public and private sectors. For P2 level and below or equivalent positions, agencies are strongly recommended to implement suitable internal processes for integrity vetting. Furthermore, the rule mandates the inclusion of integrity vetting even for award of public contracts or the establishment of public contractual relationships, where the contract value is equal or more than the minimum threshold limit for Open Bidding as prescribed under the Procurement Rules and Regulation. The importance of adhering to these stipulations is further underscored by the Model Public Service Code of Conduct.

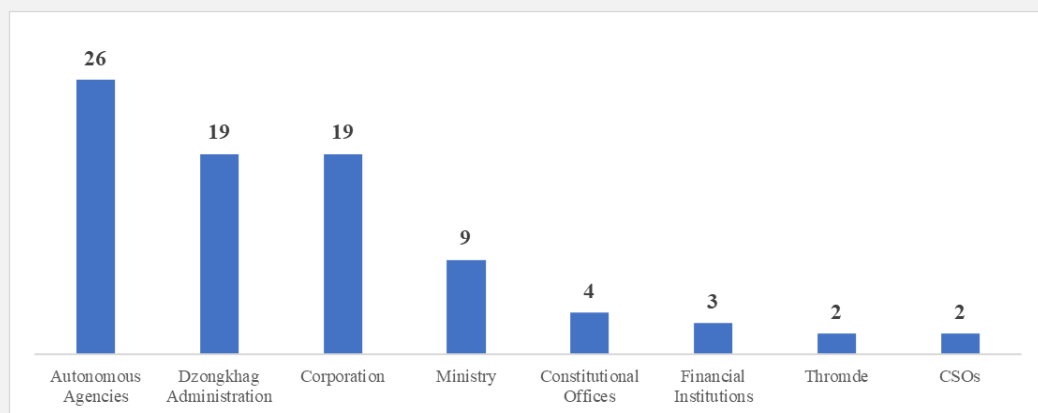
Four different categories of Integrity Vetting Report (IVR) are furnished, each assigned a color, analogous to the colour of traffic lights, for identification: Green, Yellow, Orange, and Red. These categories and colors are as follows:

For the purpose of election, two categories of IVR viz. 1) No Adverse Report (Green) and 2) Adverse Report (Red) are issued.



These reports are generated using a web-based information repository system on complaints received, cases investigated, administrative/disciplinary action sanctioned, conviction rendered by the Court of Law, compliance to Asset Declaration Rules 2022 (ADR), among others.

Till date, the ACC has issued a total of 9,669 IVRs to various agencies. Specifically, during the reporting year, 8,847 IVRs were issued to 84 agencies with autonomous agencies being the highest as shown in **Figure 4.3**.



**Figure 4.3: IVR issued by Agency**

Significant usage was primarily noted for assessing the integrity of individuals in recruitment (4,391) and promotion (3,710), along with nominations for Board Director positions (110) within financial institutes and corporations. Additionally, the ACC also provided IVRs to 129 prospective candidates participating in the National Council Election 2023. Only 9 IVRs had 'Adverse Record' from the total IVRs issued as shown in **Table 4.2**.

**Table 4.2:** IVR issued by Category of Record

Category	Number	Observation
No Record	8,758	No record against individuals
Provisional Record	42	Case under investigation (18), complaints shared for action (15), complaints qualified for information enrichment (2), and cases referred for prosecution (7)
Record	38	Administrative Sanctions
Adverse Record	9	Criminal Convictions

To further strengthen the system, the ACC is currently exploring application of restorative justice principles in integrity vetting.

### iii. Asset Declaration (AD)

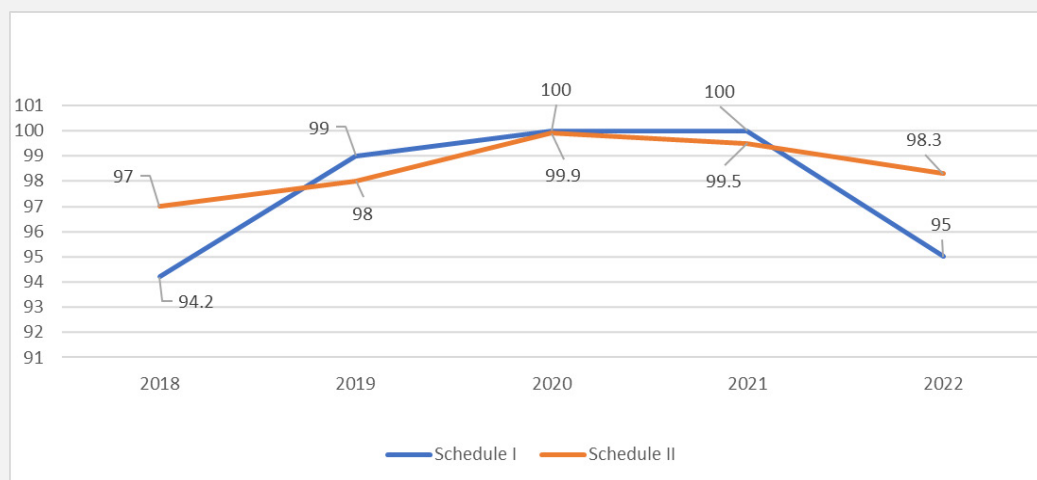
The overall administration & management of AD is guided by the section 38(1) of the ACAB and the Asset Declaration Rules 2022 (ADR 2022). The revised rule was adopted on 31 December 2022 to bring greater clarity by making changes in specification of the frequency of declaration and penalty associated with it thereof; AD obligation; collection and deposit of penalties; and roles and responsibilities of administrators and heads of agency.

The compliance rate for 2022 was 95% and 98.3% respectively for Schedule I and II bringing the overall compliance rate to 98.2% as shown in the **Table 4.3**. The drop may be due to it being the first year after the enhancement/overhauling of the system.

**Table 4.3:** AD Compliance

Schedule Category	Total Covered persons	Total Late Declarants	Total Non-Declarants	Compliance Rate
Schedule I	700	37	1	95.00%
Schedule II	24,524	338	75	98.32%
Total	25,224	375	76	98.21%

The compliance rate for both Schedule I and II since 2018 is shown in **Figure 4.4**.



**Figure 4.4:** Compliance rate of schedule I and II (2017-2022)

In accordance with Section 38 (4) & (5) of ACAB 2011 and Section 53 and 54 of the ADR 2017, actions have been taken on Late Declarants and Non-Declarants as shown in **Table 4.4**. Penalties were waived off where justifications for non-compliance were found justifiable.

**Table 4.4:** Action on Late Declarants and Non-Declarants of Schedule I and II

Action Taken	Late Declarants		Non-Declarants	
	Schedule I	Schedule II	Schedule I	Schedule II
Penalty waived	1	32	1	28
Penalty imposed	36	306	0	48
Total	37	338	1	76

From the Nu.2.40 million in penalties that were imposed (Late Declarants – Nu.0.44 million & non-Declarants – Nu.1.96 million), Nu 2.1 million in collection (Late Declarants – Nu.0.31 million & non-Declarants – Nu.1.79 million) were made. Out of the 342 late declarants who were fined (36 Late Declarants & 306 non-Declarants), 22 late declarants failed to pay the penalty. Accordingly, the list was forwarded to the RAA for action and the same has been recorded in the IVS. Of the total 48 non-declarants who were imposed penalty, five non-declarants did not pay the penalty and therefore, the cases have now been shared with the ACC's Legal Division for possible legal action.

For the declaration year 2022, verification was done based on the completeness of declarations and accuracy of information authenticated through systems integration. Unlike previous years, verification was not focused on the Disproportionate Asset (DA)



flagged off by the system but rather on the vulnerability and number of complaints received against the agencies over the years. Based on this, three agencies/professions sampled were incumbent Gups, Punakha Dzongkhag and the erstwhile Ministry of Works and Human Settlement as shown in **Table 4.5**.

**Table 4.5:** DA verification for the income year 2021

Agency/Profession	Total Covered Persons	Sample for verification	Aggregate (%)
Gup	77	77	100.0
Punakha Dzongkhag	273	64	23.4
Ministry of Work and Human Settlement	492	85	17.3
Total	842	226	26.8

Upon verification, all 226 cases were dropped. The findings revealed that most of the declarants filed incomplete declarations since they were not aware of having to re-file all of their assets, income and liabilities again for the income year 2021 due to the enhancement of the system.

Since its inception, the online Asset Declaration System has gathered a lot of data from the declarants regarding their assets, income and liabilities. Initial analysis on the acquisition trend highlights followings trends, signals and necessary interventions to prevent illicit enrichment:

#### **Asset Disclosure Trends:**

- In the reporting year, from the total of 25,742 covered persons, 1,353 declarants acquired new immovable and 699 declarants acquired movable properties.
- The acquisitions consisted of land (92.5%) and houses/buildings/flats (7.5%).
- The majority of acquired land (47.4%) and houses (50.0%) were through inheritance, while 46.0% of land and 21.0% of houses were purchased.
- Immovable asset acquisitions were skewed towards male declarants (67.0%) compared to female declarants (33.0%).
- Age-wise analysis revealed higher immovable property acquisitions by individuals aged 36-41 (22.0%) and 42-47 (24.0%), while those above 60 (3.0%) and under 29 (4.0%) showed lower participation.
- In terms of position classification, officials in P1& above or equivalent positions (13.5%) acquired more as compared to lower position of P5-P2 or equivalent (10.8%) and Support level (6.4%).
- Sector-wise acquisition indicates officials under administration related functions carry notable proportion with 12.6% followed by finance (4.4%).

### **Signals and Risks:**

- A significant proportion of acquired land and houses are inherited, indicating a potential avenue for concealing illicitly obtained assets through family connections. This raises concerns about the sources of inheritance and the need for transparency.
- The sizable number of purchased assets suggests active engagement in property transactions. The risk lies in potential connections between purchased properties and undisclosed income or conflicts of interest.
- The gender gap in immovable asset acquisitions might signal differing financial capabilities or unequal opportunities. It's important to assess if this gap indicates certain vulnerabilities or imbalances.
- The higher acquisition rates among individuals aged 36-47 could indicate a higher income bracket or a life style of increased financial activity.
- The data highlights the prevalence of inherited assets. While legitimate inheritance is common, this could also be exploited to mask ill-gotten gains. Ensuring clarity in inherited assets is crucial to prevent illicit enrichment.

- The patterns of investment in land and houses could signify an inclination towards holding valuable assets. Monitoring these acquisitions is important to prevent potential accumulation of undisclosed wealth.
- Position and sector wise trend underscore the conduciveness in acquisition of properties at higher level and in administration related functions. Targeted interventions to minimize systemic vulnerabilities would be important.

### **Interventions:**

- Policies encouraging transparent disclosure of inheritance sources can mitigate the risk of concealing illicit assets.
- Close monitoring of purchased assets and cross-referencing with declared incomes, as currently being practiced through the DA approach, can help detect potential conflicts of interest or undeclared income sources.
- Targeted oversight and prevention strategies in relation to high acquisition rates by position, sector and age groups can help identify potential illicit enrichment practices.

The asset disclosure trends signal potential risks of concealment, especially in inheritance and purchased properties. The gender gap and age-related patterns offer insights into vulnerabilities and differing financial behaviors. Addressing these trends through transparency measures, targeted monitoring, and equitable policies may contribute to curbing illicit enrichment risks and enhance overall integrity.

#### iv. Corruption Risk Management (CRM)

The integration of CRM into the roles of internal auditors within agencies stands as a proactive measure to safeguard against corrupt practices. Notably, during the FY 2022-2023, the Electricity Regulatory Authority, MoENR, effectively executed a CRM within their agency.

In response to the ACC's recommendations for CRM conducted in FY 2021-2022, four agencies have submitted their implementation reports. A detailed overview of the implementation status is provided in **Table 4.6**.

**Table 4.6:** Implementation status of the CRM recommendations

Agency	No. of recommendations	Percentage of implementation
MoENR	15	70.0
RRCO, P/Ling, MoF	12	59.2
RRCO, Samtse, MoF	14	41.4
Ministry of Infrastructure and Transport (MoIT)	04	80.0
Department of Air Transport	16	75.0

The implementation reports from MoESD, Thimphu Thromde and Chhukha Dzongkhag are awaited. The timely submission of these reports will provide valuable insights into the progress made in bolstering corruption resilience, ensuring a more transparent, accountable, and trustworthy environment.

## 4.1.2 Systemic analysis to eliminate corruption loopholes

Throughout the reporting period, a total of five system studies were undertaken, each focusing on diverse critical areas. The overarching objectives of these studies were to proactively dissect the existing processes, procedures & internal controls, meticulously identifying and addressing potential systemic vulnerabilities.

Based on the findings presented in **Table 4.7**, the corresponding recommendations were shared with pertinent agencies viz. the Department of Tourism, MoF, MoIT, and Bhutan Food and Drugs Authority. However, the recommendations related to the study on Religious Organizations is currently being finalized.

**Table 4.7:** Findings and recommendations

Area	Systemic Issues identified	Recommendation
Process and procedures for levy of selected tourism fees	<ol style="list-style-type: none"> <li>1. Risks of embezzling entry fees collected in cash for historical monuments through collusion and incorrect declarations.</li> <li>2. Risks of embezzling Sustainable Development Fees collected in cash.</li> <li>3. Risks of embezzling vehicle entry fee collected.</li> </ol>	<ul style="list-style-type: none"> <li>• Institute online payment system and/or adopt mechanisms to enhance accountability such as issuance of money receipts.</li> </ul>
Provisioning and management of general reserve budget	<ol style="list-style-type: none"> <li>1. Risks of misusing general reserve budget by inflating beyond the permissible threshold and exceptions provided in the guideline.</li> <li>2. Risks of misusing general reserve budget for irrelevant ad-hoc activities or to meet extra expenditure for hospitality &amp; entertainment due to lack of clarity and compliance to established guidelines.</li> <li>3. Risk of conflicts of interest due to vague general conditions, processes and checklist in utilizing general reserve for ad-hoc works.</li> <li>4. Risks of misusing privileged information due to lack of transparency and accountability mechanism for management of general reserve.</li> </ol>	<ul style="list-style-type: none"> <li>• Review pertinent sections of the general reserve guidelines, processes and conditions for transparent and accountable utilization.</li> <li>• Strengthen internal control mechanisms.</li> </ul>

Management of infrastructure development of drinking water supply (Water Flagship Program)	<ol style="list-style-type: none"> <li>1. Risks of abuse of function in the selection of sites and determination of water discharge due to inconsistent and ambiguous screening criteria and procedure.</li> <li>2. Risks of embezzlement due to poor internal control and oversight mechanism in inventory management and handing-taking of the projects.</li> </ol>	<ul style="list-style-type: none"> <li>• Review and strengthen the existing site selection procedures, screening criteria and strengthen monitoring &amp; oversight mechanism.</li> </ul>
Medicine licensing and monitoring	<ol style="list-style-type: none"> <li>1. Risks of abuse of functions and misuse of privileged information due to lack of clarity in the process of conducting competency examination and transparency in execution of contract.</li> <li>2. Risks of embezzlement due to non-uniformity in the mode of fee collection.</li> <li>3. Risks of bribery and false claim due to poor internal control measures related to procedures for field inspections.</li> </ol>	<ul style="list-style-type: none"> <li>• Streamline the existing regulations related to licensing and inspection.</li> <li>• Institute online system of fee collection.</li> </ul>

The implementation of these recommendations is expected to ensure strong anti-corruption measures, which are monitored regularly as part of the OIP. Similar to this, the ACC conducted half-yearly review of the recommendations provided on the *Management of Surface Collection & Dredging of Riverbed Materials*. The review revealed tangible outcome wherein with the adoption of reserve price for a period of three years for 26 dredging sites in Gedu, Samtse and Sarpang realized Nu. 36.904 million from 25.0% of upfront payment alone. Further, with the intervention, the Government collected Nu. 30.557 million from 25.0% of upfront payment of the winning bid amount, by allocating 18 dredging sites through open auction method.

Revenue generation with the implementation of reserve price and open auction is Nu. 90,802,683.21 per year, while the revenue without the implementation of reserve price and open auction is Nu. 21,291,993.38 per year (Data from 2017 till June 2021). The difference in revenue generation is to the tune of Nu. 69,510,689.83 per year. This basic calculation shows that the Government has generated way more revenue (more than three times) by implementing the reserve price and open auction compared to the past practice of allocating sites directly to the operators and just the levy of royalty, fees and charges.





INNOVATING AGAINST CORRUPTION  
THROUGH FOSTERING  
**TRANSPARENT, ACCOUNTABLE  
& TECHNOLOGY-DRIVEN  
SYSTEMS OF INTEGRITY**

PROFESSIONAL DEV...

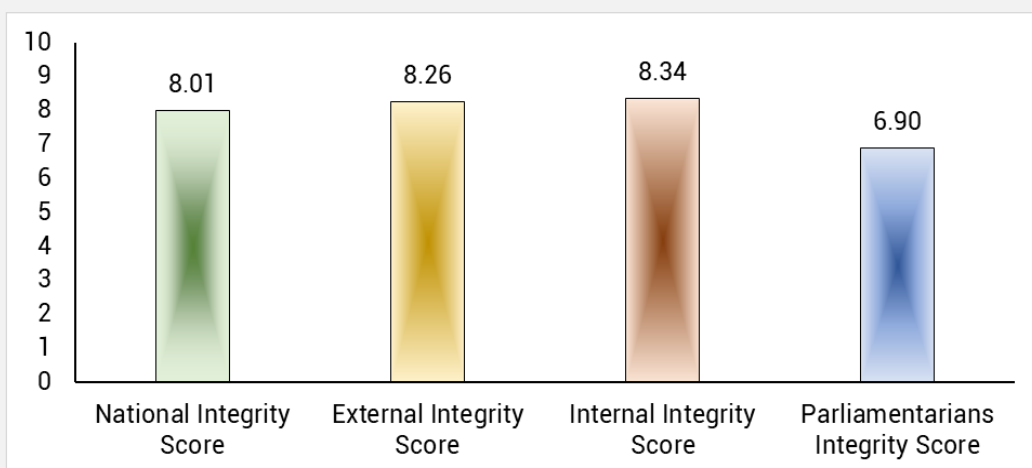
## 4.1.3 Empirical evidence based anti-corruption insights and interventions: Navigating Bhutan's Integrity Landscape

The ACC published the NIA 2022 as one of the empirical basis for anti-corruption interventions. The NIA evaluates the adherence of public officials to procedural standards while delivering services transparently, fairly and accountably within agencies. Conducted every three years in collaboration with the National Statistical Bureau (NSB), the assessment is based on data collection initiated in October 2022 on quality of services provided by public agencies in FY 2021-2022.

The NIA targets public services and organizations selected based on their susceptibility to corruption and significance for socio-economic

development. The NIA for the year 2022 encompassed a comprehensive evaluation of 193 distinct services originating from 76 diverse agencies across 11 different categories. The assessment involved 12,641 respondents, which included 4,381 service providers within the organizations and 6,761 external service users, 1,499 parliamentarians and voters. Furthermore, 435 complaints received by the ACC during the fiscal year 2021-2022 was examined to enrich the analysis.

Scored on a scale of 0 to 10, where 0 represents highly corrupt and 10 indicates very clean, the NIA 2022 achieved a national score of 8.01, signifying a 'Good Level' of integrity as shown in **Figure 4.5**.



**Figure 4.5:** National Integrity score with External, Internal, and Parliamentarians Integrity scores

External Integrity, assessed from the standpoint of service users, has garnered a commendable 'Very Good' score, anchored in transparency, accountability and corruption indices. However, detailed analysis reveals some areas of concern.





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## TRANSPARENCY

While transparency achieved a 'Good' rating with a score of 8.21, it calls for improvement in operational openness, indicated by the 8.02 score in the practicality of procedures. Notably, slight disagreement (6.82%) concerning the simplicity and effectiveness of administrative procedures highlights potential transparency challenges. Furthermore, a relatively lower percentage of users finding social media (14.57%) and website (12.72%) ineffective for accessing information indicates an area for enhancement.



## ACCOUNTABILITY

Accountability received a 'Satisfactory' score of 7.36. However, there is a gap in efforts to fulfill duties, with a score of 6.72, raising concerns about potential abuses of power and a lack of commitment. The sizable proportion (24.81%) disagreeing with services being delivered without unnecessary delay, along with a small contingent (0.74%) expressing uncertainty, underscores potential bottlenecks. Moreover, dissatisfaction with the adequate addressing of grievances (8.33%) and a lack of knowledge (22.91%) present risks to effective accountability. Further, the weak accountability is also manifested by the substantial number of pending ATRs (81), with some of the ATRs shared with agencies since 2017.



## CORRUPTION

Score of 8.67 in corruption dimension reveals troubling trends, with respondents admitting to making payments and providing gratifications (cash, kind, entertainment) while availing services. The frequency of such practices, especially in walk-in services (77%) that require payment, is of serious concern. Payments in cash or kind (62.63%), entertainment (31.81%), and gratifications (12.50%) have become customary, potentially leading to the normalization of corrupt practices. Gifts (27.27%), transportation (18.18%), and accommodation (13.64%) are the top forms of gratifications. Most disturbingly, these corrupt practices cut across the entire service cycle. Manipulation in budget execution is driven by factors like insufficient pay (23.44%), weak internal controls (18.57%) and poor ethical conduct (18.56%), emphasizing the risks to financial integrity.

Perceived corruption (6.63) rates lower than experienced corruption (9.91), suggesting a potential disconnect between public perception and the actual extent of corruption. Perceived corruption varies across roles (voters, parliamentarians, internal/external integrity), with poorly rated score of 1.07 by the voters. Region/relationship-based favoritism (3.22) and favor for specific individuals (7.75) are poorly rated under perceived corruption. Relationships, such as friendship (30.38%), family (28.51%), regional ties (11.36%), and school/college/training relationships (10.51%), notably influence equitable public service delivery.

Various services involving payments in cash or kind, such as approving firewood collection, agriculture, rural tax collection, environment clearance and more, signal a clear need for vigilant oversight and robust anti-corruption measures.



Internal Integrity, which encompasses integrity culture, work integrity and ethical leadership, received a commendable score of 8.34, indicating a 'Very Good' level. However, a closer look at the data reveals specific areas for improvement within these components.



