



# 2023-2024 ANNUAL REPORT

UNITED AGAINST CORRUPTION





"Our responsibility is not just for the immediate future. Four hundred years ago, Zhabdrung Ngawang Namgyel built the nation state of Bhutan, and his legacy, our inheritance, remains intact to this day. Let us build a legacy that will continue to benefit Bhutanese 500 years into the future. Are you ready to shoulder this responsibility with me?"

His Majesty The King, 17<sup>th</sup> December 2023







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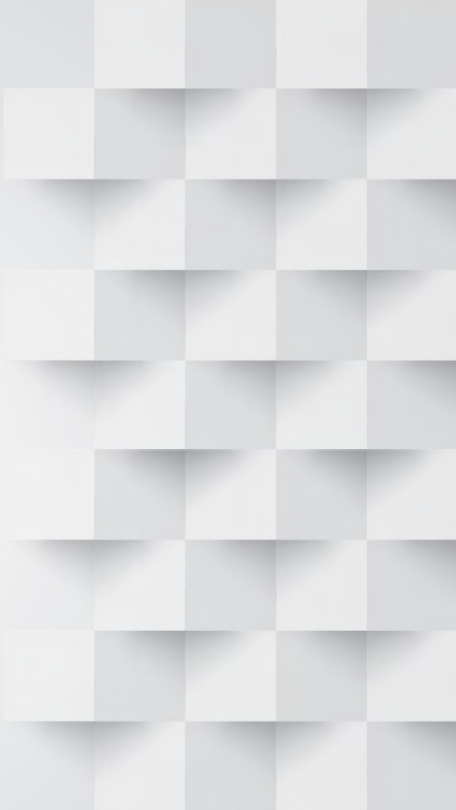
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# INTRODUCTION

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- Section 1: Key Highlights of the Financial Year (FY) summarizing notable achievements under various anti-corruption initiatives.
  - Section 2: Value-Based Anti-Corruption Education and Marketing presents the initiatives related to advocacy, long-term behavioral change, and training programs.
  - Section 3: Embedding Innovative, Foresight, and Technology driven Corruption Prevention Measures elucidates on the status of mainstreaming anti-corruption tools and measures in the public and private sectors.
  - Section 4: Proactive, Intelligence, and Technology-based Corruption Deterrence expounds on the extent of corruption prevalence and the enforcement thereof.
  - Section 5: Organizational Insight delves into the organizational culture and its performance metrics and foresight.
  - Section 6: Challenges and recommendations discuss on issues, risks, and possible solutions in the fight against corruption.





## INTRODUCTION

The year 2023-2024 stands as a defining period in Bhutan's development journey, marking the successful completion of the 12<sup>th</sup> Five Year Plan (FYP) and ushering in a transformative era of hope and progress. A key milestone was achieved on 13 December 2023, when Bhutan graduated to a Lower Middle-Income Country, a historic achievement that reflects the nation's steadfast commitment to sustainable development and economic resilience. This accomplishment, coupled with the declaration of the Gelephu Mindfulness City during the 116<sup>th</sup> National Day celebration, symbolizes Bhutan's vision for a future grounded in mindfulness, innovation, and sustainability. At the heart of this vision is the ambitious goal of becoming a *High-Income GNH Economy by 2034*, anchored on three core pillars – *People, Progress, and Prosperity*.

In alignment with this transformative vision, the Anti-Corruption Commission (ACC) has been steadfast in driving reforms as guided by its **Strategic Anti-Corruption Roadmap 2021-2030**. These reforms are essential to ensuring that the ACC remains proactive, intelligent, adaptable, and effective in addressing the evolving landscape of corruption,

while contributing significantly to the broader national agenda of transforming into high-income status and sustainable progress.

Despite these aspirations, the year has also posed significant challenges. The ACC continues to face the recurring issue of skilled workforce attrition and budgetary constraints, both of which have tested the organization's resilience. Yet, through strategic realignments, innovative use of technology, and collaborative approaches grounded in the principle of '*one for all and all for one*', the ACC has maintained its momentum. The ACC's ability to do '*more with less*' by optimizing resources and embracing digital innovation has been pivotal in sustaining progress and fulfilling its mandate.

The Annual Report 2023-2024 is the 17<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. These initiatives are presented in Six Sections of this Annual Report.