### INTEGRITY CULTURE

While the overall integrity culture score is strong, certain aspects within organizational culture warrant attention. The misuse of privileged information for personal gain (7.53) and the acceptance of payments in various forms (7.63) stand out as areas of concern. Factors such as friendship (22.47%), family (17.33%), directives from superiors (16.04%) and influence from the central government (10.88%) have been identified as the most influential forces shaping organizational culture.

### CORRUPTION CONTROL

The analysis reveals weakness in control of corruption. In particular, safeguarding whistleblowers (6.63) and implementing robust checks and balances to prevent corruption (7.79) require focused efforts to enhance their effectiveness.



### WORK INTEGRITY

Indicators related to work integrity show a need for improvement, especially in ensuring the fairness of task assignments (8.35). Notably, perceived corruption is relatively high in personnel management (7.96) and fairness in the assignment of work (7.15).

### ETHICAL LEADERSHIP

Ethical leadership emerges as another crucial dimension necessitating attention. Deficiencies in fairness (7.80), trust (8.02) and integrity (8.18) are evident. The role of leadership in enhancing organizational integrity (8.07) stands out as an area requiring enhancement. Furthermore, leadership aspects requiring attention are communication honesty (5.86%), open admission of mistakes (16.43%), resistance to external influences (20.26%) and prioritization of the collective welfare over self-interest (17.37%).



Parliamentarians Integrity Index (PII), a new element in the NIA 2022, presents a 'Satisfactory' level, with a score of 6.90. Specifically, oversight, legislative activities, integrity, transparency and accountability garnered lower scores compared to other components. Further analysis uncovers areas requiring improvement, such as exercising



mandates transparently and without undue influence, advocating for public interest through motions, and promoting unbiased representation.

Transparency emerges as an area of concern, with a need for more robust citizen engagement to gather views and concerns, underlining the significance of involving constituents in decision-making processes. Additionally, the need to ensure that constituency developments are implemented in conformity with relevant laws and regulations is highlighted for stronger accountability mechanisms.

In terms of integrity, a notable focus is warranted on parliamentarians performing their duties without leaning on personal favors, as the data reveals a relatively lower score in this area. Encouragingly, the perception of parliamentarians receiving payments in cash or kind appears to be relatively low, indicative of lesser incidences of corruption within the parliament. However, it is noteworthy that the data also highlights a significant percentage of respondents who agree that parliamentarians may favor individuals for party gain, raising concerns about potential influences stemming from party affiliations.

General recommendations of the NIA 2022 report encompassed enhancing accountability in public agencies, managing corruption perception through transparent service delivery standards, ethical conduct, internal control systems, and exemplary leadership, strengthening parliamentary oversight mechanisms, enhancing citizen engagement in legislative functions, and ensuring election integrity through anti-corruption advocacy and vigilance.

When compared with the NCBS 2023, it provides valuable insights into Bhutan's integrity landscape and the effectiveness of anti-corruption measures. A comparative analysis reveals key findings that shed light on corruption levels, contributing factors, public perceptions, and the efficacy of anti-corruption efforts:

- Perception and prevalence of corruption:** While the NIA 2022 report signifies a noteworthy 'Good Level' of integrity, reflected in its robust overall score of 8.01, the noticeable surge in the perception of corruption prevalence presents an intriguing contrast. In the context of NIA 2022, the most prevalent forms of corruption include Abuse of Function (25.2%), Bribery (18.7%), Embezzlement (15.6%), Failure to Protect Public Property (13.8%), Trading in Influence (11.9%), and Failure to Declare Conflict of Interest (9.1%). In contrast, the NCBS 2023 underlines Trading in Influence (23%), Failure to declare conflict of interest (12%), Abuse of Function (11%), Concealment of corruption proceeds (9%), Embezzlement, false claim and Money laundering (8%) as the prevailing forms of corruption. This accentuates the urgency for comprehensive and targeted interventions to address the emerging forms of corruption.

- **Drivers of corruption:** The NCBS point to people's desires as the primary driver of corruption. Factors such as lengthy procedures, weak leadership, and strong social networks contribute to corruption. This aligns with the NIA 2022 findings, emphasizing the need to enhance ethical conduct, internal controls, and exemplary leadership to manage corruption perception.
- **Levels of corruption & roles:** The NIA report unveils disturbing trends, shedding light on a significant aspect – respondents openly acknowledged having made payments or provided gratifications while availing services. Remarkably, this pattern is particularly pronounced in walk-in services that necessitate payments. Interestingly, this aligns with the findings of the NCBS 2023, which underscore the notion that corruption perception is primarily concentrated around lower-level public officials, notably those with supervisory, support, and operational roles. This suggests the need to address corruption prevention and awareness strategies at these levels to effectively combat corruption.
- **Sectors prone to corruption:** Both studies identify sectors such as health, construction, local government, licensing, banking services, and land transaction services as the most susceptible to corruption. This convergence emphasizes the critical areas that require targeted anti-corruption measures.
- **Media and public awareness:** The influence of television and social media in shaping citizens' perceptions and enhancing awareness on corruption-related issues highlights the importance of media in raising public consciousness and promoting transparency.
- **Integrity and parliamentary oversight:** The NIA 2022 report underscores the importance of enhancing accountability, strengthening parliamentary oversight mechanisms, and engaging citizens in legislative functions. The PII score of 6.90 in the NIA aligns with the recommendations of the NCBS to prioritize voting for clean candidates and supporting organizations dedicated to combating corruption. Towards electing candidates with impeccable track record, the ACC in collaboration with Election Commission of Bhutan (ECB) rolled out Integrity Vetting for elections and collaborated in development and dissemination of module on anti-corruption for Civic and Voter Education Modular Framework of the ECB.
- **Barriers to fight against corruption:** Overcoming barriers to reporting corruption remains a critical issue, often stemming from factors like time constraints, limited awareness about proper reporting procedures, lack of proper protection, among others. These discourage reporting of corrupt activities. Recognizing that citizens are more likely to report when they have adequate support and protection, it becomes evident that creating an environment conducive for reporting is paramount.

In synthesis, while the NIA 2022 report portrays a positive national integrity score, the NCBS 2023 points out increasing concerns on the prevalence of corruption. The data from both studies highlight the need for a holistic approach to anti-corruption efforts, including targeted measures at lower levels of public officials, increased awareness campaigns, strengthening oversight mechanisms, and adapting strategies in response to changing circumstances. Effective communication and engagement with citizens, combined with consistent anti-corruption advocacy, are crucial to bridging the gap between perceived integrity and reality.

#### 4.1.4 Bhutan's Stance Against Corruption

As of January 31, 2023, Bhutan has once again solidified its reputation as one of the world's least corrupt countries, securing the 25<sup>th</sup> position on the Transparency International (TI) Corruption Perceptions Index (CPI) with a steadfast score of 68. This achievement highlights Bhutan's enduring dedication to transparency and accountability. Impressively, this marks the fifth consecutive year of maintaining the score of 68 and the second year of retaining the 25<sup>th</sup> rank. Bhutan has steadily evolved in both global and regional rankings and the score since 2012.

While Bhutan's global score and rank remained unchanged, the CPI 2022 revealed that Bhutan is among 124 nations grappling with stagnant scores. Notably, Bhutan's consistent performance has positioned it at the sixth spot in the Asia and Pacific Region for the last decade. Four distinct data sources were used to construct Bhutan's score and rank viz. World Bank Country Policy

and Institutional Framework Assessment (CPIA); Global Insight Country Risk Ratings; Bertelsmann Foundation Transformation Index; Varieties of Democracy Project.

Over the past decade, Bhutan's performance in the CPIA has remained consistent, signaling commendable progress towards sustainable development. Bhutan's uniform score across diverse data sources attests to its dedication to transparent governance. While the Bertelsmann Foundation Transformation Index places Bhutan in the 'Limited' category concerning democratic and market-economy transformation, it recognizes the nation's 'Good' governance standards. However, a decline in indicators related to accountability and the rule of law, as highlighted by the Varieties of Democracy Project, underscores the significance of nurturing integrity and accountability to fortify democracy and governance. *Therefore, we are bracing ourselves for a backward slide given these indications.*

## 4.2

Private Sector  
Integrity

## 4.2.1 Business Integrity Initiative of Bhutan (BIIB) for ethical businesses

During the reporting period, virtual awareness sessions were carried out for 289 construction companies of varying sizes, encompassing small, medium, and large enterprises. These sessions were seamlessly integrated into both induction and annual refresher courses, organized by the erstwhile Construction Development Board (CDB). Two recently enlisted Corporate Integrity Pledge (CIP) participant companies, namely Zoom Out Productions & Trashi Yangtse Tongjang Construction, also embarked on the formulation of a comprehensive Business Code of Conduct (BCoC). These initiatives reverberate far beyond their immediate results. They underscore Bhutan's dedication to a business environment where ethics are not an afterthought but an integral foundation. By intertwining ethics with enterprise, Bhutan could nurture a culture where success goes hand-in-hand with integrity, and prosperity is rooted in ethical principles. Such concerted effort must amplify the nation's image as a hub for responsible business practices – a place where growth is guided by a moral

compass and economic excellence not only flourish hand in hand but also stem from its ethics and timeless values. As His Majesty The King Commanded, "Integrity must become the defining characteristic of Bhutan and the Bhutanese".

Towards strategic refinement of the initiative, the ACC engaged an independent external reviewer to evaluate the effectiveness of the BIIB. The review rated the overall implementation as 'Fair', highlighting the issues including limited capacity & awareness among businesses on BIIB, dominant focus on business return over ethical considerations, weaknesses in systems of family-owned businesses, lack of robust incentives and sanctions mechanism and challenges in the coordination among relevant agencies. Further, inherent challenges in the BIIB such as multiple reporting requisites and inconsistent SET checklist, among others, posed operational hurdle in its successful implementation. Based on the findings, the review recommended measures to re-strategize BIIB implementation for long term sustainability.

## 4.3

Civil Society  
Integrity

## 4.3.1 CSO Engagement Program for enhanced governance, accountability &amp; civil participation

Significant strides have been made in fortifying governance mechanism within Civil Society Organizations (CSO) through development of a tailored Training Manual on Anti-Corruption for CSOs. This aligns with aim to nurturing a culture of integrity within CSOs. Additionally, the ACC in collaboration with the Bhutan Transparency Initiative (BTI) and CSOA, launched the Bhutan CSO Accountability Standards (BCAS), serving as a cornerstone in promoting transparency and accountability among these organizations.

For seamless BCAS implementation, a collaborative workshop with BTI and CSOA was held from 12-13 June 2023. Attended by 46 CSOs, the workshop was enriched with sessions on legal advocacy, corruption offenses, Model Public Service Code of Conduct, and findings of the Evaluation Report on Social Accountability, among others.



Section

# 5

## Proactive, Intelligence & Technology- based corruption deterrence

5.1

Corruption reports and referrals – *Exposing corruption through objective reporting*

5.2

Investigation of Corrupt Acts

5.3

Highlights of some major cases featured in the reporting period

## 5.1

## Corruption reports and referrals – Exposing corruption through objective reporting

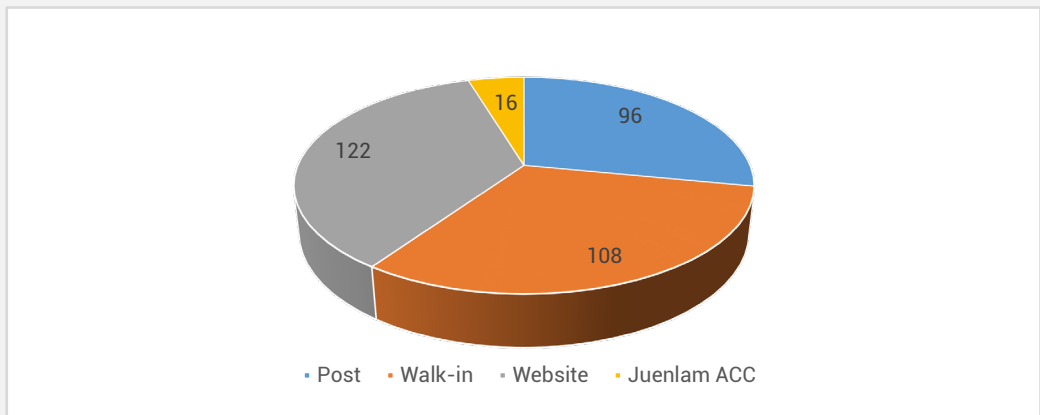
### 5.1.1 Analysis of corruption reports received

#### a) Corruption reports received

A total of 342 corruption reports were received during the reporting year. An average of 28.5 corruption reports per month is a decrease from 36 in comparison to the previous year.

#### b) Corruption reports by different modes

As in the past years, *Webmail* continued to be the most preferred mode with 122 corruption reports received followed by *Walk-in* (108) and *Post* (96). Although, *Juenlam ACC* using social media applications like *WeChat* and *WhatsApp* may be popular among the general public, it continues to be the least preferred mode for reporting corruption, with only 16 corruption reports as shown in the **Figure 5.1**.



**Figure 5.1:** Corruption reports by mode

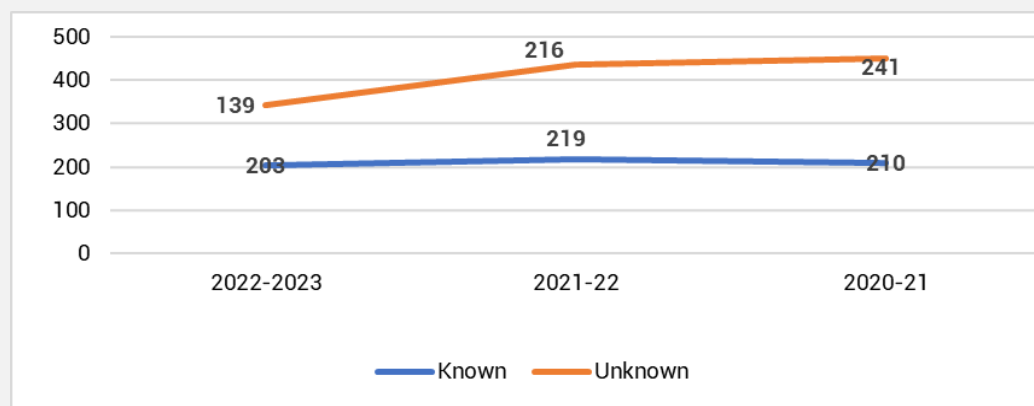
#### c) Source of corruption reports

Of the 342 corruption reports received, 203 corruption reports were from *Known* sources and 139 from *Unknown*. These corruption reports from the *Known* sources include 24 referrals from the agencies as shown in **Table 5.1** and 32 intel-based referrals. Remaining *Known* corruption reports were lodged by 128 male and 19 female.

**Table 5.1:** Number of referrals by agencies

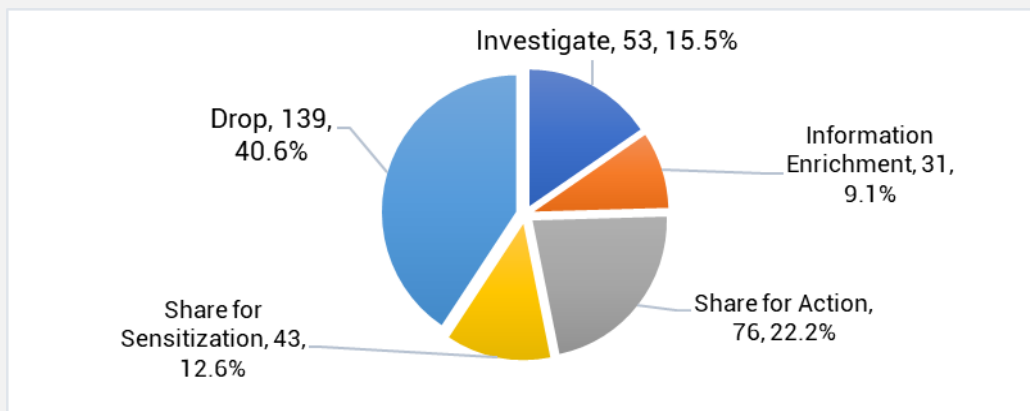
SN	Agency	Number
1	BTI	2
2	Druk PNB Ltd.	1
3	Ministry of Economic Affairs (MoEA)	1
4	MoF	1
5	Ministry of Industry, Commerce & Employment (MoICE)	1
6	The Office of the Gyalpoi Zimpon (OGZ)	1
7	RAA	12
8	Royal Bhutan Police (RBP)	2
9	Royal Insurance Corporation of Bhutan Ltd. (RICBL)	2
10	Zhemgang Dzongkhag Administration	1

This is the second consecutive year wherein the number of corruption reports from *Known* sources surpassed the *Unknown* sources as shown in **Figure 5.2**. Such increase in the *Known* sources may be attributed to the heightened level of awareness on corruption and trust in the process.

**Figure 5.2:** Source of corruption reports (year-wise)

### 5.1.2 Action taken against corruption reports

From the 342 corruption reports received, 53 (15.5%) corruption reports qualified for investigation as shown in the **Figure 5.3**, which is a substantial increase in the proportion as compared to 7.4% in the reporting year 2021-2022.



**Figure 5.3:** Decisions on complaints

In addition, the details of actions on the corruption reports by mode and identity are shown in the **Table 5.2**.

**Table 5.2:** Decision on corruption reports by mode and source

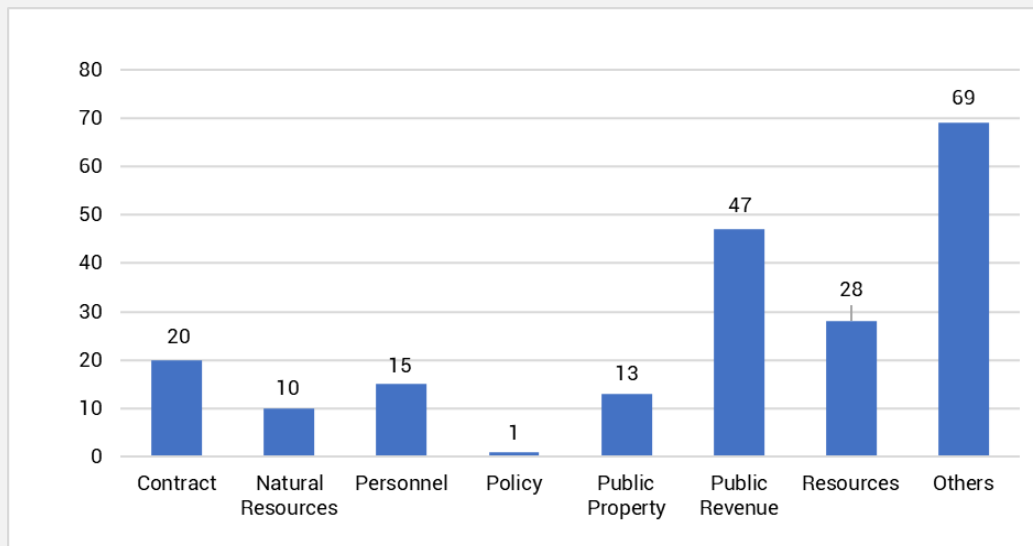
Mode of complaints	Total no. of complaints	Qualified for investiga- tion		Shared for Action		Shared for Sensitization		Information Enrichment		Dropped		Total	
		Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown	Known	Unknown
Post	96	28	0	5	9	2	9	6	4	16	17	57	39
Walk-in	108	23	0	26	1	6	0	12	0	38	2	105	3
Website	122	2	0	10	21	5	21	2	5	13	43	32	90
Juenlam ACC	16	0	0	4	0	0	0	1	1	4	6	9	7
Total	342	53	0	45	31	13	30	21	10	71	68	203	139
		53		76		43		31		139		342	
		15.5%		22.2%		12.6%		9.1%		40.6%			

Of the total corruption reports received, 203 merited further actions while 139 were dropped. Of the total corruption reports dropped, 51.1% were from the *Known* sources while 48.9% were *Unknown*. On the other hand, deeper analysis shows none of the corruption reports lodged by *Unknown* sources qualified for investigation.

The 203 corruption reports that merited action are presented below by subject area, offence, agency and place of occurrence:

### a) Subject Area

47 corruption reports pertained to *Public Revenue* followed by *Resources* (28) and *Contract* (20). The number of corruption reports against each area is as shown in **Figure 5.4**.



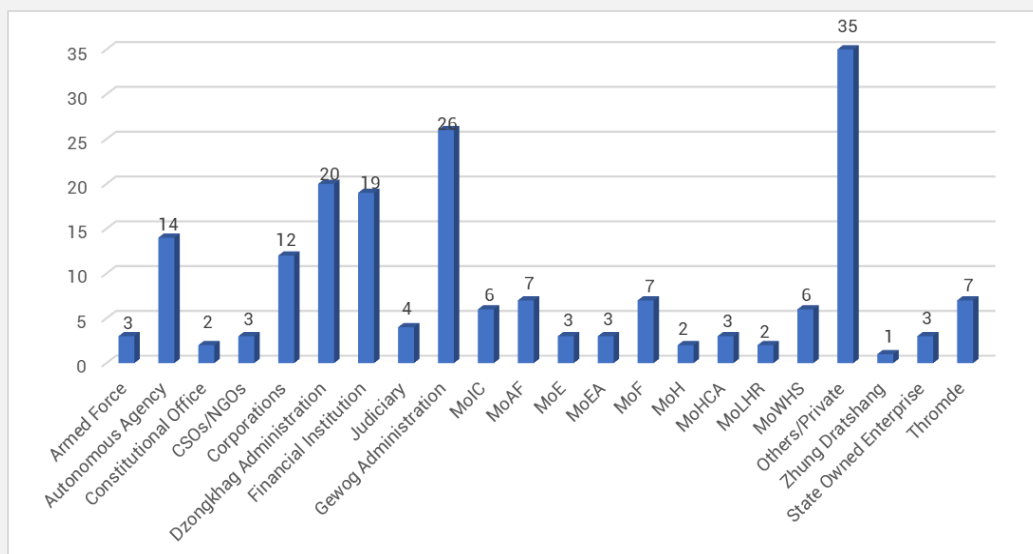
**Figure 5.4:** Corruption reports by subject area

The '*Others*' category includes those complaints which do not fall in any of the above categorized areas.

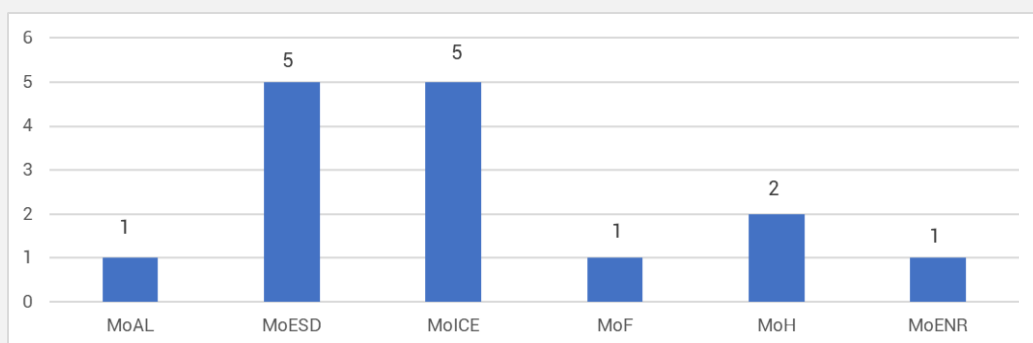
### b) Agency

In the reporting year, Ministries constituted the highest number of corruption reports (39) followed by Gewog Administration (26) and Dzongkhag Administrations (20). To ensure objective and factual representation of the corruption reports against Ministries, the data has been presented separately for the 10 Ministries prior to and after the enactment of the Civil Service Reform Act of Bhutan (**CSRAB**) 2022 in **Figure 5.5** and **Figure 5.6** respectively.





**Figure 5.5: Complaint received agency-wise**



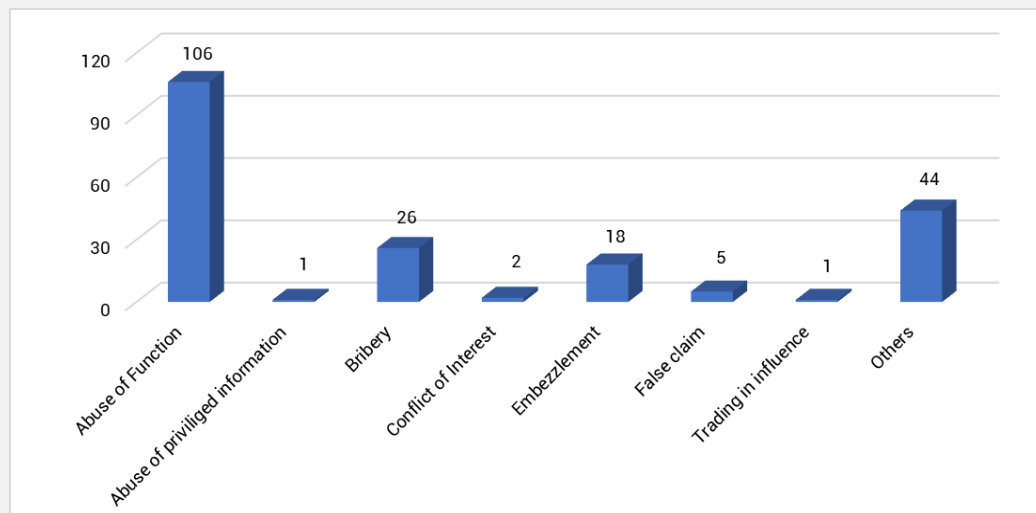
**Figure 5.6: Complaint received against new Ministries**

From 15 corruption reports received against Ministries after the enactment of the CSRAB 2022, MoESD and MoICE had the highest number of corruption reports with 5 each followed by MoH (2). The highest corruption reports against the Ministries corresponds to the maximum number of public servants implicated (123) in the reporting period.

For the first time in four years, the corruption reports against the Gewog Administration witnessed a substantial dip with highest corruption reports of four each against Gewogs of Wangdue Phodrang, Paro and Trashigang Dzongkhags. This could be attributed to rigorous targeted advocacy and thematic sessions conducted for LG functionaries towards enhancing transparency, integrity and accountability measures. With regard to the Dzongkhag Administrations, highest corruption reports were received against Paro (4) followed by Dagana (3), and Bumthang, Sarpang & Thimphu with two each.

### c) Offence

The maximum number of corruption reports pertained to *Abuse of Function* (106) followed by *Bribery* (26) and *Embezzlement* (18) as depicted in **Figure 5.7**. This also corroborates with the number of individuals investigated against the above offenses.



**Figure 5.7:** Corruption reports by alleged corruption offences

Of the 106 corruption reports on *Abuse of Functions*, 23 were in the area of *Resources*, followed by *Public Revenue* and *Personnel* with 14 each. Further, *Bribery* was the second highest alleged corruption offence with the majority in the area of *Public Revenue* (10).

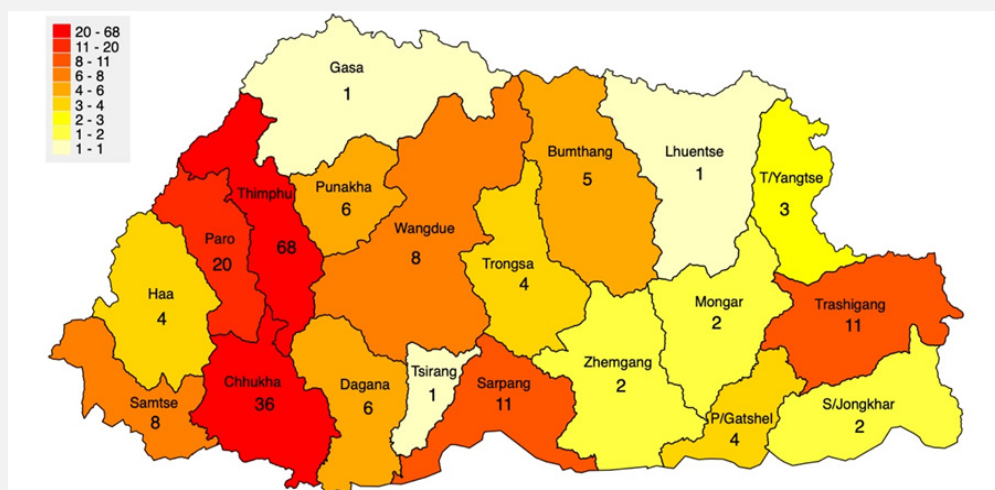
In terms of offence by agency, Ministries (29) received the highest allegation of Abuse of Functions followed by Gewog Administrations (20) and Autonomous Agency (11) as shown in the Table 5.3.

**Table 5.3:** Offence by agency

Offence	Armed Force	Autonomous Agencies	CSOs/NGOs	Constitutional Offices	Corporations	Drungkhag Administrations	Dzongkhag Administrations	FI	Judiciary	Gewog Administrations	Ministries	Private Entities	Religious Organizations	State Owned Enterprises	Thromde	Total
Abuse of function	2	11	1	0	7	4	7	10	2	20	29	4	1	3	5	106
Abuse of privileged information	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	1
Bribery	1	1	0	0	2	1	1	9	0	1	8	2	0	0	0	26
Col	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	2
Embezzlement	0	2	1	0	1	1	1	0	1	2	8	0	0	0	1	18
False claim	0	0	0	0	1	0	0	0	0	1	1	2	0	0	0	5
Trading in influence	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1
Others	0	0	0	2	1	0	4	0	0	2	8	26	0	0	1	44
<b>Total</b>	<b>3</b>	<b>14</b>	<b>3</b>	<b>2</b>	<b>12</b>	<b>6</b>	<b>14</b>	<b>19</b>	<b>4</b>	<b>26</b>	<b>54</b>	<b>35</b>	<b>1</b>	<b>3</b>	<b>7</b>	<b>203</b>

**d) Place of Occurrence**

As in the previous year, corruption reports were received against individuals or agencies in all 20 Dzongkhags. Thimphu Dzongkhag (68) had the highest corruption reports followed by Chhukha (36) and Paro Dzongkhags (20) as shown in **Figure 5.8**.

**Figure 5.8:** Corruption reports by place of occurrence

On further analysis, of the total number of corruption reports in Thimphu Dzongkhag, 27 pertained to the Ministries followed by the Autonomous Agencies (9) and Financial Institutions (9), Thromde (7) and Corporations (4).

### 5.1.3 Corruption reports qualified for Information Enrichment (IE)

In addition to the 31 corruption reports qualified for IE, four more were assigned, from the corruption reports shared for administrative actions to various agencies. With this, in the reporting year, the total corruption reports qualified for IE is 35. The details of the IE and its status along with the backlog of 2019, 2020 and 2021 are as shown in **Table 5.4**.

**Table 5.4: Status of IE**

Year	IE	Decisions on IE findings				On-going	Pending
		Closed	Upgraded for Investigation	Shared for Action	Shared for Sensitization		
2022-2023	35	15	6	8	0	3	3
2021-2022	68	36	10	15	4	2	1
2020-2021	49	31	8	9	1	0	0
2019	6	2	1	1	0	2	0
<b>Total</b>	<b>158</b>	<b>84</b>	<b>25</b>	<b>33</b>	<b>5</b>	<b>7</b>	<b>4</b>
		<b>147</b>					

### 5.1.4 Corruption reports qualified for administrative inquiry and sensitization

Addressing administrative lapses and systemic issues is an important cornerstone in the fight against corruption, as it eliminates the fertile grounds for corrupt practices, deters potential wrongdoers, prevents normalization of unethical behavior, strengthens legal frameworks, cultivate a culture of integrity thereby reinforcing public trust in the systems and institutions. By promptly and comprehensively addressing these issues, organizations can not only prevent corruption but also fortify the

foundations for transparent, accountable and effective grievance redressal & governance mechanism.

In this regard, the ACC's adopted process of sharing corruption reports related to administrative lapses and/or those corruption reports without sufficient evidence where the prosecution might not be in public interests, serves as one of the quintessential strategies in preventing and combating corruption. The agencies are expected to undertake a thorough

review and administrative inquiry into the allegations, and accordingly take appropriate actions, which may include administrative or disciplinary sanctions, system corrections, and recovery of losses, among others. The corruption reports are shared with agencies for administrative inquiry or sensitization wherein the agencies concerned are required to submit an Action Taken Report (ATR) within a stipulated timeframe. Corruption reports shared for sensitization are advisory in nature, highlighting potential corruption risks due to weak internal control systems. However, in the event the agency concerned comes across any element of corrupt practice during an administrative inquiry, all the relevant evidence needs to be secured and immediately submitted to the ACC for necessary intervention and further proceedings as a criminal case. To this, decisive and prompt response from the agencies is imperative.

Further, in keeping with the consecutive resolutions of the Parliament to build institutional capacity within the ACC to

effectively close these corruption reports upon reaching a logical conclusion, a dedicated Unit has been established under the Department of Professional Support. To this effect, certain provisions in the ACAB 2011 were also amended, empowering the ACC to share, review and close administrative related corruption reports based on the ATR received from the agencies concerned. To aid the agencies in conducting administrative inquiry without undermining the principles of fairness, impartiality and accountability, the ACC adopted a system of sharing standard advisory note on administrative inquiry and sensitization to every agency when sharing corruption reports.

During the reporting period, from the total of 119 corruption reports qualified to be shared with the agencies, 76 were shared for administrative inquiry and 43 for sensitization. The status of the corruption reports shared for administrative inquiry since 2018 and before are as shown in the **Table 5.5**.

**Table 5.5:** Status of corruption reports shared for action

Year	Shared for Action	Decisions on ATRs				Under Review	Total	ATR not received
		Closed	Upgraded for Investigation	Upgraded for IE	Deferred for more action			
2022-2023	82 <sup>1</sup>	37	1	3	5	1	47	35
2021-2022	49	24	1	1	6	0	32	17
2020-2021	32	16	0	0	1	0	17	15
2019	17	12	0	0	0	0	12	5
2018 & before	21	10	0	0	2	0	12	9
Total	201	99	2	4	14	1	120	81
		119						

<sup>1</sup> Six corruption reports shared with two agencies each



While the agencies concerned are required to submit the ATR within 30 days, the response rate for the reporting year stands at 58.0%. From the total of 47 ATRs received related to ATRs shared during the reporting period, 30 were found to be valid and remaining 17 were baseless. Following **Table 5.6** shows the summary of actions ensuing ATRs:

**Table 5.6:** Summary of actions

Type of Actions	Number
Administrative/disciplinary sanctions accorded	7
Systemic correction/rectifications initiated	15
Recoveries made	Nu.0.459 million
Referral to relevant agencies made	4

At the end of the reporting period, a total of 81 ATRs were pending from various agencies excluding those which are deferred for more action as shown in **Table 5.7**.

**Table 5.7:** Pending ATRs by year and agency

SN	Agency	2017	2018	2019	2020	2021	2022	Total
1	Supreme Court						1	1
2	RBP						1	1
3	MoF						1	1
4	Bumthang Dzongkhag						1	1
5	Haa Dzongkhag						1	1
6	Tashiyangtse Dzongkhag						1	1
7	Thimphu Dzongkhag						1	1
8	Wangduephodrang Dzongkhag						1	1
9	Dagana Dzongkhag						2	2
10	MoESD					1	1	2
11	Paro Dzongkhag					5	6	11
12	MoHA				1	0	0	1
13	MoENR				1	0	1	2
14	Thimphu Thromde				1	1	3	5
15	Samtse Dzongkhag			1	0	0	1	2
16	Punakha Dzongkhag		2	2	2	4	2	12
17	RAA		2	0	10	3	10	25
18	NLCS	3	2	2	0	3	1	11
<b>Total pending ATRs</b>		<b>3</b>	<b>6</b>	<b>5</b>	<b>15</b>	<b>17</b>	<b>35</b>	<b>81</b>

The highest pending ATRs from the RAA pertains to corruption reports shared for review during the audit of the agency concerned. Accordingly, such ATRs are resolved through established regular bilateral meetings.

Further analysis on the pending ATRs, number of corruption reports received and OIP implementation score against these agencies highlight positive correlation on the responsiveness of these agencies in proactively addressing systemic loopholes. ATRs play a critical role in enhancing the overall anti-corruption environment through preemptively examining the corruption vulnerabilities reported and employing appropriate risks mitigation remedies to nip corruption in the bud.

### 5.1.5 Referrals from RAA

In the reporting year, the ACC received 12 referrals related to suspicions of corruption offences. From 2010 to June 2023, the ACC received a total of 54 referrals as shown in the **Table 5.8**.

**Table 5.8: Status on the RAA referrals**

Year	No. of Referrals	Status						
		ACC (Not assigned)	ACC (Under Investigation)	OAG (Under Review)	OAG (Pending Enforcement)	RCJ (Under Trial)	Other Agencies	Closed
2021-2022 & before	48	3	13	8	11	5	3	6
2022-2023	12	4	1	0	0	0	1	6
<b>Total</b>	<b>60</b>	<b>7</b>	<b>14</b>	<b>8</b>	<b>11</b>	<b>5</b>	<b>4</b>	<b>12</b>

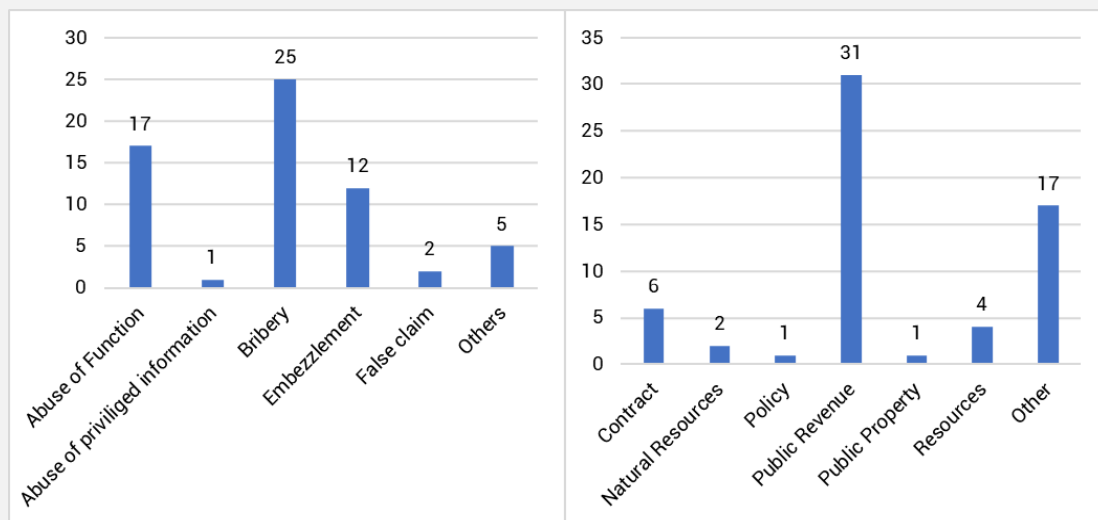
### 5.1.6 Corruption reports qualified for Investigation

From the total of 342 corruption reports received, 15.5% of the corruption reports (53) qualified for investigation. In addition, two corruption reports shared for action and seven IEs were upgraded for investigation. Therefore, the number of corruption reports qualified for investigation during the reporting year is 62, as shown in **Table 5.9**.

**Table 5.9: Total corruption reports qualified for investigation**

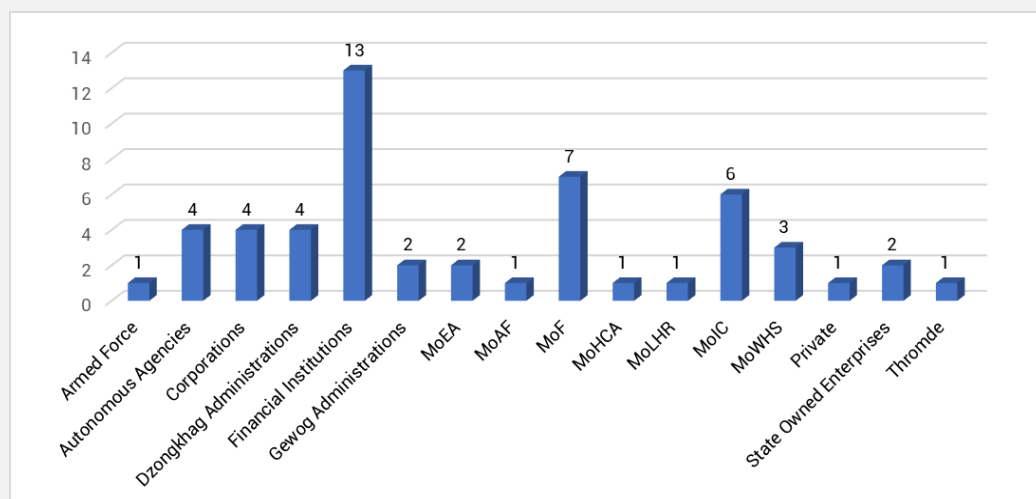
Year of corruption reports	Description	No. of corruption reports
2022-2023	Corruption reports	53
	ATR upgraded	1
	IE upgraded	6
2021-2022	IE upgraded	1
	ATR upgraded	1
<b>Total</b>		<b>62</b>

Of the 62 corruption reports qualified for investigation, most of the corruption reports pertained to *Bribery* (25) followed by *Abuse of Function* (17) and *Embezzlement* (12). In terms of area, most corruption reports were under *Public Revenue* (31) followed by *Contract* and *Resources* as shown in **Figure 5.9**.



**Figure 5.9:** Corruption reports qualified for investigation by offences and subject area

Amongst the agencies, Ministries had the highest with 21 corruption reports qualified for investigation followed by FIs (13) as shown in **Figure 5.10**.



**Figure 5.10:** Agency-wise corruption reports qualified for investigation

## 5.2

Investigation of  
Corrupt Acts

## 5.2.1 Caseload and outcome

In the reporting year, the ACC opened 38 new investigations in addition to the 39 cases carried over from the previous year, yielding the highest number of investigations till date. This caseload of 77 is an increase by 23.4% from 59 in the previous year. Such achievement, in spite of the unprecedented wave of attrition, is attributed to the agile workforce policy with other Departments and Divisions stepping forward to support the investigations.

From the total caseload of 77, the ACC was able to close 56 cases achieving clearance rate of 72.7%, as shown in **Table 5.10**.

**Table 5.10. Caseload and outcome of investigation**

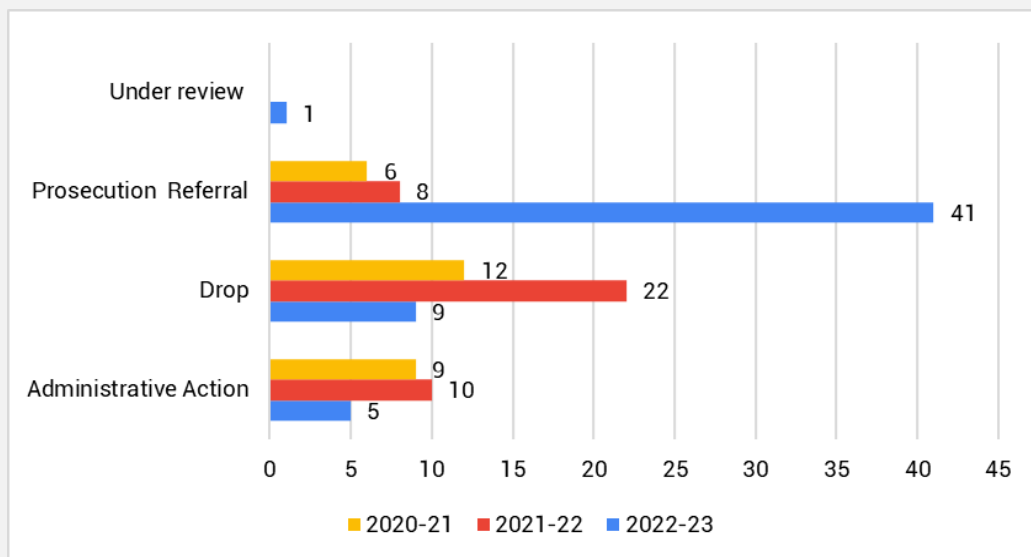
Description	Old	New	Total	%
No of cases carried over to 2022-23*	39	0	39	50.6%
New case opened during the year	0	38	38	49.4%
<b>Total Caseload</b>	39	38	77	100%
<b>Closed</b>	31	25	56	72.7%
<b>Outcome of investigation</b>				
<b>1) Investigation completed:</b>				
Forwarded to OAG	21	20	41	53.2%
Referral to agency for administrative action	3	2	5	6.5%
Dropped	6	3	9	11.7%
Under review	1	0	1	1.3%
<b>2) Investigation on-going/Open</b>	8	13	21	27.3%
<b>Total</b>	40	38	77	100%

*\*The number of cases reported as 'Ongoing' in the previous year's Annual Report 2021-2022 was understated by 10 cases which were offshoots.*

Out of 56 cases closed, 41 cases merited prosecution referral increasing the referral rate to 73.2% as compared to 51% in the previous year. Further, five cases were referred to relevant agencies for administrative and disciplinary actions, while nine cases were dropped due to lack of sufficient evidences and one case remained under review for

need of further follow-up actions. The proportion of proactive intel-based investigation in the reporting year, 25% of the total cases closed, indicate a positive alignment to the ACC's priority to focus on proactive intel-based investigation.

The year-to-year comparison of investigation outcomes for the last three consecutive years is illustrated in the **Figure. 5.11**.



**Figure 5.11:** Year-to-year comparison on investigation outcome

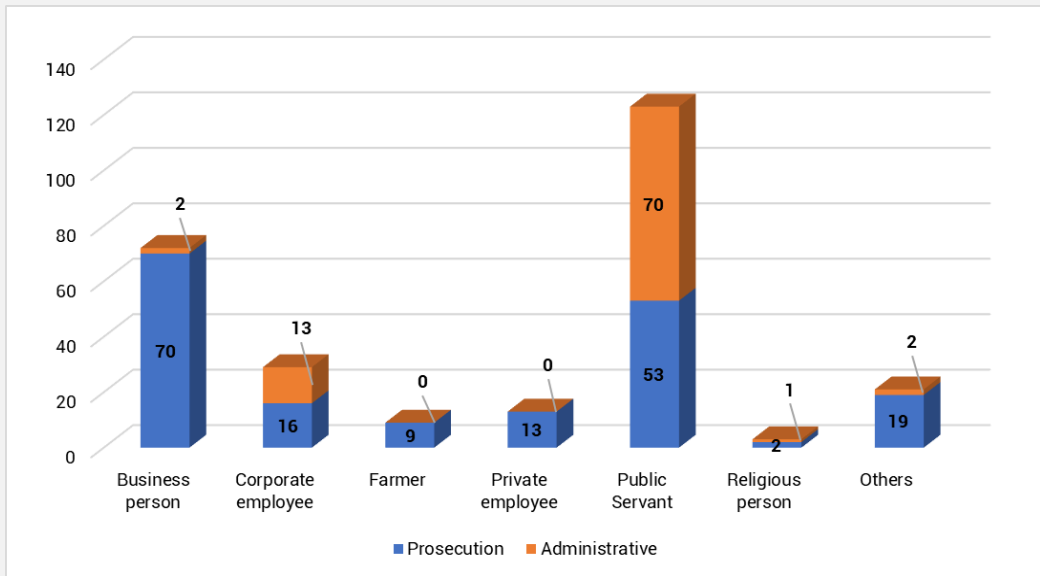
The average TAT to complete one case (TAT) during the year improved to 65.5 working days as compared to 70.9 working days in the previous year. The maximum number of working days peaked to 145 working days while the minimum was 12 working days.

As of 30 June 2023, a total of 21 cases remained open, of which 13 were active i.e. being pursued, while eight cases remained shelved and inactive. These will be spilled over to the following year.

## 5.2.2 Profile of the offender

From the cases closed in the year, excluding repeat appearances, a total of 270 individuals were implicated for prosecution or administrative actions. Public servants constituted 45.6% of total individuals implicated, while business persons and corporate employees accounted for 26.7% and 10.7% respectively as shown in the **Figure 5.12**.

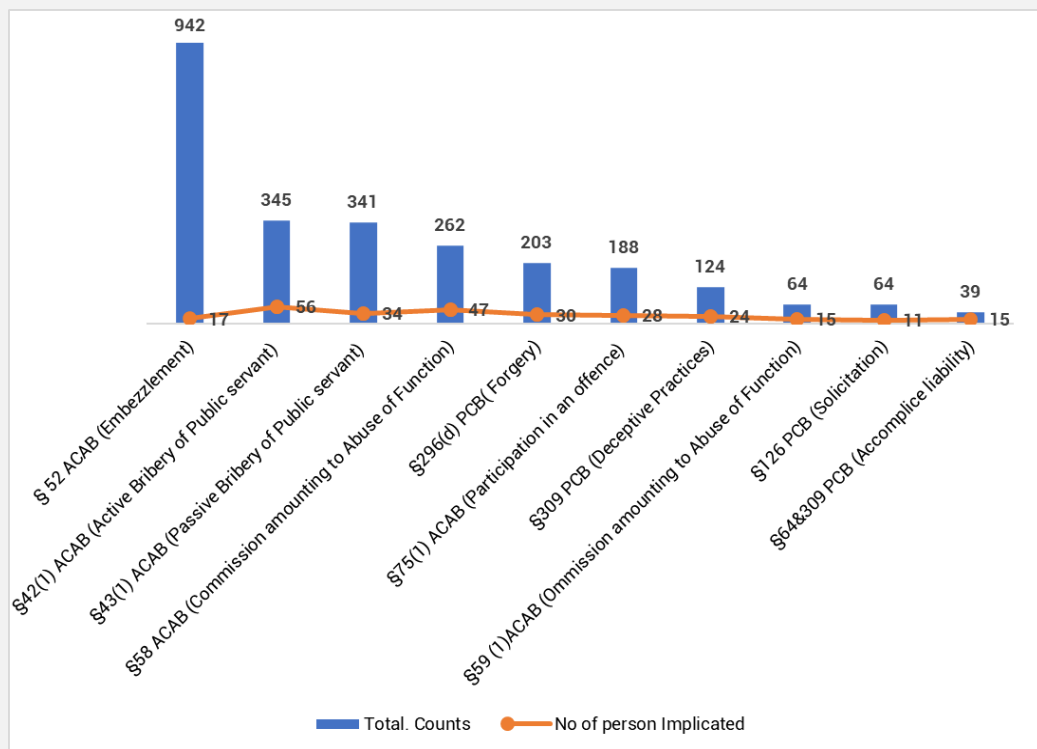




**Figure 5.12: Investigation outcome by occupation**

On the contrary, accounting the repeat appearances of individuals implicated in multiple cases increases the total implication to 318. This includes 229 (72.0%) individuals referred for prosecution, while 89 (27.9%) were referred to respective agencies for administrative actions.

A total of 2,745 counts under 33 different types of offences have been labelled against 229 individuals, referred for prosecution to the OAG, including repeated appearances. Among these, as shown in **Figure 5.13**, with 942 counts implicating 17 individuals, *Embezzlement of Funds or Securities by Public Servants* (Section 52 of ACAB 2011) statistically tops the list in terms of volume of counts. Trailing behind are *Active Bribery of Public Servant* (Section 42 of ACAB 2011) and *Passive Bribery of Public Servant* (Section 43 of ACAB 2011) with 345 counts and 341 counts respectively. Consequently, the majority of individuals are implicated for offences relating to *Bribery* and *Abuse of Functions* with 90 and 62 individuals respectively. Other penal offences that are recurrently associated with the commission of corrupt offences include *Forgery* (Section 296 PCB 2004), *Aiding and Abetting* (Section 125 PCB 2004), and *Deceptive Practices* (Section 309 PCB 2004), among others.



**Figure 5.13:** Top ten offences by counts and number of individuals implicated

The charges set out in the ACC's investigation reports are subject to further review by the OAG.

The total financial restitution attached with probable charges and disciplinary actions for all cases referred during the year amounts to **Nu. 105.152 million** out of which **Nu.25.487 million** pertained to corruption in corporate entities on account of fraudulent insurance claims (Nu.19.830 million), embezzlement of sales revenue (Nu. 2.740 million) and embezzlement of staff welfare funds (Nu.2.917 million).

### 5.2.3 Search, Seizure and Detention

The ACC's investigation entails exercise of several powers in line with the ACAB 2011 that are necessary for its investigating officers to conduct investigation without obstructions and hindrances. Such powers include, but are not limited to compelling any person to appear before the ACC for examination; conducting search of private and public premises to retrieve evidence; detaining person to prevent destruction or tampering of evidence; freezing of moveable and immoveable properties to prevent

from being transferred; and impounding travel documents to avert suspects' flight from investigation or prosecution.

During the reporting period, the ACC conducted a total of eight search/seizure related to five cases. In addition, a total of 17 individuals were arrested and detained in police custody for a period ranging from one to 84 nights, as shown in the **Table 5.11**. Further, more than 550 interviews have been conducted at various locations across the country.

**Table 5.11: Search/Seizure and detention executed between 2017 and June 2023**

	Jul 2022 – Jun 2023	Jul 2021 – Jun 2022	Jan 2020 - June 2021	2019	2018	2017
<b>No. of Cases</b>	77	59	54	50	39	64
<b>Search/Seizure</b>	8	17	8	7	13	16
<b>Detention</b>	17	24	0	6	5	17

Further, the ACC, on reasonable grounds, seizes any movable or immovable properties deemed to be a subject matter of an offence or evidence relating to the offence. However, the seized perishable articles or items, that are difficult to be maintained from decay or deterioration, are auctioned and its proceeds from the sale are maintained in the ACC's Escrow account. Towards further streamlining the process, in keeping with the Anti-Corruption (Amendment) Act of Bhutan 2022, the ACC drafted the Rules of provisional measures in the management of seized properties.

Depending on the outcome of the investigation or judgment of the Court of Law, the seized properties are disposed of, by either returning to the owner concerned or the OAG. In this regard, in the reporting year, a total of 161 seized properties such as vehicles, land, documents, electronics and jewelries including Nu. 8.717 million were accordingly disposed. Further, a total of Nu. 7.849 million was deposited to the MoF from the administrative fines and penalties.

## 5.2.4 Prosecution referral and outcome

In the reporting period, from the total of 41 cases that merited prosecution, 36 cases were forwarded to the OAG (**Annex I**). Of the total forwarded as of June 30, 2023, 23 cases are currently being reviewed by the OAG adding to the backlog of nine cases from the previous years (refer **Annex II**). Further, 32 cases are with various Courts (refer **Annex III**) related to cases registered during as well as prior to the reporting period, and a total of 27 judgments were rendered by different courts. As a result, of 69 defendants charged, 51 were convicted, 17 acquitted and one deferred, as shown in **Table 5.12**. Thus, the conviction rate for the judgment rendered in the reporting year excluding deferred judgment is **75.0%**.

**Table 5.12: Prosecution Outcome**

Description	Judgment rendered					Conviction rate
	No. of Cases	Charged	Convicted	Acquitted	Deferred	
2018	46	57	45	11	1	80.4%
2019	60	106	81	23	2	81.6%
Jan 2020 – Jun 2021	34	116	77	24	21	74.7%
Jul 2021 – Jun 2022	30	127	109	14	4	88.6%
Jul 2022 – Jun 2023	25	69	51	17	1	75.0%
Total	195	475	363	89	29	80.1%
Conviction rate over the last five years						

### 5.2.5 Judgement enforcement related to ACC prosecuted cases

Against the total restitution of Nu. 154.619 million ordered for JPLP, Nu. 5.370 million could be restituted in the reporting period, taking the total restitution to Nu. 83.177 million. The remaining restitution amount will be prayed for conversion to imprisonment term. With regard to the Trongsa land case, it is pertinent to reiterate that the Hon'ble Supreme Court, upheld the judgement of the Dzongkhag and High Courts which accorded discretion to the government to consider taking over the structure on the impugned land by compensating with the assessed value of the structure or if the government decides otherwise, the defendants are to dismantle the structures on their own expense. Accordingly, the ACC informed the Government on the judgement and accordingly received the Cabinet decision, vide copy of its letter no C-3/2022/022/1313, dated 7 July 2022, informing the Ministry of Finance about the government's intention to take over the structure and to initiate necessary action.

### 5.2.6 Status of corruption reports qualified for investigation

From the total complaints qualified for investigation during the reporting year, 40 corruption reports along with eight from the previous years, were assigned for investigation. These corruption reports were either assigned as new cases or merged with ongoing investigations thereby resulting in a total to 38 cases.

The status of corruption reports qualified for investigation including those that were upgraded for investigation from ATRs and IEs are given below in **Table 5.13**.

**Table 5.13: Status of corruption reports qualified for investigation**

SN	Year of Complaint	Balance for investigation as per Annual Report 2021 - 2022	Assigned for investigation in 2022-2023	Current Balance
1	2006 – 2016	18	0	18
2	2017	3	1	2
3	ATRs and/or IEs of 2017 & before - complaints reviewed in 2018	3	0	3
4	2018	5	0	5
5	- ATRs and/or IEs of 2018 & before - Complaints reviewed in 2019	1	0	1
6	2019	3	0	3
7	Jan 2020 – Jun 2021	26	1	25
8	Jul 2021 – Jun 2022	37	6	31
9	Jul 2022 – Jun 2023	62	40	22
<b>Total</b>		<b>158</b>	<b>48</b>	<b>110</b>

## 5.3

## Highlights of some major cases featured in the reporting period

Highlights from three cases investigated and referred for prosecution during the reporting period are presented below, in view of significant public interest, emerging trends in corruption and the involvement of a wide range of public/private perpetrators, and therein sensitize and advice both leadership and general public in a timely manner.

### Case No. 01

### Greasing the Wheel - Corruption and Non-Performing Loans (NPL)

The year 2019 through 2022 stirred public skepticism with recurrent headlines on deteriorating NPLs in the banking sector compelling the regulator to impose loan moratorium on few FIs due to exceedingly high rates of NPL. By the third quarter of 2022, the NPL ratio of these banks had

reportedly touched as high as 9.0% to 11.0% against the prudential threshold of 5.0% and 7.5%. The total combined NPL of six banks as on 23 March 2023 stood at Nu.8.056 billion. Elsewhere, most empirical research has shown a positive and statistically significant relationship

between corruption and NPL and its adverse effect on economic growth. While there could be other macroeconomic variables and policy affiliated drivers, corruption and governance issues in the financial sector have been found to be one of the determinants driving the NPL which is a manifestation of deteriorating FI's asset quality by distortionary allocation of economic resources.

The ACC did not have to look far and beyond the sphere of its own mandates to come to the conclusion that corruption did have a contributory role in aggravating the NPL situation. Around mid-2021, the ACC started receiving complaints from the RAA, RMA and a few banks alleging that an individual had mortgaged the same hypothecated properties multiple times across different banks and, in some instances, had even transferred ownership when collateral is still active.

The banks implicitly blamed Phuentsholing Thromde Office who at that time issued and certified most of the lien noting while sanctioning loans but provided no indications of improprieties of their own staff. On the other hand, Phuentsholing Thromde projected poor documentation and record keeping habits of its dealing staff as a cause of oversights.

In September 2022, ACC decided to launch a full investigation upon reviewing



the preliminary evidence which showed possible corruption involving public officials. At the time of commencing the investigation, the accused, a 36-year-old man, had 88 loan accounts with various banks with a total outstanding balance of Nu. 818.000 million as of December 2021. The loans were availed in the names of various business entities registered either in his name or his wife's name and related parties. The ACC conducted 14 concurrent investigations and forwarded to the OAG for prosecution.

The investigation established a widespread corrupt nexus with a number of public officials across different agencies who facilitated him to perpetuate his fraudulent scheme to obtain loans from various financial institutions. These individuals included credit appraising officers in banks, officials responsible for lien noting in Thromde and Dungkhag, managers and sales personnel of heavy vehicle dealers, government employees in road transport authority and land administration as well as police personnel. He was found to have influenced these individuals with corrupt inducement and rewards in the form of cash or kind and kept them under his obligations so that he could extract return favors whenever he needed to obtain loans of such kind and quantum





which he would not otherwise get if he honestly processed with true and correct information.

By and large, the pattern of indulgence did not conform to the transactional or *quid pro quo* type of scheme i.e. he did not necessarily pay the officials with immediate reciprocity or with predetermined sum of money commensurate to the value of favor obtained but rather pursued in the form of continued sweetening process whereby he voluntarily paid them in varying sums from time to time. Bribery, kickbacks, forgeries and deceptive practices were the main instruments of crime used by the man to obtain credit from the banks. The following contextualized synthesis of the overall findings offer anatomical insights into the multi-faceted characteristics of the criminal *modus operandi* deployed by the man in what can be regarded as the most scandalous mortgage fraud ever investigated by the ACC until date.

### Lien Noting Fraud

The investigation ascertained that the man began his fraudulent scheme as early as 2016 after learning that he could bribe a staff working in Phuentsholing Thromde responsible for lien noting which is one of the prerequisite steps for banks to sanction and disburse loans. As per the Land Act 2007, land offered as mortgage with financial institutions were required to be recorded in concerned local authorities, Gewogs/Dungkhags/Dzongkhags or municipal offices. These authorities maintained a repository of information and acted as a controlling point to ensure that the same properties are not mortgaged multiple times with different financial institutions and transfer of lien properties are not affected unless the banks have discharged the hypothecated assets. The ACC discovered

that, on various instances between 2017 and 2019, one of these staff regularly received financial gratifications from the man aggregating more than Nu.1.000 million. She was found to have knowingly and willfully effected 12 lien noting against properties which were already noted thereby enabling the man to obtain 22 additional loans from six banks totaling Nu. 518.894 million. Similarly, the other staff who also received pecuniary advantage from the same man processed ownership transfer despite the properties already being under lien by issuing new Lag-Thram without collecting the old ones.

### Reprinting of Lag-Thrams (Land Title Certificate)

The investigation also revealed that three NLCS officials were involved directly or indirectly in aiding the man in furthering his fraudulent loan scheme in exchange for financial gratification ranging from Nu. 0.190 to Nu. 0.470 million. One land record official arranged to print 17 copies of Lag Thrams, four of which were used by the man to obtain loans from three financial institutions amounting to Nu. 27.527 million. The land record official used deceptive means to cause reprinting of Lag Thrams, which otherwise would be entertained only in lost cases processed formally through local authorities. Another land record official in Thimphu Dzongkhag Administration, without any authority, assisted the man in issuing lien noting on account of one plot located in Kawang that was already under mortgage by using the e-Sakor access credential of one of his colleagues. The third official who is a surveyor provided his professional services to the man by using the office equipment and also directly participated in reprinting two Lag Thrams which he personally delivered to the man.

### **Fictitious Vehicles**

The man owned a transport company operating a fleet of heavy vehicles and is one of his principal business activities. The RSTA system showed that between 2016 and 2019, the man had purchased 87 heavy vehicles from two vehicle dealers. The ACC found out that 22 vehicles did not actually exist and were fraudulently registered in complicity with two staff of the RSTA in Tsimasham, two from insurance companies and three from vehicle dealers. Between April and July 2018, the man used falsified details of 19 non-existent vehicles as collateral to obtain three transport loans, which added up to Nu. 31.089 million from one of the banks. Certain portions of the loan proceeds went into liquidating outstanding credits with the same dealer who was later found to have arranged falsified proforma invoices and money receipts. While few of these individuals acted on instruction of their supervisors, the investigation revealed that the man had, from time to time, induced or rewarded some of them with financial payments with a total sum ranging from Nu. 0.150 to Nu. 0.780 million. The man obtained fake proforma invoices from vehicle dealers while the RSTA officials registered in the system not only by omitting to conduct physical inspection but also manipulating data entries circumventing input validation rules. Two insurance staff have falsified insurance papers against 19 fictitious vehicles. These falsified documents were eventually presented to the banks where he also had a number of key officials in his pocket who would subserviently flout and turn blind eyes to procedural diligence.

### **Staged Civil Litigation**

The investigation revealed that the man engaged in selling land that were hypothecated against loans in several banks. The man sold 4.95 acres of land at an agreed sale value of Nu. 100.000 million to a businessman in Thimphu mediated by a broker. Although the urban land transaction had to be processed through the municipal authority, the man and his broker in collusion with buyer registered a faked civil suit with Phuentsholing Dungkhag Court by concocting a case of breach of contract. Under the pretense of amicable settlement of dispute among the litigating parties, the trial concluded with a summary hearing in a matter of a few days and the judgement was then used as a pretext to effect ownership transfer in Phuentsholing Thromde. The broker bribed the lady responsible for lien noting with Nu. 0.100 million to overlook the discrepancies and issue a noting in enabling the buyer to process a new loan of Nu. 100.000 million from the RICBL, Thimphu.

### **Layered Corrupt benefits**

The investigation revealed that several bank officials sought to affiliate with the man in pursuit of personal enrichment and in doing so engaged in various forms of irregular conduct in breach of their duties related to credit appraisal systems and procedures. Depending on their level of position, authority and influence in decision making, the nature of interactions and their surreptitious arrangement also varied. The investigation learned that one senior loan manager of the BoBL Main Branch, Phuentsholing, was the ultimate beneficial owner of two trucks

costing Nu. 3.544 million each registered in his relative's name. These two trucks were ordered and paid for by the man and again the same trucks were put on hire in the man's transport company. The manager also used these two trucks as collateral to process a transport loan for financing the acquisition of another truck which was registered in his mother-in-law's name. To conceal the identity of the beneficial owner i.e. himself, he used the names of his relatives while processing transport loans and vehicle registration. The total value of corrupt benefit, the manager had gained from the man was Nu. 7.536 million. Similarly, three other officials were also found to have accepted financial gratifications of Nu. 0.940 million.

The investigation found that the man had obtained 16 loans (four Overdrafts and 12 transport loans) from the BoBL Branch in Gedu with a sanctioned amount of Nu. 89.120 million. The man processed and secured multiple loans in the name of his wife's relatives. The approved loans were fraught with anomalies of varying degree of seriousness from infringing the standing requirement to execute loan papers within the bank's premises by forging or falsifying key documents in presence of bank officials themselves. The man arranged false work orders in the name of other agencies, submitted properties already used in other banks, taken custody of Lag Thram. Some loans were found to have been approved within a day. Most of the fictitious vehicles registered with the RSTA were loans based on fictitious registration certificates and insurance policy certificates. The Branch Manager received Nu. 0.200 million and employment of his nephew in the man's company.

The BNBL, Phuentsholing also sanctioned 16 loans amounting to Nu. 57.852 million between 2015 and 2018. One Credit Officer and a Legal Assistant were involved wherein they misrepresented in the appraisal form, ignored a fictitious sale deed purporting to have bought land, sanctioned loans to businesses that did not physically exist, and released properties without liquidating the loan. The two bank officials received Nu. 1.66 million as gratifications

### *Bank induced loans to clean-up NPL*

Over a period of 18 months beginning from 2018, the DPNBL had sanctioned six loans amounting to Nu. 357.000 million to the man against whom the bank later alleged to have committed a double mortgage fraud. While the corrupt instances discovered in other banks can be attributed to individual employees, the DPNBL case differed slightly, in that, managers and executives were collectively involved in a decision that violated prudential credit policies. The ACC came to know that management indulged in a behind-the-scenes negotiation with the man to provide loans to him under an inconspicuous deal in which the latter would purchase and takeover seven foreclosed properties mortgaged by three defaulting clients (i.e. seven plots of land measuring 7.25 acres under Chhukha Dzongkhag jurisdiction) which the bank, in spite of repeated auctions, could not dispose of at its reserved value. Since the bank could not sell the mortgaged properties directly to the man, an auction was staged in which only two bidders turned up, one of which was sent by the man. After declaring the auction unsuccessful, the bank negotiated with a man who agreed at Nu. 54.000 million for the properties based on which the bank sanctioned two overdraft loans

from where they adjusted all outstanding loans of the three defaulters. This case exemplifies how banks can 'clean up' their NPL accounts by advancing new loans to close the old ones.

During the same period the bank was in the process of negotiating and considering loan sanction to the man, individuals affiliated to the bank's promoters or management team, seized the opportunity to offer and sell their own private properties and business

units to the man which significantly enhanced the size of loans needed to finance the acquisition pushing the bank to inflate appraisal value of properties and hypothetical business income. The man confessed to have paid financial inducement or reward amounting to Nu. 0.800 million to four bank officials involved in processing the loans. Similar to other banks, the investigation found a wide range of irregularities, gross omission of due diligence.

Case  
No. 02

## Fraudulent Auto Insurance Claim

Information silos with limited business intelligence, overriding of established due diligence processes and ethical issues of employees magnify the risk of fraud and corruption in the corporate sector. Sometime in July 2022, one insurance company reported to the ACC a case of suspected fraud in auto insurance claims upon observing several red flags and anomalous patterns. The claim raised suspicion when scrutiny showed that drivers involved in the so-called 'accident' were never injured despite vehicles falling off from the same spot more than once and the slim time gap between the date on which total loss claim was settled by one insurance company and date on which a new insurance policy was subsequently purchased from another insurance company.

The ACC investigated circumstances surrounding the auto insurance claims raised by the alleged person against five heavy vehicles and one excavator between 2020 and 2022. The investigation revealed that a 32-year-old man and his accomplices along with few freelance

drivers, his wife and a former religious teacher were engaged in fraudulent motor insurance claims from the two insurance companies by staging accidents. The *modus operandi* started with purchasing salvages of the vehicles declared and settled as total loss from one insurance company. It basically means that the insurance company did not see merit in repairing these damaged vehicles as their repair and service cost would be more than 75% of its sum insured. They purchased this salvage at an auction at residual value. Few months later, these vehicles, while still lying in a junkyard in scrap or off-road condition, were insured with another insurance company under a comprehensive motor insurance scheme at a highly inflated sum assured value purporting the vehicles to be new and in good condition. After purchasing the policy, they ferried the scrap loading on another vehicle, usually a trailer, sometimes even accompanied by Backhoe loader and taken to a spot and pushed off the cliff before reporting the accident to the RBP.





This twisted mangled wreckage of a 40 ft. trailer lying at the bottom of cliff at certain stretch between *Chhukha-Damchu* highway which was thrown off the cliff in Tsirang in October 2021 along with its load i.e. excavator. The accused collected an insurance payout of Nu. 3.482 million from the insurance company. After the settlement, the accused purchased the same scrap from the auction at Nu. 0.105 million and insured with another insurance company for sum assured value of Nu. 2.594 million in January 2022. About three months later, the scrap was ferried in another trailer and thrown off and collected an insurance claim of Nu. 2.458 million.

The investigation revealed that an employee in one of the insurance companies underwriting the policies had received an illicit financial gratification from the accused in varying sums aggregating close to Nu. 0.100 million between February 2021 and January 2022. He skipped the company's prerequisite steps in underwriting auto insurance i.e. physical inspection of the vehicles and other documentation process. In a few cases, he even falsely made it appear in the computer records that he only processed the policies underwritten by the company's agents when he actually did it himself.



Aerial footage of the spot along Chhukha-Damchu highway stretch from where three heavy vehicles were pushed off from the road in two separate occasions.

By staging nine accidents using six second-hand vehicles, the accused ripped off **Nu. 19.734 million** from the two insurance companies in claim settlement. The ACC found that the fraud was not just a random case of infrequent opportunistic behavior but an execution of premeditated operation of a fraudulent business model motivated by desire to make hefty profit effortlessly that would have perpetuated if not reported to ACC and subsequently investigated.

In order to share its investigation findings on systemic lapses and persuade relevant agencies to consider appropriate

interventions, the Commission convened a joint meeting with the RMA, CEOs of the two insurance companies and RSTA on 17 February 2023. The investigation helped the ACC in identifying eight key risk areas and formally issued 19 recommendations and advisories for their perusal and appropriate remedial actions. Under the RMA's stewardship, the two insurance companies are collaborating on data integration leveraging on the existing platform CRST which would enable them to exercise enhanced due diligence in the auto insurance underwriting process and curtail recurrence of similar fraud risks.

### Case No. 03

## Abuse of function

During the reporting period, a case investigated by the ACC included an allegation involving an appointment to the Board of Directors of the National Cottage and Small Industries Bank Ltd (NCSIBL), headquartered in Paro until recently. Investigation revealed that the authority responsible for the nomination of Board of Directors of State Owned Enterprises (SOE), steered the inclusion of a certain civil servant to the Board of Directors, who, during the time of the nomination was being prosecuted on corruption

charges, and is currently serving prison sentence.

The investigation revealed that this particular civil servant was not in the initial list, but was later dubiously included in the final list, and formal approval of the Lhengye Zhungtshog was circumvented in breach of the Public Finance Act 2007 as well as the Corporate Governance Guidelines for State Enterprise 2019. It was also found that the same person had also been nominated for secondment to the National Credit Guarantee Support Facility and later as a Board Director of another SOE, Bhutan Development Bank Ltd.

The said civil servant, as Chair of the Board Credit Committee in the NCSIDBL, was found to have misused his position to approve loans where he had direct or indirect proprietary and pecuniary interest. Investigation revealed that he did





not disclose his conflict of interest (CoI) in approving Nu.4.990 million loan proposal of his own son applied in the name of another person. In another instance, he aided a loan amount of Nu.5.014 million to a person who not only agreed to rent the ground floor of his building to run a restaurant but also used part of the loans to carry out structural works on the building, including the parking. In yet another instance, he unilaterally approved a project loan of Nu.5.727 million which had earlier been rejected twice by the Sub Credit Committee due to project viability concerns. When the proponent failed to inject 25% equity into the project, the loan was later increased to Nu. 6.873 million by remodeling the debt-equity ratio from 75:25 to 90:10 based on the approval of the National Credit Guarantee Scheme (NCGS) Committee. The approval

itself was in breach of the established procedures agreed between the government and the participating banks. As on 18 July 2022, the outstanding loan stood at Nu.7.162 million and as a NPL.

Shreds of evidence suggest vulnerabilities of SOEs to back door interference and top-down pressures to overlook due diligence in loan appraisal procedures undermining the corporate governance and exacerbating the operational risk of the project itself. With the 2022 amendment to sections 58 and 59 of ACAB, '*...cause loss to the State*' has been added as a corrupt offence under the provisions on commission and omission amounting to abuse of function, but it is yet to be tested in a Court of law. Notwithstanding this legal option, there is dire need to prioritise accountability in public discourse and by the leadership.

## Section

# 6

## Organizational Insight

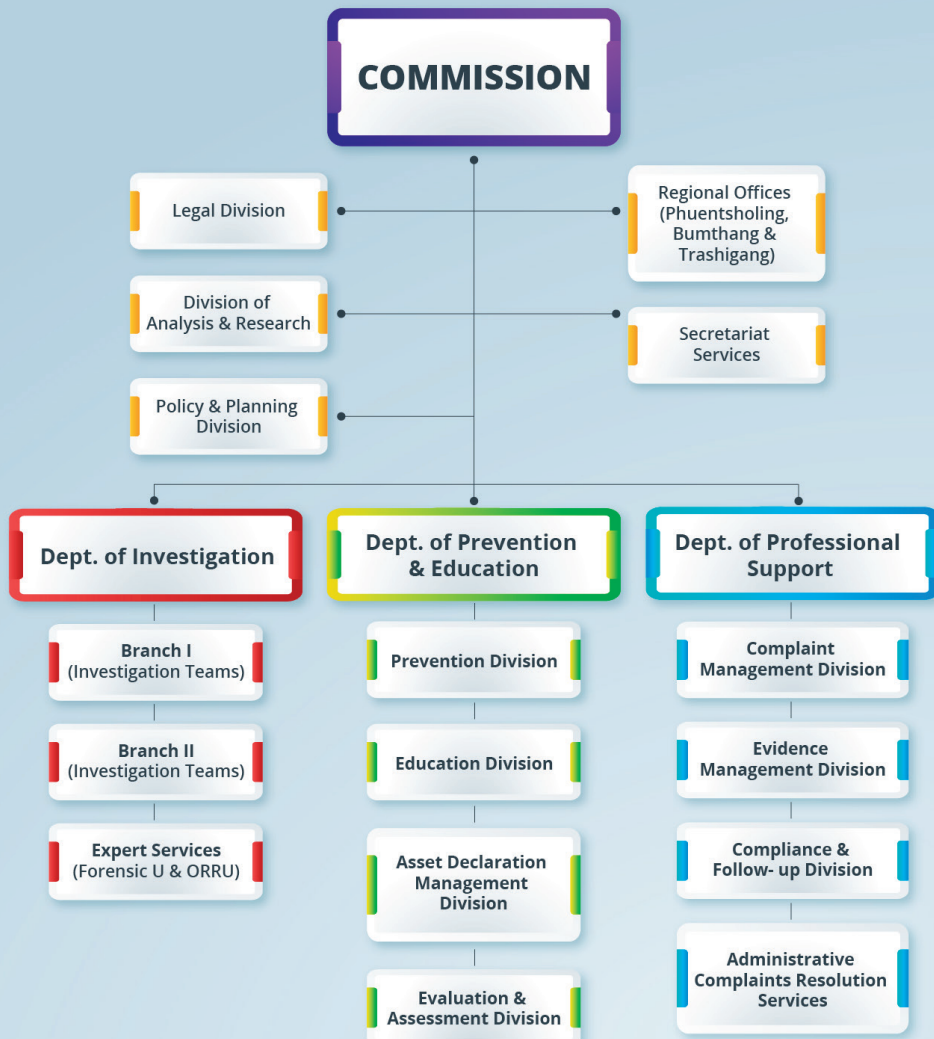
- 6.1 Organizational Structure and Human Resource
- 6.2 Organizational Performance Metrics
- 6.3 Organizational Culture
- 6.4 Organizational Networking
- 6.5 Resolutions of the Eighth Session of the Third Parliament

## 6.1

## Organizational Structure and Human Resource

## 6.1.1 Structure &amp; Staffing

In keeping with the Strategic Anti-Corruption Roadmap 2030 adopted in 2022, the ACC started operating under the revised organizational structure as presented in **Figure 6.1**.



**Figure 6.1:** Revised Organizational Structure

From the initial approved staff strength of 163 in the 12<sup>th</sup> FYP, it was re-adjusted to 161 after two finance personnel were transferred to Cluster Finance Services. Against the revised approved staffing, the total staff strength was 141 (excluding Commission, Drivers & ESP/GSP) by the end of June 2023 as presented in **Table 6.1**. From the total staff strength, 12 were on long-term training and extraordinary leave, making the active workforce to 129 staff. During the reporting period, 25 staff (including the transfer of two to cluster services) departed from the ACC and 38 new staff members were recruited to ensure uninterrupted operational stability amidst the challenges.

**Table 6.1:** Recruitment status

Department	Revised Staff Strength	Staff Strength (June 2022)	Separated	Recruited	Internally transferred	Staff Strength (June 2023)
Dept. of Investigation	34	42	12	11	8	35
Dept. of Professional Support	24	17	2	5	3	17
Dept. of Prevention & Education	25	18	3	8	1	22
Division of Research & Analysis	17	10	1	6	1	16
Legal Division	13	11	1	2	0	12
Policy & Planning Division	6	6	1	1	0	6
Bumthang Regional Office	8	4	1	0	1	4
Tashigang Regional Office	8	6	0	1	2	7
Phuntsholing Regional Office	9	0	0	0	0	9
<b>Secretariat Services</b>			5	2	-2	
HR & Training Services	3	3	0	0	0	3
Administration and Finance Services	9	8	3	2	1	8
ICT Services	4	3	1	2	2	2
Security Services	1	0	0	0	0	0
<b>Total</b>	<b>161</b>	<b>128</b>	<b>25</b>	<b>38</b>		<b>141</b>

## 6.1.2 Staff Attrition

From the total separated in the reporting year, the ACC lost 16 staff in just six months. The attrition rate of the financial year is 15.06%, higher than the attrition rate recorded so far, as shown in **Table 6.2**.

**Table 6.2: Attrition Rate**

Year	Total Staff	No. of staff Recruited	No. of staff Separated	Attrition Rate (%)
2019	118	19	6	4.84
Jan 2020 – June 2021	129	24	13	9.15
Jul 2021- Jun 2022	128	19	20	13.51
Jul 2022 – Jun 2023	141	38	25	15.06

At the operational level, amongst many, retaining skills and experience stands out as a daunting challenge. In the course of the reporting year, a number of experienced and senior staff chose to part ways, raising concerns regarding the organization's ability to retain its seasoned talent. Specifically, two staff with 17 to 19 years, two with 7 to 10 years and thirteen with 2 to 6 years of invaluable experience separated from the ACC. Adding to these concerns, 19 out of 25 separated were from the Professional & Management position category, while the rest six departures were from the Support and Supervisory Category. Significantly, it is the Department of Investigation (DoI) that encountered the highest attrition rate, with 13 out of the 25 departures during this reporting phase. While the ACC made a rigorous recruitment drive, the fact is that 35.5% of the entire existing workforce possess less than two years of ACC experience and the need for continuous enhancement of skills and knowledge transfer while also preserving a robust institutional memory has become a pressing imperative.

## 6.2 Organizational Performance Metrics

### 6.2.1 Annual Targets

Similar to any other organization, the ACC is also equally susceptible to corruption vulnerabilities, and it becomes even more acute given that its very mandate is to prevent and combat corruption. Towards this, the ACC consciously endeavors to cultivate a culture of integrity espousing the principles of grit, courage and professionalism.

Under the ambit of the 12<sup>th</sup> National Key Result Area (NKRA) – *Corruption Reduced* -, the ACC continues to embed integrity measures, not only for other public agencies, but also within itself. The attainment of 'Excellent' level, with the score of 100% in the OIP implementation, is not a mere accomplishment, but an unceasing reminder of the Constitutional mandate to lead by example. To this, besides regular sensitization on the ACC's ethical code of conduct institutionalised in-house mechanisms, the ACC undertakes the *Oath of Allegiance and Affirmation* for every new recruit and conducts integrity vetting of every new staff during the recruitment. These are to ensure that individuals with unblemished

records are selected, promoted or recognized so as to uphold the sacred responsibility with a cadre of impeccable integrity. Other substantial efforts include institutionalization of integrity measures within its operations, notably through the gifts and conflict of interest declaration and management mechanisms.

With regards to overall organizational performance, the ACC achieved 96.26% in the evaluation of APA, which measures performance against the following outputs, among others:

- Deterred acts of corruption through effective and timely investigations;
- Promoted integrity systems in public and private;
- Implemented target specific awareness and behavior change programs;
- Enhanced strategic partnership with national and international stakeholders; and
- Promoted ACC as 'Employer of Choice' and a 'Learning Organization'.



## 6.3

## Organizational Culture

## 6.3.1 Internal Health

The Organizational Climate Survey (OCS) of the ACC has undergone two significant phases of exploration, with the first being conducted in 2019 and second from May to June 2023. With the primary objective to gain in-depth insights into the levels of employee satisfaction and the internal well-being of the organization, it is expected to augment the organization's operational capacity. The recent survey was constructed using 16 Domains and 80 key indicators. A total of 146 out of 149 employees participated in the survey.

The ACC scored 3.742 out of 5, signifying a 'Good' level of organizational climate.

Among the 16 domains, the highest rated domain was 'perception on employees by the leaders' followed by 'organizational goals & objectives'. However, the least rated domains were training & development, career advancement, and decision-making process. Some of the key recommendations emanating from the survey were to devise strategies for retaining and nurturing employees, implementation of a comprehensive HR development plan for continuous skill enhancement and enhance internal communication for greater synergy, among others.

## 6.3.2 Systems &amp; Processes

In due acknowledgment of the strides in the digital landscape vis-à-vis its expanding presence, the ACC embarked upon digitizing its secretarial services for operational efficacy and enhanced service delivery across Departments, Divisions and Regional Offices. The online applications being enhanced, overhauled and or developed include the Systems pertaining to Complaints & Investigation Management, OIP, IVS, Leave & Attendance, Dispatch, Fleet Management, amongst others.

## 6.3.3 Staff Welfare &amp; Security

*Elevating ACC's security standards*

Acknowledging the paramount importance of strengthening the staff security, the ACC established a specialized security unit in collaboration with the RBP. Entrusted with the responsibility of implementing and overseeing security measures, including at the Regional Offices, this unit conducted comprehensive assessments of existing systems. The objective is to enhance security on multiple fronts, encompassing immediate, short-term, and long-term strategies. Some of the immediate measures included the installation of Door Frame Metal



**BUILDING**  
stronger teams and  
embracing volunteerism &  
**SOCIAL** responsibility



Detectors (DFMD) at the Phuntsholing Regional Office, as well as the implementation of Biometric and CCTV systems across all offices. The ACC remains resolute in its pursuit of continuous improvement to minimize risks for its dedicated staff members.

#### *Fostering solidarity and support: Staff Welfare Scheme*

Staff Welfare Scheme (SWS) besides providing financial assistance during challenging times, reaffirms unity placing staff well-being at the forefront. During the reporting period, the ACC family united on five occasions to offer solace and support to those who experienced the loss of loved ones, all made possible through the SWS.

Further, to reinforce the SWS's role in cultivating solidarity, the ACC formalised the Endowment Fund as part of the scheme to promote long-term commitment and retention within the organization. Currently, the ACC's Endowment Fund with a balance of Nu.

6.300 million offers three types of loans – Welfare, Education and Emergency Loans – to the staff, with the primary goal of support in times of pressing need.

#### *Supporting working parents and child development: Childcare Center*

Since its establishment, the Day Care Centre facility in the ACC has consistently offered invaluable assistance to working parents of the ACC and other nearby agencies. At present, the center caters to 16 children and is supervised by three ECCD facilitators. Notably, the parents themselves effectively oversee both the facility and the facilitators, exemplifying the potency of community-driven endeavors in supporting working parents and fostering holistic child care.

### 6.3.4 Staff Motivation and Social Cohesion

#### *ACC's Foundation Day: Celebrating 17 Years of Anti-Corruption Efforts*

The ACC marked the day with a staff and family picnic on 31 December 2022. The day not only served to acknowledge the efforts made in coming thus far together but also reinforced the dedication to fight corruption resolutely with constant vigilance, adaptability, and an unyielding pursuit of justice.

#### *Fostering Unity: The Power of Volunteerism and Team Bonding*

Within the ACC, the spirit of volunteerism breathes as a powerful force, embodying

the principles of selfless dedication and collective progress. One particularly striking facet of volunteerism at the ACC is in the substantial financial savings. Among the numerous initiatives, a noteworthy example is the voluntary service in the refurbishment of the third floor at just Nu. 0.036 million against the initial cost estimate of Nu. 0.300 million, which was far beyond the budget available, signifying the power of collective efforts besides financial prudence. The ACC will continue to nurture the culture of volunteerism for enhanced sense of unity among the staff and pride and ownership in the physical

Weaving threads of  
synergy through effective

**COMMUNICATION  
& CAMARADERIE**



edifice. Further, towards nurturing team bonding and a healthier lifestyle, the ACC coordinated health and wellbeing related social programs such as hike, yoga sessions, sports tournaments, and cleaning campaign, among others.

#### *Nurturing a Learning Organization: Recognizing Excellence and Promoting Innovation*

As part of the wider efforts to recognize dedicated years of service, the ACC awarded the Civil Service medals to 15 officials (one gold, one silver and 13 bronze) during the reporting period. Further, to cultivate a culture of continuous learning, the ACC instituted various self-propelling innovation initiatives such as the *Innovation Dumra*, DAMTSI Forum, Journal Publication using ACC's research data, among others.

## 6.4 Organizational Networking

### 6.4.1 National Networking

Recognizing the intricate challenges posed by corruption, the ACC remained steadfast in its pursuit of a united and resolute stance against the social menace – corruption. In its ongoing efforts, the ACC continued to foster close collaborations not only with the RAA and OAG but also with other esteemed national counterparts, including but not limited to the RCoJ, RCSC, ECB, RBP, RMA and BTI. These collaborative endeavors ranged from the development of anti-corruption education and prevention strategies to the enhancement of investigative capabilities, particularly in the realm of information gathering. Such engagements augment the ACC's efforts towards ensuring a dedicated and comprehensive fight against corruption and creation of a corruption-free environment.

### 6.4.2 International Networking

Upon invitation, a two-member delegation from CPIB, Singapore visited to support the ACC in enhancing investigation capabilities, aligning with the organizational commitment to prioritize proactive intelligence-based investigations. The 10-day visit, from 30 April to 10 May 2023, also facilitated discussions on collaborative opportunities between the two agencies in the fight against corruption. The focus was on sharing best practices and expertise, and cementing a valuable foundation for strengthening the bond between the two agencies.

## 6.5

# Resolutions of the Eighth Session of the Third Parliament

*Considering that the highest corruption in abuse of powers and other corruption has been reported in the Local Government, it is recommended that the ACC strengthen and conduct more awareness and advocacy programs to the Local Government leaders.*

## Recommendation 1

Since its inception, the ACC has been conducting advocacy and thematic sessions for the LG functionaries. Additionally, taking note of the resolutions of the 28<sup>th</sup> Session of the National Council, thematic sessions with the newly elected leaders of 18 Dzongkhags; LG engineers of 17 Dzongkhags and four Thromdes were conducted in the FY 2021-2022. The Thematic Session for LG functionaries of the two remaining Dzongkhags and a session with newly recruited Gewog Administrative Officers was conducted by the end of May 2023. The ACC collaborated with the RIM and erstwhile DLG to include content in Professional Development Program for LG Leaders, and will continue to collaborate with the Department of Local Governance & Disaster Management and relevant stakeholders in conducting such programs/sessions. Further, the ACC also conducted thematic sessions for the Finance/Accounts and Procurement personnel of 20 Dzongkhags, and four Thromdes with target of enhancing accountability, transparency and integrity culture and capacity of the LGs.

*The ACC to submit a report to the Parliament on the follow-up actions taken by concerned Agencies and Ministries against the various recommendations provided in the next reporting year.*

## Recommendation 2

The Commission shared the prioritized risks and recommendations of the Corruption Risk Management with the erstwhile Ministry of Education, Ministry of Economic Affairs, Ministry of Information & Communication, Ministry of Works & Human Settlement, Ministry of Finance, Thimphu Thromde and Chhukha Dzongkhag. The report on the implementation status of recommendations were shared by the MoENR, MoF, MoIT and Department of Air Transport while MoESD, Thimphu Thromde and Chhukha Dzongkhag are yet to submit. The detailed analysis of follow-up actions taken by agencies are provided under the **Section 4**.



*The concerned agency to submit a report to the Parliament on the implementation of the ACC's recommendation on surface collection and dredging of river bed materials in the next session.*

### Recommendation 3

The system study report on the Management of Surface Collection and Dredging of River Bed Materials was published in June 2022 and disseminated with the relevant agencies viz. Department of Forests & Park Services (DoFPS), Department of Geology & Mines (DGM) and Regional Revenue and Customs Offices (RRCO). After the report was shared, the ACC recommended the agencies to develop an action plan or the OIP for effective implementation of the recommendations.

Accordingly, the ACC received the OIP developed by agencies in September 2022, which was informed to be implemented with immediate effect. An update on the implementation status along with the supporting documents from the agencies was received by the ACC in April 2023. To this, to verify the implementation as reported, the ACC conducted the field verification from 23 April till 9 May 2023. The overall half yearly implementation status of the OIP was at 63.5%. Individually, the implementation status of the DoFPS and DGM was equal at 66.7% and that of the RRCO was at 57.1%. Since it was a half-yearly assessment, the implementation status of all the three stakeholders, indicating more than 50.0% completion rate, was positive and encouraging. Further, the ACC shared the assessment Report with DoFPS, DGM and RRCO urging all to focus on the partially implemented and not implemented recommendations in order to achieve 100% implementation within the next six months.

*ACC to continue conducting assessments such as Youth Integrity Assessment, and Social Accountability Assessment in the future.*

### Recommendation 4

The ACC noted the recommendation and will review it further to be conducted within the appropriate/realistic time interval. In addition, the NIA 2022 was published. Similarly, with the technical and financial support of the ACC, the BTI conducted its third NCBS in the country and released the NCBS Report recently.

*The ACC to coordinate with the law enforcement agencies regarding the security concerns.*

### Recommendation 5

Following the approval of the RCSC on the creation of Security Unit, the RBP deputed an officer to the ACC and assisted in establishment of Security Unit. Since then, a thorough assessment was conducted on the existing security systems and accordingly the short term remedial measures were implemented as reported in **Section 6**.

*The ACC to explore means to collaborate with Election Commission of Bhutan (ECB) in prevention of corruption during the conduct of election.*

### Recommendation 6

Towards enhancing collaboration in prevention of corruption during the conduct of election, the ACC and ECB closely worked in the development of module on anti-corruption for Civic and Voter Education Modular Framework of the ECB. Accordingly, the ACC participated in its dissemination from 12 to 28 September 2022, ahead of the NC Elections and from 17 to 19 July 2023 ahead of the NA Elections. Further, the two institutions collaborated in formalizing procedures for obtaining IVR by aspiring candidates for the National Assembly, National Council and Local Government elections. Accordingly, the IVR were issued to 129 aspiring NC candidates as provided in **Section 4**.



## Building Organizational Capacity

to be intelligent, agile &  
responsible institution



## Section

# 7

## Challenges

7.1

Clustering Initiatives – *risks to operational independence*

7.2

Inadequate budget – *risks to sustainability of efforts and public trust in the fight against corruption*

7.3

Delay in Resolving Corruption Cases – *threat to the Rule of Law and integrity of the Criminal Justice System*



## 7.1

## Clustering Initiatives – risks to operational independence

The importance of an independent ACA is not a need that is unique to Bhutan. Across the globe, nations recognize the necessity of autonomous bodies to combat corruption effectively. Organizations like Transparency International and the United Nations emphasize the need for such independence to maintain public trust and ensure the impartiality of anti-corruption efforts. The authority to manage human resources allows agencies to recruit and retain the necessary talent and ensures that personnel are free from external influence, thereby enhancing their ability to fulfill their mandate without fear or favor. Nonetheless, while believing that autonomy would be ideal, the ACC is respectful and mindful of the resolutions of the Seventh Session of the Third Parliament held in July 2022, based on collective wisdom. Accordingly, the ACC is actively working within the framework of the Civil Service Act, 2010 in the management and regulation of its human resources and determining its organisational structure in consultation of the RCSC.

However, the practical reality have presented several challenges, a noteworthy one being the clustering of services across common functions. This initiative has either already begun in certain areas, such as Finance, ICT & Engineering services, or is currently under plan for other areas like Legal and HR services. While the ACC acknowledges the noble objectives including the

enhancement of efficiency, effectiveness, and collaboration, for the ACC it raises concerns about the impact on its functional independence. Similar efforts to consolidate services and enhance efficiency have indeed been witnessed worldwide with many countries having initiated structural reforms to streamline public administration. The challenges faced by the ACC in maintaining functional independence amid such reforms are no different from the experiences of ACAs in various countries.

Although it is argued that the clustering initiatives, particularly in relation to common support services, do not directly affect the ACC's core mandate, they significantly impinge on its administrative autonomy as the secretarial services, although administrative in nature, play a vital role in fulfilling the core mandates. By virtue of their association with the ACC's operations, these functions unavoidably gain exposure to sensitive information related to complaints and cases, albeit with varying degrees of access depending on their nature. Placing these services outside the ACC's purview may hamper its effectiveness and compromise its core mandates with potential to undermine the ACC's ability to act independently, impartially, fairly and in the best public interest, as stipulated in Section 6 (1 & 2) of the ACAB 2011.

Subjecting the ACC to different agencies through clustering initiatives for various

secretariat functions could prove counterproductive to its investigative function. There is genuine concern that confidentiality and the integrity of the investigative mandate may be compromised, potentially leading to conflict of interest situations. In the worst-case scenario, there is risk that the government of the day or the agency in authority could be perceived as exerting control over the ACC's mandate.

The ACC has been actively engaged in discussions with relevant agencies to address these practical challenges. While the ACC had little choice but to participate in the Cluster Finance Services (CFS) initiative albeit with the assurance of availability and seamless service, leading to the transfer of its two

finance personnel starting from 1 May 2023, it remains increasingly concerned about the other clustering initiatives. The ACC has formally communicated its concerns to the RCSC, Cabinet Secretariat and the Committee for Coordinating Secretaries (C4CS). While the ACC values collaboration and open dialogue with relevant stakeholders in the fight against corruption, it firmly believes that such cooperation should not come at the expense of its operational independence.

In this context, instead of applying a blanket approach, the ACC finds it imperative to assess each agency on an individual basis to consider the unique circumstances of the ACC's mandate while concurrently safeguarding its basic operational integrity.



## 7.2

## Inadequate budget – risks to sustainability of efforts &amp; public trust in the fight against corruption

Corruption remains a persistent global challenge with more complex and sophisticated schemes being devised to hide illicit activities in the guise of digitalization and rapid globalization. To this, the Anti-Corruption Agencies (ACA) around the world are grappling to remain abreast with these evolving corruption trends. The mandate becomes even more onerous having to introduce intelligent, innovative and multifaceted anti-corruption strategies to break the nexus of these complex schemes. Such approach demands for specialized technical skills and use of cutting-edge technology, all of which are capital intensive endeavors. Hence, besides the functional & operational independence, the need to ensure adequate budget is unequivocally quintessential for sustained efforts in the fight against corruption. Inadequate budget can not only render ACAs dysfunctional but also be detrimental to national objectives such as:

- **Poor Economic Growth:** Empirical data gleaned from the World Bank Enterprise Surveys reveals that countries with weaker anti-corruption efforts face significant challenges in furthering socio-economic indicators. Further, according to the International Monetary Fund, corruption can lead to reduction in a country's annual Gross Domestic Product growth rate by 0.5 to 1.5 percentile.
- **Poor Return on Investment:** Robust budgetary support to ACAs can

facilitate asset recovery and significantly reduce financial leakages, yielding an exceptionally high return on investment. The World Bank's Stolen Asset Recovery (StAR) Initiative underscores that investments in anti-corruption initiatives can yield remarkable returns, with estimates suggesting that, on average, only around \$5 million is recovered for every \$100 million stolen from the public purse. By this token, the total restitution ordered in the country, amounting over a billion over the years, represent a mere glimpse of the larger potential in revenue leakage.

- **Weak Rule of Law:** Enhanced enforcement can foster a system of integrity, transparency and accountability thereby promoting fair and ethical business environment for more Foreign Direct Investments. Research by the UNODC highlights that countries with robust and well resourced anti-corruption enforcement mechanisms tend to exhibit lower levels of corruption.

While the ACC remains at the forefront in the fight against corruption with the primary responsibility to investigate, prevent and raise public awareness on corruption issues, its effectiveness is challenged by inadequate resources (human resource and finance). Moreover, the annual budget allocations to the ACC over the years have become a concern of late. At the same time, the

ACC acknowledges the country's economic situation and supplementary adjustments have been accorded when requested as a last resort. Nonetheless, the consecutive inadequate or decreasing trend in the budget allocations against the initial proposed budget is becoming an impediment in addressing complex and far-reaching corruption cases besides the inherent risks and vulnerabilities of such budgetary situations. The ACC received the least budget so far with just 0.05% of the total Annual National Budget for the FY 2023-2024 as shown in **Table 7.1**. Slightly better proportions in the past years were due to donor support. The support of the Government is imperative to fill the gap upon withdrawal of donor agencies from the country.

**Table 7.1:** ACC's share of Annual Budget against Annual National Budget

Financial Year	Annual National Budget (Nu. In Million)	ACC's Annual Budget excluding Pay & Allowances (Nu. In Million)		Proportion of ACC's Annual Budget (%)
		RGOB	DONOR	
2018-2019	47,698.129	82.477	4.960	0.18
2019-2020	64,826.725	91.008	2.393	0.14
2020-2021	73,989.881	45.142	13.867	0.08
2021-2022	80,483.150	61.531	25.584	0.11
2022-2023	84,144.700	46.375	15.519	0.06
2023-2024	85,522.536	37.269	3.000	0.05

While the ACC's financial constraints are not novel, addressing it resolutely has become imperative to evolve from this predicament. It may be contended that such fiscal obstacles are not unique to the ACC and avenues also exist for requesting supplementary budget during the implementation phase. However, relying on such mid-year requests is an unsustainable practice fraught with pitfalls. It not only exposes the ACC to unwarranted political interference, as emphasized in the Colombo Commentary on the Jakarta Statement on Principles for ACA and UNCAC, but also disrupts the agency's operational momentum. While sufficient financial resources are by no means a guarantee that an ACA will perform effectively, experiences show that insufficient funding is a clear inhibitor of progress. Besides augmenting national development efforts through promotion of corruption proof systems, the ACC strives to make corruption a '*High Risk Zero Benefit*' affair. In this regard, despite the limited budget and human resource capacity, the corruption proceeds ordered for recovery to the State since the ACC's inception is noteworthy.

Around the world, various countries and regions are found to implement distinct strategies to bolster the financial autonomy and credibility of their anti-corruption bodies as follows:

- In New South Wales, Australia, the Independent Commission against Corruption (ICAC) collaborates with the Joint Parliamentary Committee to craft its budget, reinforcing its rationality for Cabinet and legislative approvals. Similarly, ACAs in Hong Kong, China, and Mauritius follow analogous practices, underscoring the importance of involving oversight bodies in budget planning to enhance budget credibility.
- Ukraine enshrines the National Agency on Corruption Prevention's budget as a distinct item within the national budget, affirming its fiscal independence while in Jordan, the legislation governing the ACA mandates a separate budget.
- Kuwait empowers its ACA to independently draft its budget and provides a mechanism for resolving budget disputes with the Ministry of Finance, with the option to involve the Council of Ministers if disagreements persist.
- Mongolia secures the ACA's operational independence by allocating its budget as a separate component within the government's budget, with a safeguard ensuring that the annual budget does not dip below the previous year's allocation.
- Meanwhile, Burkina Faso's law dictates that the budget allocated to its ACA must be no less than 0.1 percent of the national budget.
- Beyond national contexts, the cities of Chicago in the United States and Montreal in Canada both employ minimum budget guarantees to ensure adequate funding for their Inspector General offices.
- Taking a broader perspective, Transparency International proposes a more ambitious approach, advocating that effective budgeting should involve the ACA's budget representing more than 0.2 percent of the total State budget, contingent upon the development of a suitable budget proposal to achieve this objective.

While there is no agreed formula for what constitutes 'sufficient financial resources', meeting this benchmark has become imperative by adopting a standardized budget allocation mechanism. Among others, safeguarding minimum budget guarantee to ACAs through a legislative intervention highlight to be the most sustainable approach to ensure unreasonable reduction or diversions of budget. Such a minimum budget guarantee could be expressed as a percentage of the annual budget, which in effect would guarantee stable funding for the ACA, while allowing Government the flexibility to decrease the ACA's budget in times of financial crisis.

Such a mechanism would ensure promotion of innovative, intelligent and responsive anti-corruption measures and enhanced staff capacity to remain relevant. More so, in moving forward, the adequacy for budget is critical to implement the ambitious Strategic Anti-Corruption Roadmap 2030 and the 13<sup>th</sup> FYP.

Notwithstanding the resource challenges, the ACC will continue to forge way forward resolutely with conviction in the fight against corruption and the fulfilment of its mandate.

## 7.3

## Delay in Resolving Corruption Cases – threat to the Rule of Law and integrity of the Criminal Justice System

In the intricate landscape of combating corruption by and within the criminal justice system, a deeper examination underscores the paramount importance of a holistic approach. The integrity and credibility of the system are fundamentally contingent, not only on the resources available but vitally so on the competence and expediency demonstrated by agencies at every stage of the process, from investigation to prosecution to adjudication.

With an annual average corruption report of 373 and an investigation qualification rate of approximately 8.9%, the ACC is still grappling with a significant number of corruption reports, with a total of 110 corruption reports pending investigation as of June 2023. Even though rigorous efforts were made to enhance the disposal rate, evident by the highest caseload of 77 during the reporting period, there remain unresolved corruption reports some dating as far back as 2016. The ACC aims to reduce these backlogs by 50.0% in the upcoming financial year. However, it's crucial to recognize that this disposal rate represents only one facet of the equation. The overall effectiveness of the anti-corruption endeavour is inextricably tied to the ability of subsequent agencies to diligently manage these cases. During the reporting period, the ACC completed 56 cases and referred 36 for prosecution. Presently, there are 32 cases under review at the OAG, with nine of these

cases dating as far back as 2019. This backlog underscores the urgency of the matter. Furthermore, the judicial process grapples with a heavy load of 32 cases currently under trial across various Courts, with a parallel backlog issue involving cases registered as early as 2019. This dire backlog situation not only erodes public trust in the efficacy of the fight against corruption but also shakes confidence in the overall justice system in the country.

To prevent the looming threat of protracted delays in the future and safeguard the ongoing integrity of anti-corruption efforts, it is absolutely imperative to establish a robust mechanism that enforces accountability across all relevant agencies. While joint committees and forums have been established with increased frequency for enhanced coordination, there is an urgent need for a transparent oversight mechanism over the system as a whole. This mechanism should not only scrutinize issues related to delays but also serve as a platform for the concerned agencies to address inherent operational and capacity challenges.

# CONCLUSION

The year 2022-2023 is a most significant one, marking a pivotal phase in the extraordinary journey towards transforming to 'Developed Bhutan'. Integrity being fundamental to sustainable and equitable growth that prioritise people, progress and prosperity, it is essential to consider the level of ownership from stakeholders in the fight against corruption during this transformative period and journey. In this regard, despite progress over the last 17 years, the fact of the matter is that corruption continues to persist in Bhutan's public service. The NIA 2022 and NCBS 2023 reveal the prevalence of underlying corruption within the public service with in-depth investigations revealing normalisation of corruption and its entrenchment in various vulnerable sectors. Bhutan's stagnant score in the TI-CPI over the last five years is concerning and a closer look at the parameters indicate a lack of effective ownership, accountability and collaboration among various stakeholders. Tempering down anti-corruption efforts to cater to perceived impact, such as on the attrition of public servants, would not only be counter-productive but also short-sighted and detrimental to the overarching national goal of a vibrant democracy and evolved system of a Developed Bhutan.

The ACC responded to the nation-wide call for transformation by realigning its strategies with the national development goals and swiftly adapted itself to face the challenges of the new practical realities. With the unwavering commitment and unrelenting professionalism of the officials of the ACC, significant strides could be made in the reporting period even in the face of a host of challenges and limitations. However, these efforts and initiatives need to be bolstered and supported for this momentum to be sustained. Above all, the fight against corruption is a collective and shared responsibility and requires the active involvement and commitment of all relevant stakeholders, including leadership at all levels, government agencies, businesses, civil society and citizens.

In this transformative era, Bhutan's pursuit of progress and integrity necessitates much stronger commitment from its stakeholders. As commanded by His Majesty The King during the opening session of the Eighth Session of the Third Parliament "As a small country with a small population, it should have been easier for Bhutan to achieve our goals. But we have some major administration and management issues". It is imperative that we address the issues of poor ownership from stakeholders, whether due to complacency, lack of resources or even complicity in corrupt practices, as these factors not only undermine the progress made thus far but also jeopardizes the path forward. There is need to further vitalise and strengthen the whole-of-society approach.

We have no option but to unite to strengthen the momentum in the fight against corruption. His Majesty The King has consistently emphasized integrity as being fundamental to our national identity. However, these values must transcend eloquent rhetoric and be translated into real action. Together, we must undertake the journey to eliminate corruption at all levels of our society. The responsibility lies not only with the leadership and the public servants but also on each and every citizen, as it is also our privilege to bring about change and transformation, strengthen our national sovereignty and radically improve the lives of our fellow citizens.

# Annexures



# Annex I: Cases forwarded to the OAG for prosecution from July 2022 - June 2023

SN	Case No	Case Title	Referral Date
1	12/2022 (Part I)	Abuse of function and failure to declare Col by the Board Director, NCSIBDL	05-08-2022
2	12/2021 (Part I)	Tax Evasion & Bribery involving an importer and Customs official	19-08-2022
3	12/2021 (Part II)	Tax Evasion & Bribery involving an importer & Customs official	19-08-2022
4	12/2021 (Part III)	Bribery involving Customs Inspector & Others	19-08-2022
5	12/2021 (Part IV)	Money Laundering by Custom official & Others	19-08-2022
6	12/2021 (Part V)	Bribery involving Customs Inspector	19-08-2022
7	12/2021 (Part VIII)	Tax Evasion & Bribery of Custom Officials & Importer	19-08-2022
8	14/2022	Bribery involving a Senior Attorney, Office of the Attorney General	31-08-2022
9	06/2021	Embezzlement of sales revenues by Former Sales Executive, TATA Unit, STCBL	11-10-2022
10	11/2022	Bribery and Abuse of Function by Procurement Officer at Dagana Dzongkhag Administration	13-10-2022
11	13/2022	Embezzlement by a staff of RCDC	17-10-2022
12	18/2021	Abuse of function by Deputy Chief Livestock Officer, Dagana	31-10-2022
13	03/2022	Embezzlement of public funds by the immigration officials at Regional Office, Phuentsholing	08-11-2022
14	10/2022	Embezzlement of public funds by two Gewog Agriculture Extension Supervisors (Talo & Toebisa) under Punakha Dzongkhag (Offshoot case of Dagana Case 18/2021)	09-11-2022
15	25/2022	Embezzlement of insurance by Former Gaydrung of Mongar Gewog, Mongar Dzongkhag	10-11-2022
16	04/2022	Embezzlement by Former Gewog Accountant, Bidung, Tashigang	29-11-2022
17	05/2022	Embezzlement by Former Gewog Accountant, Radhi, Tashigang	29-11-2022
18	06/2022	Embezzlement by Former Gewog Accountant, Phongmey, Tashigang	29-11-2022
19	07/2022	Embezzlement by Former Gewog Accountant, Shongphu	29-11-2022
20	27/2022	Bribery involving a private individual & NLCS Officials	05-12-2022
21	28/2022	Bribery involving a private individual & erstwhile RSTA Officials	05-12-2022
22	12/2022 (Part II)	Abuse of function by Board Directors, NCSIBDL and NCGC members (Facemask)	12-12-2022
23	34/2022	Embezzlement of Gewog Environment Conservation Committee Fund (GECCF) by Korphu Gup, Trongsa	27-12-2022

24	24/2022	Bribery involving a private individual & Thromde Officials, Phuentsholing	18-01-2023
25	22/2022	Bribery and Abuse of Function by the then Regional Coordinator, DGM, Samtse	17-02-2023
26	32/2022	Bribery involving Thromde Officials & other private individuals	06-03-2023
27	41/2022	Bribery, Abuse of functions and fraud in insurance policy and claim by private individuals & RICBL officials	10-03-2023
28	31/2022	Bribery involving a private individual & BoBL Officials, Gedu Branch	31-03-2023
29	21/2022	Embezzlement of funds by Accountant, Dagana Dzongkhag in the FY 2020-2021	13-04-2023
30	17/2022	Abuse of Functions in the appointment of Board of Directors of NCSIDBL	14-04-2023
31	40/2022	Bribery, Abuse of Function and other fraudulent practices involving a private individual and officials of BNBL, Phuentsholing Branch, Chhukha	18-05-2023
32	43/2022	Abuse of Function and Bribery of RBP Officials by a private individual	22-05-2023
33	30/2022 (Part I)	Bribery involving a private individual & BoBL Officials, Phuentsholing Main Branch	05-06-2023
34	30/2022 (Part II)	Bribery involving a private individual & BoBL Officials, Bazaar Branch	05-06-2023
35	42/2022	Bribery involving a private individual & DPNBL Officials	06-06-2023
36	10/2023	Abuse of Function by official of Phuentsholing Drungkhag	21-06-2023

*\*From the total of 41 cases that merited prosecution, 36 cases (detailed in the above table) were forwarded to the OAG by June 30, 2023. Remaining five cases have been forwarded after July 2023.*

## Annex II: Cases under review by the OAG as of June 2023

SN	Case No	Case Title	Referral Date
1	05/2018	Land Fraud at Taba involving Former Finance Minister	03-01-2019
2	16/2018	Bribery & fraud involving traffic personnel in connection to obtaining of driving licenses from erstwhile RSTA	18-07-2019
3	09/2019	False allegation against public official (erstwhile MoWHS Official) in relation to import of Wire Mesh	28-11-2019
4	08/2019	Embezzlement of stamps by Staff of Philately Division, Bhutan Postal Corporation Limited, Thimphu	11-10-2021
5	14/2021	Foreign worker data manipulation involving Senior ICT Officer, erstwhile MoLHR	30-11-2021
6	16/2021	Illegal import of Navy Cut cigarettes by Mr. Phurba Wangdi, Former Gojay of southern border duty, Samdrup Jongkhar	21-04-2022
7	02/2019 (Part III) (Off shoot case)	Unlawful river dredging works undertaken by three Contractors (Rigsar, Yangkhil & Chukha Construction)	13-05-2022
8	02/2019 (Part II)	Gabion wall- bribery involving Mr. Wangchuk Thaye & Mr. Sherab, Rigsar Construction	16-05-2022
9	09/2022	Embezzlement of government revenue by Mr. Jigme Wangchuk, Accounts Assistant, Dzongkhag Administration, Zhemgang	28-06-2022
10	12/2021 (Part II)	Tax Evasion & Bribery involving an importer & Customs official	19-08-2022
11	12/2021 (Part III)	Bribery involving Customs Inspector & Others	19-08-2022
12	12/2021 (Part IV)	Money Laundering by Custom official & Others	19-08-2022
13	12/2021 (Part V)	Bribery involving Customs Inspector	19-08-2022
14	11/2022	Bribery and Abuse of Function by Procurement Officer at Dagana Dzongkhag Administration	13-10-2022
15	13/2022	Embezzlement by a staff of RCDC	17-10-2022
16	18/2021	Abuse of function by Deputy Chief Livestock Officer, Dagana	31-10-2022
17	03/2022	Embezzlement of public funds by the immigration officials at Regional Office, Phuentsholing	08-11-2022
18	04/2022	Embezzlement by Former Gewog Accountant, Bidung, Tashigang	29-11-2022
19	05/2022	Embezzlement by Former Gewog Accountant, Radhi, Tashigang	29-11-2022
20	06/2022	Embezzlement by Former Gewog Accountant, Phongmey, Tashigang	29-11-2022
21	07/2022	Embezzlement by Former Gewog Accountant, Shongphu	29-11-2022

22	12/2022 (Part II)	Abuse of function by Board Directors, NCSIDBL and NCGC members (Facemask)	12-12-2022
23	22/2022	Bribery and Abuse of Function by the then Regional Coordinator, DGM, Samtse	17-02-2023
24	41/2022	Bribery, Abuse of functions and fraud in insurance policy and claim by private individuals & RICBL officials	10-03-2023
25	21/2022	Embezzlement of funds by Accountant, Dagana Dzongkhag in the FY 2020-2021	13-04-2023
26	17/2022	Abuse of Functions in the appointment of Board of Directors of NCSIDBL	14-04-2023
27	40/2022	Bribery, Abuse of Function and other fraudulent practices involving a private individual and officials of BNBL, Phuentsholing Branch, Chhukha	18-05-2023
28	43/2022	Abuse of Function and Bribery of RBP Officials by a private individual	22-05-2023
29	30/2022 (Part I)	Bribery involving a private individual & BoBL Officials, Phuentsholing Main Branch	05-06-2023
30	30/2022 (Part II)	Bribery involving a private individual & BoBL Officials, Bazaar Branch	05-06-2023
31	42/2022	Bribery involving a private individual & DPNBL Officials	06-06-2023
32	10/2023	Abuse of Function by official of Phuentsholing Drungkhag	21-06-2023

## Annex III: Cases with Courts As of June 2023

SN	Case No	Case Title	Referral Date	Jurisdiction	Initial registration with court	Status
1	28/2017	Bribery, fraudulent practice & Tax Evasion in the construction of Gelephu Domestic Airport	29-06-2018	Gelephu	15-01-2019	Remand hearing at Gelephu Court
2	19/2017	Forgery & abuse of function in the construction of Park Range Office, Punakha	09-07-2018	Supreme Court	21-01-2019	Under appeal at Supreme Court
3	14/2016	Irrational financial transactions between RICBL & Nubri Capital	29-12-2017	Supreme Court	05-04-2019	Criminal part completed and civil part under appeal at Supreme Court
4	03/2018	Embezzlement of Fund by Accountant at Phuentsholing Drungkhag Administration	28-12-2018	Chhukha	20-12-2019	Under appeal at Chhukha Court
5	26/2017	Fraud & corruption in Gol funded construction project in CST, Phuentsholing	28-05-2019	Phuentsholing	14-12-2020	Under trial
6	09/2016 (Part II)	Embezzlement of Buddha Dordenma Project Fund	30-07-2019	Supreme Court	15-02-2021	Under appeal at Supreme Court
7	09/2016 (Part I)	Tax fraud involving M/s. Lhai Metog Export & Import between 2009 to 2017	31-12-2018	Supreme Court	16-02-2021	Under appeal at Supreme Court
8	33/2019	Embezzlement of private funds at Bhutan Oil Corporation, Gelephu	11-12-2020	Gelephu	01-03-2021	Under trial
9	32/2019	Embezzlement of Government revenue at RSTA, Regional Office, Gelephu	05-03-2020	Gelephu	04-03-2021	Remand hearing at Gelephu Court
10	18/2018	Corruption in the procurement of works at Thimphu Thromde (Man hole)	02-10-2019	Thimphu	13-10-2021	Awaiting for judgment

SN	Case No	Case Title	Referral Date	Jurisdiction	Initial registration with court	Status
11	22/2019	Corruption in the procurement of goods (Bitumen) at Thimphu Thromde	11-09-2019	Thimphu	18-11-2021	Under trial
12	07/2020	Tax Evasion by Mr. Ugyen Norbu Jamyang, Proprietor, Ugyen Auto, Thimphu	11-08-2021	Thimphu	15-02-2022	Under trial
13	05/2019	Illegal Encroachment of State Land under Selgna Jigme Gewog, Punakha	09-07-2021	Punakha	04-04-2022	Appeal at High Court
14	35/2019	Allegation against Auction Committee Members for suspected price rigging in auction at BDBL, Thimphu	31-05-2021	Supreme Court	06-09-2022	Under appeal at Supreme Court
15	27/2022	Investigation into suspected Bribery involving Mr. Phajo Nidup & NLCS Officials	05-12-2022	Special Bench	20-12-2022	Under trial
16	16/2017	Encroachment of government land at Olakha involving Mr. Jatu pertaining to CRN.ACC/OR/2017/5/18	18-09-2018	Thimphu	14-03-2023	Under trial
17	12/2021 Part VI	Tax Evasion & Bribery of Custom Inspectors involving Mr. Tshewang Lhuendup & Others	19-08-2022	Phuentsholing	10-04-2023	Under trial
18	12/2021 Part VII	Tax Evasion & Bribery of Custom Officials involving Mr. Nima Dorji & Tshering Sithar & Importer Mr. Karma Tenzin (M/s. Sonam Dolma Enterprise)	19-08-2022	Phuentsholing	10-04-2023	Under trial
19	12/2021 Part VIII	Tax Evasion & Bribery of Custom Officials involving Mr. Palden Drukpa & Importer Ms. Tshering Yangchen (Salezone)	19-08-2022	Phuentsholing	10-04-2023	Under trial
20	25/2022	Embezzlement of insurance by Former Gaydrung of Mongar Gewog, Mongar Dzongkhag	10-11-2022	Mongar	13-04-2023	Under trial
21	24/2022	Investigation into suspected Bribery involving Mr. Phajo Nidup & Thromde Officials, Phuentsholing	18-01-2023	Special Bench	27-04-2023	Under trial
22	32/2022	Investigation into suspected Bribery involving Mr. Phajo Nidup & others (Chogyel Lethro)	06-03-2023	Special Bench	27-04-2023	Under trial
23	34/2022	Embezzlement of Gewog Environment Conservation Committee Fund (GECCF) by Korphu Gup, Trongsa	27-12-2022	Trongsa	27-04-2023	Under trial
24	12/2022 (Part I)	Suspected corrupt practices by Tashi Tashi, Board Director, CSI Bank (Rewa Food Processing)	05-08-2022	Thimphu	28-04-2023	Under trial



SN	Case No	Case Title	Referral Date	Jurisdiction	Initial registration with court	Status
25	12/2022 (Part II)	Suspected corrupt practices by Tshewang Tashi, Board Director, National Cottage and Small Industry Development Bank Ltd. (NCSIDBL) – Part II – Alpine Kitchen (Col)	05-08-2022	Thimphu	28-04-2023	Under trial
26	28/2022	Investigation into suspected Bribery involving Mr. Phajo Nidup & RSTA Officials	05-12-2022	Special Bench	03-05-2023	Under trial
27	10/2022	Suspected embezzlement of public funds by two Gewog Agriculture Extension Supervisors (Talo & Toebsa) under Punakha Dzongkhag (Offshoot case of Dagana Case 18/2021)	09-11-2022	Punakha	22-05-2023	Under trial
28	14/2022	Bribery involving Senior Attorney, Office of the Attorney General	31-08-2022	Thimphu	22-05-2023	Under trial
29	31/2022	Investigation into suspected Bribery involving Mr. Phajo Nidup & BoBL Officials, Gedu Branch.	31-03-2023	Special Bench	29-05-2023	Under trial
30	12/2021 Part I	Tax Evasion & Bribery involving importer Mr. Gor Tshering Lepcha & Customs Official Tshering Sither	19-08-2022	Phuentsholing	14-06-2023	Under trial
31	15/2021	Suspected Embezzlement of Foreign Aid through Consultants at NEC, Thimphu	24-05-2022	Thimphu	14-06-2023	Under trial
32	06/2021	Embezzlement of sales revenues by Former Sales Executive, TATA Unit, STCBL	11-10-2022	Thimphu	16-06-2023	Under trial

## Annex IV: Judgments rendered from July 2022 – June 2023

SN	Case No.	Case Title	Initial Registration	Judgment Date	Court of Adjudication	Status
1	24/2016	Fraudulent registration and encroachment of Government Land at Chang Debsi, Thimphu	22-07-2019	10-11-2021	Supreme Court	Submitted to OGZ for consideration of judicial review
2	08/2017	Misuse of authority by board director, PCAL pertaining to purchase of Land	19-08-2021	06-09-2022	Gelephu	Enforcement ongoing
3	19/2020	Match fixing during Bhutan Premier League and Bhutan Super League Football	07-10-2020	13-10-2022	Supreme Court	Enforcement ongoing
4	28/2017	Bribery, Fraudulent Practice & Tax Evasion in the construction of Gelephu Domestic Airport	27-06-2022	17-10-2022	Sarpang	Appealed at High Court
5	32/2019	Embezzlement of Government revenue at RSTA, Regional Office, Gelephu	04-03-2021	25-10-2022	Sarpang	Remanded back to Gelephu Court
6	09/2021	Embezzlement of public funds by Public Servant at BDBL, Wamrong	18-11-2021	26-10-2022	Wamrong	Enforcement ongoing
7	35/2019	Allegation against Auction Committee Members for suspected price rigging in auction at BDBL (Reassigned Case 2019)	06-09-2022	21-11-2022	High Court, Bench II	Under appeal at Supreme Court
8	15/2017	Embezzlement at Kichu Resort pertaining to CRN.ACC/CH/2017/7/14	29-07-2021	12-12-2022	Paro Court, Bench I	Enforcement ongoing
9	14/2018	Embezzlement of fund at Samdrup Choeling Drunkkhag by Accounts Assistant	30-12-2021	13-12-2022	High Court, Bench I	Open
10	22/2017	Allegation against NCHM on tendering of water discharge system for Tashigang	15-07-2020	21-12-2022	Thimphu	Closed

SN	Case No.	Case Title	Initial Registration	Judgment Date	Court of Adjudication	Status
11	23/2016	Embezzlement of funds from BDBL, Thimphu	10-01-2020	22-12-2022	Supreme Court	Enforcement ongoing
12	01/2019	Fraudulent practice by Mr. Leki Wangchuk of M/s. Zangchok Construction	27-10-2020	30-12-2022	Trashigang	Enforcement ongoing
13	09/2016 Part I	Tax Evasion by Lhai Metog Export & Import	16-02-2021	03-01-2023	High Court	Under appeal at Supreme Court
14	21/2016	Embezzlement of Public Funds by Goshing Gup, Panbang	22-11-2021	30-01-2023	Supreme Court	Enforcement ongoing
15	29/2017	Corruption in tendering under Overseas Employment Program, MoLHR	26-08-2019	09-03-2023	Thimphu Cr. Bench I	Appealed to High Court by one of the defendant
16	14/2016	Nubri Capital – pertaining to complaint registration no.2015/4/5 and 2016/2/10	05-04-2019	09-03-2023	Supreme Court	Criminal part closed and judgment on civil part pending at Supreme Court
17	15/2018	Allegation against Kunlay Wangdi, C/o Hotel Jomolhari on the shifting of land from Hongtso to Thimphu Town	10-07-2019	31-03-2023	Supreme Court	Submitted to OGZ for consideration of judicial review
18	23/2017	Fraud & corruption involving Sr. Livestock Production Officer from Department of Livestock, MoAF	02-10-2019	26-04-2023	Supreme Court	Closed
19	08/2021	Allegations of corruption against Dangchu Gup	20-07-2022	26-04-2023	Wangdue Phodrang	Closed
20	16/2020	Fraud and embezzlement involving Accounts Assistant at ESD, BPC, Paro	29-05-2023	27-04-2023	Paro	Closed
21	09/2013	Fraud and embezzlement by FCB Depot Manager, Phuentsholing	26-03-2017	03-05-2023	Supreme Court	Closed
22	28/2019	Embezzlement of funds by Account Asst. IV at the Ministry of Health.	09-06-2021	03-05-2023	Supreme Court	Closed
23	05/2019	Illegal Encroachment of State Land under Selnga Jigme Gewog, Punakha	04-04-2022	15-05-2023	Punakha	Under appeal at High Court
24	06/2017	Embezzlement of ATM cash of the DPNB	23-07-2019	16-05-2023	High Court	Enforcement ongoing

SN	Case No.	Case Title	Initial Registration	Judgment Date	Court of Adjudication	Status
25	09/2016 Part II	Embezzlement of Buddha Project Funds	15-02-2021	16-05-2023	High Court	Under appeal at Supreme Court
26	29/2017	Corruption in tendering under Overseas Employment Program, MoLHR	26-08-2019	19-06-2023	High Court	Closed
27	07/2014	Illegal registration of Government Land at Wangsisina, Thimphu	27-02-2023	30-06-2023	High Court	Upheld judgment of trial court

# Annex V: Judgment implementation – restitution between July 2022 – June 2023

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
1	04/2017	Embezzlement in Youth Development Fund	10/25/2007	15-Oct-09	High Court	Singye Dorji	1,169,895.56		500,000.00		0.00		500,000.00		669,895.56		Enforcement ongoing
2	18/2008	Samtse Mining Case	4/10/2009	30-Dec-11	Supreme Court	Nagay	47,844,281.52		5,184,072.88		1,399,999.38		6,584,072.26		41,260,209.26		Enforcement Ongoing
3	4B/2010	Construction of Dagana HSS and Pangna CPS, Dagana Dzongkhag	8/5/2010	28-May-12	High Court	Phanchung	1,402,563.00		802,563.00		600,000.00		1,402,563.00		0.00		Completed on 14-12-2022
4	13B/2009	MoH: Bribery of Liaison Officers at Kolkata	12/10/2010	22-Aug-12	High Court	Tshewang Samdrup	665,000.00		605,000.00		0.00		605,000.00		60,000.00		Enforcement Ongoing
5	07/2011	Fraudulent Misappropriation and embezzlement in Health Procurement Fund (Offshoot from Case 13/2009)	2/20/2012	11-Apr-13	Supreme Court	LB Subha	4,103,761.98		1,790,643.98		1,984,356.02		3,775,000.00		328,761.98		Enforcement Ongoing
6	03/2013	Embezzlement in BOBL, Punakha	1/15/2014	26-Sep-14	High Court	Tshering Chodup	2,927,009.00		756,155.00		250,000.00		1,006,155.00		1,920,854.00		Enforcement Ongoing
						Wangdi	2,001,464.00		0.00		0.00		0.00		2,001,464.00		Enforcement Ongoing/ auction under process and balance to be converted to be sentence.

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
7	01/2015	Embezzlement in RICBL, Dagana	12/29/2015	7-Jul-16	High Court	Tandin Chogyal	789,909.10		423,375.00		0.00		423,375.00		366,534.10		Enforcement ongoing
8	13/2014 (Part 7)	Bribery and Tax evasion by Rigsom Enterprise	3/18/2016	11-May-18	Dungkhag Court, Piling	Sonam Choden	446,000.00		446,000.00		0.00		446,000.00		0.00		Completed in 2022
9	13/2014 (Part 21)	Bribery and Tax evasion by Penjor Steel	3/18/2016	14-May-18	Dungkhag Court, Piling	Tashi Wangdi	1,056,100.00		0.00		0.00		0.00		1,056,100.00		Enforcement on going
10	13/2014 (Part 19)	Bribery and Tax Evasion by Kundrup Enterprise	3/18/2016	22-May-18	Dungkhag Court, Piling	Bikash Agarwal	83,769,270.00		0.00		0.00		0.00		83,769,270.00		Defendant at large/ Judgment rendered in absentia & enforcement pending
11	25/2016	Embezzlement of fund at Bhutan Telecom, Wamrong			Dungkhag Court, Wamrong	Karma Choeji	1,613,081.77		509,710.00		0.00		509,710.00		1,103,371.77		Pending/ The Court gave time to restitute after completion of sentence.
12	04/2016	Fraud and embezzlement at RRCC, P/Ling	3/28/2017	20-Nov-18	Dungkhag Court, Piling	Tshering Dorji	1,357,224.13		0.00		0.00		0.00		1,357,224.13		The defendant is serving the sentence & enforcement pending.
13	13/2014 (Part 40)	Bribery and tax evasion by Tashi Enterprise	3/31/2017	4-Jun-18	Dungkhag Court, Piling	Anu Lamghadey	8,564,036.01		6,854,036.01		0.00		6,854,036.01		1,710,000.00		The defendant is at large & enforcement pending.
14	05/2017	Embezzlement of fund at BDBL, Thrimshing	12/13/2018	31-Jul-19	Dungkhag Court, Thrimshing	Sonam Jamtsho	1,964,769.00		0.00		0.00		0.00		1,964,769.00		The Court gave time to restitute after completion of sentence & enforcement is pending.
15	13/2014 (Part 3)	Bribery and tax evasion by Brumi enterprise	3/18/2016	16-Sep-19	High Court	Tashi Pem	4,928,288.24		4,904,288.24		24,000.00		4,928,288.24		0.00		completed in 2022
16	13/2014 (Part 9)	Bribery and Tax Evasion by Rabten Pharmaceuticals	3/18/2016	13-Sep-19	High Court	Yangki Tshering	2,991,436.35		2,736,436.35		170,000.00		2,906,436.35		85,000.00		Enforcement ongoing
17	13/2014 (Part 4)	Bribery and Tax Evasion by Chotaylal Shah	3/18/2016	25-Jul-19	High Court	Chulai Sha	7,098,337.08		6,868,337.08		0.00		6,868,337.08		230,000.00		Enforcement ongoing



SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
18	13/2014 (Part 5)	Bribery and tax evasion by M/s Rabten Roadways	3/18/2016	26-Aug-19	High Court	Chotayial Sha	4,500,958.30		4,223,458.30		0.00		4,223,458.30		277,500.00		Enforcement ongoing
19	21/2017	Embezzlement at BDBL Branch, Gelephu involving Asst. Branch Manager	10/30/2018	17-Jul-19	Sarpang	Phurba Gyeltshen	293,881.02		0.00		0.00		0.00		293,881.02		The defendant is serving sentence & enforcement is pending.
		Embezzlement at BDBL Branch, Pema Gatsel involving Asst. Branch Manager	10/30/2018	31-Jul-20	High Court Bench II	Phurba Gyeltshen	7,000,142.00		0.00		0.00		0.00		7,000,142.00		The defendant is serving sentence & enforcement is pending.
20	09/2015	Embezzlement of Funds at Bhutan Postal Corporation by Messenger	1/17/2020	6-Oct-20	Larger Bench, High Court	Lhawang Tshering	5,096,209.00		0.00		0.00		0.00		5,096,209.00		The Defendant has no property to be attached and only to be paid after serving the sentence.
21	07/2015	Embezzlement of public funds in Paro RICBL Branch Office	13/09/2021	4-May-22	Supreme Court	Rinchen Wangdi	63,267,135.19		0.00		3,916,231.74		3,916,231.74		59,350,903.45		Enforcement Ongoing
			1/3/2020	26-Mar-21	High Court	Yezer Dema	35,171,314.33		0.00		660,542.67		660,542.67		34,510,771.66		Enforcement Ongoing
			16/12/2022	29-Apr-22	Supreme Court	Dorji Wangdi	6,660,000.00		0.00		4,860,000.00		4,860,000.00		1,800,000.00		Enforcement Ongoing
			9/11/2021	25-Nov-21	Supreme Court	Tshering Wangdi	1,000,000.00		0.00		0.00		0.00		1,000,000.00		The defendant is serving sentence & enforcement is pending.
22	03/2019	Embezzlement of funds by Tellers at BDBL, Tsirang.	8/18/2020	14-Apr-21	District Court, Tsirang	Santa Maya Gurung	8,547,807.85		0.00		0.00		0.00		8,547,807.85		Enforcement pending and to be prayed for value based sentencing.
						Dawa Zam	8,547,807.85		0.00		0.00		0.00		8,547,807.85		Enforcement pending and to be prayed for value based sentencing.

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitution	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
23	14/2012	Financial irregularities in the operation of Govt. Fund in Royal Bhutan Embassy, Thailand.	11/9/2020	27-Apr-21	Supreme Court	Chenda Tobgay	17,416,646.44		6,525,511.70		0.00		6,525,511.70		10,891,134.74		Enforcement ongoing
24	02/2016	Embezzlement of Funds by Teller at BNBL, Paro.	2/4/2017	28-Jun-21	Larger Bench, High Court	Karma Tshering	1,799,806.96		0.00		427,942.26		427,942.26		1,371,864.70		The defendant is serving the sentence & enforcement pending.
25	01/2016	Embezzlement of funds by Public Servant at RICBL, Thimphu	11/5/2020	8-Jun-21	Larger Bench, High Court	Yeshi Dorji	4,005,597.42		0.00		1,154,170.39		1,154,170.39		2,851,427.03		Enforcement ongoing
26	14/2018	Embezzlement of funds at Samdrupchoeling Dungkhag by Account Assitant	30/12/2021	13-Dec-22	High Court	Wangchuk Dorji	2,920,983.99		0.00		422,853.32		422,853.32		422,853.32		Enforcement ongoing
27	07/2017	Embezzlement of public funds at Immigration Office, Paro Airport	3/7/2018	7-Jun-20	Paro Court	Sonam Dorji	6,280,855.00		0.00		2,338,461.43		2,338,461.43		3,942,393.57		Enforcement Ongoing/ Court denied property investigation
			3/8/2020	24-Feb-21	High Court	Thinley Jamtsho	63,100.00		0.00		63,100.00		63,100.00		0.00		Completed with 24% penal interest
			29/06/2021	31-Aug-21	High Court	Tandin Wangchuk	32,040.00		0.00		32,040.00		32,040.00		0.00		Completed
			30/03/2020	14-Apr-21	High Court	Sonam Dorji	20,400.00		0.00		20,400.00		20,400.00		0.00		Completed
28	05/2014	Misuse of power & Government funds by Gelephu dungpa	9/8/2021	28-Apr-21	Supreme Court	Pema Wangdi	5,981,899.38		0.00		0.00		0.00		5,981,899.38		enforcement ongoing
			9/8/2021	28-Apr-22	Supreme Court	Sonam Norbu	1,018,099.34		0.00		1,018,099.34		1,018,099.34		0.00		Completed
29	01/2014	Fraud and bribery in the illegal repatriation of Indian Rupee, DPNE, Thimphu	12/4/2021	15-Dec-21	Larger Bench, High Court	Kinley Penjor	517,982.00		0.00		300,000.00		300,000.00		217,982.00		Enforcement ongoing/ Remaining balance to be restituted after completion of sentence term in 15/12/2024.

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
30	06/2015	Fraud and embezzlement related to commemoration of international Anti-Corruption Day 2014 (YMC)	12/8/2019	13-Sep-21	Larger Bench, High Court	Pema Dorji	439,271.44		0.00		0.00		0.00		439,271.44		Defendant at large & enforcement pending
31	08/2018	Suspected embezzlement and forgery by former legal officer, DPNBL	14/09/2021	4-May-22	Supreme Court	Karma Lhuntsi	2,184,414.00		0.00		0.00		0.00		2,184,414.00		The defendant is serving sentence & enforcement pending.
32	13/2014 (Part 33)	Tax Evasion by JPLP	11/18/2019	14-May-21	Supreme Court	Lal Chand Prasad	154,619,635.00		77,806,787.66		5,370,452.76		83,177,240.42		71,442,394.58		Remaining balance to be converted to sentence
33	11/2009	Misuse of Government vehicle and manpower, false claim of TA/DA at CDCL	8/6/2012	12-Jan-16	High Court	DN Sharma	-	28 decimal land at Chukha & G/phu	0.00		0.00		0.00		0.00	28.00	Execution under process by NLCS.
34	01/2013 Part 3	Fraudulent registration and encroachment of 132 decimal government land at Gangchey & Chang Debsi, Thimphu	31/03/2022	20-Apr-22	Thimphu	Passang Dema		31 decimal	0.00		31.00		0.00		0.00	31.00	restituted & regarding the 2 storied house, the payment has been done and the defendant also paid the entire fine. Enforcement complete.
35	01/2013 Part 4	Fraudulent registration and encroachment of 33 decimal government land at Lungtenphu, Thimphu	21/07/2020	30-Nov-21	High Court	Naku (Late)	287,496.00	33 decimal land	0.00		287,496.00	33.00	287,496.00		0.00	33.00	restituted & regarding the building, the payment has been done and the defendant also paid the entire fine. Enforcement complete.

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
36	01/2013 (Part 6)	Illegal registration and encroachment of 106 decimals of govt. land at Serbrithang in 2000 involving Gup Naku	7/12/2017	25-Oct-19	District Court, Thimphu	Naku	662,362.80	106 decimal	0.00	0.00	662,362.80	106.00	662,362.80	0.00	106 decimal land at T/ phu		Completed
37	01/2013 (Part 7)	Fraudulent registration and encroachment of 1.10 acres of Shokshing at Gyabjakha, Babesa involving Naku	3/1/2020	30-Nov-21	High Court	Naku (Late)		Delete 73 decimal from Late Naku (Thram 426), 27 decimal from Tshering Yangchen (Thram 612), 10 decimal from Thinley Wangchuk (Thram 395)		0.00		0.00	0.00	0.00	73 decimal from Late Naku (Thram 426), 27 decimal from Tshering Yangchen (Thram 612), 10 decimal from Thinley Wangchuk (Thram 395)		land resituted to the State and Aum Naku will substitute land /compensate to the buyers. Enforcement ongoing
38	01/2013 (Part 8)	Encroachment of 0.46 acres of Government land at Gangbu	1/4/2016	25-Oct-19	District Court, Thimphu	Naku		46 decimal		0.00		0.00	0.00	0.00	46 decimal land at T/ phu		Completed
39	04/2015	Land Substitute fraud. Trongsa	28/12/2021	29-Apr-22	Supreme Court	Karma Tshetim Dolma		2.77 acres & 1.933 acres			0.00		0.00	0.00	2.77 acres & 1.933 acres		Enforcement Ongoing
			28/12/2021	29-Apr-22	Supreme Court	Gyem	13,200.00			0.00		13,200.00	13,200.00	0.00			Completed
40	05/2012	Bribery and illegal regularization of government land at Tshalumaphey, Thimphu	29/07/2021	11-May-21	Supreme Court	Pema Dorji		Thram rectification							Thram rectified		Thram rectified and refund to Chagzam Rinpoche is pending.
41	12/2016	Illegal transaction of Land at Chang Debsi by former LRO and Gup kanjur pertaining to CRN/2014/4/9	9/7/2021	12-Aug-21	Supreme Court	Kanjur		18 plots							18 plots to the State		Enforcement completed.

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restate	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
42	16/2020	Embezzlement, forgery and official misconduct by Accountant at BPC, Paro	29/05/2023	27-Apr-23	Paro Court	Samten Wangmo	530,758.00		530,758.00		0.00		530,758.00		0.00		Restitution Completed
43	09/2021	Embezzlement of Public funds by public servant (BDBL)	18/11/2021	26-Oct-22	Wamrong Drungkhag Court, Wamrong, Trashigang	Pema Dorji	5,794,800.00		0.00		0.00		0.00		5,794,800.00		Enforcement ongoing
44	06/2017	Embezzlement of ATM Cash, DPNB Thimphu	23/07/2019	9-Mar-23	Thimphu	Thinley Jamtsho	10,484,750.00		0.00		0.00		0.00		10,484,750.00		Enforcement ongoing
45	23/2016	Embezzlement of fund from BDBL, Thimphu	10/1/2022	22-Dec-22	Supreme Court	Pema Nidup	3,012,000.00		0.00		0.00		0.00		3,012,000.00		
						Sonam Wangyel	32,350,000.00		0.00		0.00		0.00		0.00		
						Zangla	129,500,000.00		0.00		0.00		0.00		0.00		
						Rinzin	23,000,000.00		0.00		0.00		0.00		0.00		
						Tenzin Jamtsho	63,219,000.00		0.00		0.00		0.00		0.00		
						Nim Dorji	15,120,000.00		0.00		0.00		0.00		0.00		
						Penden Dorji	96,100,000.00		0.00		0.00		0.00		0.00		
46	19/2020	Match fixing during Bhutan Premier League and Bhutan Super League Football	7/10/2020	20-May-22	Supreme Court	Karchung	7,000,000.00		0.00		0.00		0.00		0.00		
						Wangchuk	14,000,000.00		0.00		0.00		0.00		0.00		
						Jamyang Dorji	7,135,000.00		0.00		0.00		0.00		0.00		
						Kinley Nidup	500,000.00		0.00		0.00		0.00		0.00		
						Kota	882,764.00		0.00		0.00		0.00		882,764.00		Enforcement ongoing
47	21/2016	Embezzlement of Public Funds by Goshing Gup, Panbang	22/11/2021	30-Jan-23	Supreme Court	Sangay Lethro	4,171,226.76		0.00		0.00		0.00		4,171,226.76		Enforcement ongoing

SN	Case No	Case Title	Initial registration date	Judgment Date	Final Court of adjudication	Person to restitute	Total restitution ordered		Restitution till June 2022		Restitution July 2022 to June 2023		Total Recovery		Restitution pending		Remarks
							Amount (Nu.)	Asset	Amount	Asset	Amount	Asset	Amount (Nu.)	Asset	Amount (Nu.)	Asset	
48	04/2020	Embezzlement of funds at Lhamoizingkha Drungkhag, Dagana	4/11/2021	3-Sep-22	Lhamoizingkha Court	Singye Dorji Deepak Kumar	649,513.00 80,209.00		0.00 0.00		649,513.00 80209.00		649,513.00 80,209.00		0.00 0.00		Completed Completed
49	01/2019	Fraudulent practice by Mr.Leki Wangchuk of Ms. Zangchok Construction	27-10-2020	30-Dec-22	Tashigang	Leki Wangchuk	25,008,356.96		0.00		0.00		0.00		25,008,356.96		Enforcement ongoing
50	08/2017	Fraudulent purchase of land by Penden Cement Authority Limited, Gelephu	4/4/2019	9-Jun-22	Gelephu	Karma Tenzin	5,150,000.00		0.00		0.00		0.00		5,150,000.00		Land to be returned and payment to be made to PCAL.
51	04/2018	Suspected collusion between T & K Construction and SPBD, MoE	23-01-2019	23-Jan-21	Lhuentse	Thinley Jamitsho	2,659,151.54		0.00		0.00		0.00		2,659,151.54		Enforcement ongoing -Nu. 2,144,477.05 along 24% penal interest (Nu.514,674.49)
52	23/2017	Fraud & corruption involving Sr. Livestock Production Officer from Department of Livestock, MoAF.	2/10/2019	26-Apr-23	Supreme Court	Tshewang Tashi	398,575.00	Forfeiture of Baleno Car	0.00		0.00		0.00		398,575.00		Forfeiture of Baleno Car & under enforcement
53	15/2017	Embezzlement of funds of M/s. International Treks & Tours Pvt. Ltd (ITT), Paro.	29-07-2021	12-Dec-22	Paro	Dorji Norbu Karma Thinley Kelzang	5,441,528.08 5,441,528.08 5,441,528.08	Hyundai Creta Vitaro Brezza Maruti Swift vxi	0.00 0.00 0.00		1,094,940.00 897,940.00 472,940.00		1,094,940.00 897,940.00 472,940.00		4,346,588.08 4,543,588.08 4,968,588.08		enforcement ongoing enforcement ongoing enforcement ongoing

Restituted from July 2022 to June 2023	350,953,212.95
Restituted from July 2022 to Jun 2023	29,158,050.11



# Myths VS Facts

## Myth

The Model Public Service Code of Conduct 2022 inhibits transparency and accountability by limiting access to information

01

## Fact

The Model Public Service Code of Conduct (Model Code hereinafter) is specifically required to be developed under Section 35 of the ACAB 2011. It was developed in line with international anti-corruption best practices and standards such as the United Nations Convention Against Corruption, EU Model Code, and International Code of Conduct for Public Officials. By setting clearly defined ethical standards and providing information to the public on the expected conduct of public servants, the Model Code actually fosters a culture of transparent and accountable public service.

The Model Code sets the bare minimum benchmark to ensure consistent and standardized implementation of ethical principles in the public service. Public agencies are required to develop and abide by their agency/profession specific Code of Conduct that is based on the Model Code, and where there are existing Codes, these are required to be reviewed to align with the principles outlined in the Model Code.

Sections 29, 30 and 31 in the Model Code pertain to the disclosure of information and specifically provide that a public servant maintain confidentiality and secrecy of a matter relating to their official function; take appropriate steps to ensure the security and confidentiality of information or documents for which he/she is responsible and not access information or document that is not appropriate for him/her to do so; and not disclose official information unless authorized to do so.

These principles reinforces professionalism in the public service and by no means inhibit innovation or access to information by the public including media agencies. Rather it provides for official information to be disclosed by a public servant who is authorised to do so: this means that a public agency shall have a system in place for responsible and timely disclosure or dissemination of accurate, reliable and authentic official information through an established mechanism.

Confidentiality requirements on public officials are put in place for several important reasons including those pertaining to *national security* (sensitive and classified information); *effective governance* (leaks may compromise and hinder the ability to function efficiently and professionally); protecting individual's *privacy rights*; ensuring no harm to *international relations* and the nation's diplomatic efforts; upholding *legal and ethical obligations* to protect confidential information; *preventing corruption and insider trading* (to ensure no unfair advantages and market manipulation); and overall *maintaining public trust* by serving the best public interest.

Therefore, the Model Code provides the necessary framework for balancing provision of information by public agencies with access to information from the public service i.e. balancing the need to protect sensitive information and ensure effective governance with upholding of the transparency and accountability principles. It is also important to note that confidentiality requirements on public officials may vary from agency to agency since the Model Code only provides the basic framework and each agency is required to develop and adopt more elaborate Codes reflecting their specific mandates. Effective enforcement and timely evaluation are equally necessary to ensure that the Code of Conduct serves the intended purpose.

## Myth

Whistleblowers/complainants are not well protected

02

## Fact

The ACAB, 2011 specifically provides for complainant or whistleblowers to remain anonymous. The ACC recognizes whistleblowers or complainants as important stakeholders in the fight against corruption and accords utmost priority to safeguarding their identities. Multiple channels for reporting corruption and the robust report handling mechanism provides complainants and whistleblowers various options to report safely, securely and comfortably and even the identities of the known complainants are safeguarded with utmost confidentiality. Specifically, upon receiving a corruption report, the ACC assigns a unique Complaint Registration Number and thereafter the matter is referred only by this number and subject matter and not by the source. This ensures that the personal identity of the complainant is safeguarded throughout the entire process, including review, investigation, prosecution and adjudication. ACC has been advocating for adoption of whistleblower protection mechanisms in the agencies as part of their Organizational Integrity Plan (OIP). Reports of possible victimization, as and when reported, are taken very seriously to ensure protection from any form of reprisals or victimization.

03

## Myth

The ACC selectively targets individuals and cases for investigation

## Fact

The investigations conducted by ACC pertain to perpetrated or suspected offence, attempt or conspiracy to commit a corruption offence and are taken up regardless of position, background or status as ensured by the stringent procedures, process and system in place. Except for the occasional corruption reports that need immediate attention such as when there is high risk of flight, loss/damage of evidence or an individual already in detention etc. or in case of intelligence-based proactive cases that have to be fast-tracked, all complaints and corruption reports to the ACC are evaluated, screened, assigned and investigated in seriatim/orderly manner based on the complaints and investigation management policy and procedures.

For instance, irrespective of the source of information, all complaints are required to be processed through the two-tier complaints evaluation system, who also takes into account the system generated recommendation that is based on pursuability parameters. The complaints, thus evaluated, are decided to be either dropped, shared with agencies concerned for sensitization or administrative action, taken up for information enrichment by ACC or a full investigation to be conducted. Those corruption reports that qualify for investigation are prioritized for assignment in adherence to the Prioritization Guideline by a separate Screening Committee and are thereafter, assigned to the investigation teams.

Declaration and the management of Conflict of Interest is formal and mandatory at every stage of complaint evaluation, review, investigation and decision-making. The letter and spirit of the ACAB, 2011 as borne out in the Rules, Regulations, Guidelines, SOPs and Manuals leave no room for any bias or prejudicial discrimination other than the legal, technical and professional considerations and requirements.

## Myth

The investigators doesn't declare Conflict of Interest (Col) during the investigation

04

## Fact

Conflict of Interest declaration and management are integral components of investigation policy and procedures of the ACC. As soon as a case is assigned, the investigators are required to declare Col and are accordingly managed if any conflict exist. Further, any conflict identified during the course of investigation are required to be declared proactively at any point of time. Besides, the ACC has instituted robust mechanisms to mitigate the likelihood of Col through various levels of review and decision-making including the full Commission, Director, Chief, Team leaders, and three team members with separate roles and responsibilities providing adequate check and balances. Additionally, the decision-making process involves two key stages: initially at the departmental level including input and oversight by Commissioner-In-Charge and finally at the Commission level. These mechanisms ensure conduct of investigations in fair and unbiased manner.

## Myth

The questions during the interview and interrogation are leading and compelling

05

## Fact

The ACC conducts interview and interrogation in accordance with the Guidelines on *Interview* and *Interrogation*, as means of gathering information in either a passive mode or some of the inquiries are straightforward and aimed at corroborating with the offence being investigated. Both, interviews and interrogations are required to be conducted ethically and in accordance with established guidelines to maintain the integrity of the information and evidence obtained. Moreover, all interviews and interrogations are video recorded and are safely archived for reference. This approach ensures a comprehensive and systematic process of obtaining crucial details related to a case. It may be noted that till date no allegation of wrongful conduct during investigations or of evidence being collected through wrongful means or procedures have held up to the scrutiny of a court of law.

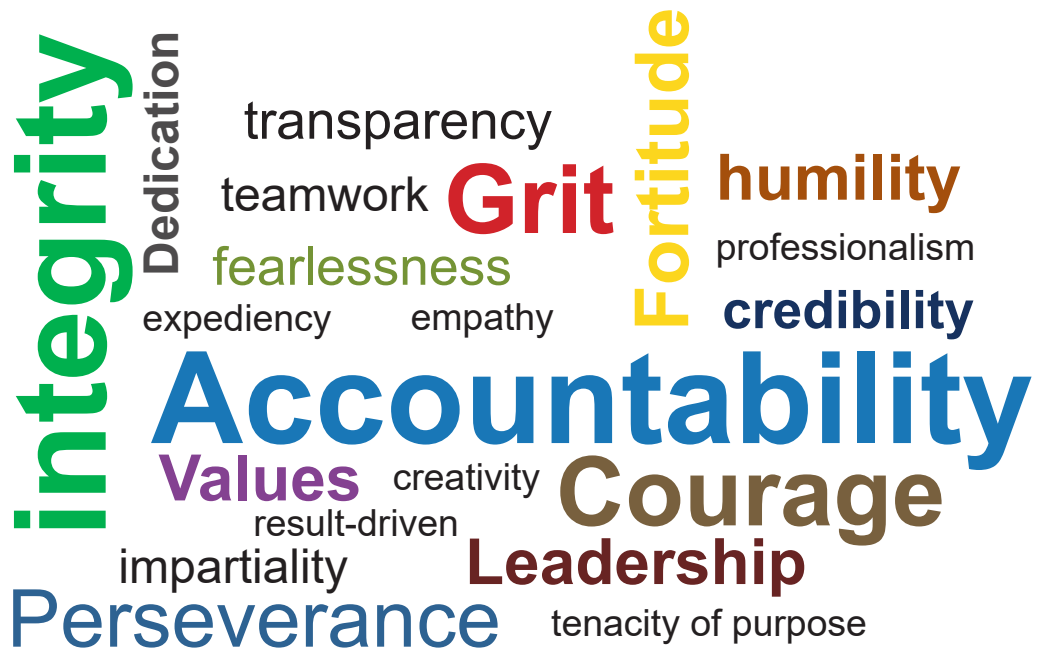
## Myth

Integrity Vetting is arbitrary and unessential

06

## Fact

The Integrity Vetting conducted by the ACC does not duplicate the clearances issued by other regulatory or oversight institutions, rather it serve different and complementary purpose in promoting accountability, transparency and prevention of corruption in public and private sectors. The integrity vetting process is guided by the Rules for Integrity Vetting 2022 that outlines the scope, purpose and procedures, including the processing and approval time, safeguarding individual from unjust or arbitrary decisions and where possible, the application of the principles of restorative justice. The reports are issued, in particular, to assist agencies in making informed decisions and in general, for prevention and deterrence in line with the message of corruption being *high cost, no benefit*. The Integrity Vetting Reports are based on the records in ACC's web-based information repository system on complaints received, cases investigated, administrative/disciplinary action sanctioned, conviction rendered by the Court of Law in corruption cases and compliance to Asset Declaration Rules 2022 (ADR), among others.



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