# SECTION 01 KEY HIGHLIGHTS

- a) Deterrence
  - b) Enforcement
  - c) Advocacy & Prevention
  - d) Institutional Capacity
- 





## KEY HIGHLIGHTS OF THE FY 2023-2024

### a) Deterrence

- **Investigation Rate:** A total of 66 cases were under investigation, compared to 77 in the previous year, including 38 new cases and 28 carried over. Of these, 45 were completed, down from 56 in the last reporting period, with 26 referred for prosecution, 12 for administrative actions, and six closed with no further action. Financial restitution prayed amounted to Nu.87.364 million for the reporting year, a decrease from Nu.105.152 million in the previous year. The average case resolution time improved from 65.5 working days to 54.7 days.
- **Conviction Rate:** Of the 101 defendants adjudicated during the year, 87 were convicted, leading to a conviction rate of 93.5%, a significant increase of 18.6% from the previous year. The total financial restitution ordered by Courts amounted to Nu.149.479 million, as compared to Nu.350.953 million in the last FY.
- **Accountability:** 138 individuals were implicated in the cases referred for prosecution during the year, compared to 270 in the previous reporting year, including 48 civil servants, 40 corporate employees, and 16 armed personnel. Among these, 16 individuals were implicated for embezzlement of funds or securities by public servants (345 counts), followed by 15 individuals for passive bribery of public servants (108 counts).
- **Proactive Intelligence:** Seven proactive intelligence projects were qualified for investigations, compared to 14 in the previous year. 163 corruption reports merited further action from the total 322 corruption reports received during the reporting period. Of these, 37 qualified for Investigation and 42 were shared with respective agencies for administrative action.



- **Administrative Complaints Resolution:** Out of the 42 reports shared for administrative actions, 32 could be brought to a logical conclusion, resulting in Nu.1.014 million in recoveries, a significant increase from Nu.0.459 million in the previous FY, along with five disciplinary actions.

## b) Enforcement

- **Integrity Vetting:** Generated 7,522 Integrity Vetting Reports (IVRs) for 103 agencies, implicating 20 individuals across three categories with eight placed under 'Provisional Record', 10 under 'Record', and two under 'Adverse Record' from autonomous agencies, financial institutions, corporations, and a Dzongkhag.
- **Property Management:** Streamlined management of seized assets, resulting in the disposal of 115 properties as well as Nu.2.193 million in cash.
- **Legal Framework:** Adopted revised Debarment Rules 2023 and Integrity Vetting Rules 2024 to strengthen enforcement framework while also completing the Second Cycle Review of United Nations Convention against Corruption (UNCAC) offering recommendations for further legal enhancements.

## c) Advocacy & Prevention

- **1st National Anti-Corruption Day:** Birth Anniversary of His Majesty The King on 21 February is now declared as the National Anti-Corruption Day (NACD) with the first being observed during the reporting year.
- **DAMTSI Educational Programs:** 574 educators were trained on the DAMTSI Handbook, and leadership courses were expanded to engage youth. Thematic training sessions were also conducted for 1,226 officials from the civil service, local governments, and financial service providers.



- **A****dvocacy:** Reached 44 Gewogs on general advocacy programs, engaging 4829 members of the general public besides 29 interactive sessions with diverse audiences.
- **O****rganizational Integrity Plans (OIP):** Out of 92 agencies implementing the OIP, 43 were rated 'Excellent,' while 17 were rated 'Poor', with the overall average score for the OIP at 83.9%. The Asset Declaration compliance significantly improved to 99.7%, though the implementation of the Model Public Service Code of Conduct required further reinforcement.
- **V****ulnerability-Based Studies:** Proactive and reactive system studies were initiated, with two on bailey bridge construction and timber extraction, leading to recommendations for improvement in related sectors. Initiated reactive studies on bank lending corruption and fraud in tire imports, providing recommendations to relevant authorities.
- **B****usiness Integrity Initiative:** Revised business integrity program, focusing on raising awareness, supporting a business-friendly environment, and promoting leadership in integrity.

## d) Institutional Capacity

- **S****taffing:** With an active workforce of 123, the ACC saw an attrition rate of 17.9% during the year as compared to 15.1% in the previous year, the highest on record, as 28 staff members left while 15 were recruited.
- **D****igital Transformation:** Launched Complaints and Investigation Management System and integrated data analysis tools to enhance complaints and investigation processes. Additionally, the introduction of the *Intella Investigator* module and the revamped interview rooms enhanced the institutional capacity.
- **I****nternational Engagement:** Hosted a delegation from Singapore's Corrupt Practices Investigation Bureau (CPIB) and organized knowledge-sharing sessions benefiting over 81 officials from law enforcement and regulatory agencies.





# SECTION 02

## VALUE-BASED ANTI-CORRUPTION EDUCATION & MARKETING

- 
- a) General Advocacy & Interactive Sessions
  - b) Behavioral Change Progress
  - c) Ethics and Integrity Training



## 2.1 PUBLIC EDUCATION

During the reporting period, the ACC continued its multifaceted approach to public education and outreach, focusing on three key strategies: general advocacy and interactive sessions, long-term behavioral change programs, and targeted training delivered both online and in-person.

### a) General Advocacy and Interactive Sessions

In the reporting period, a total of 73 general advocacy and interactive sessions were

conducted engaging a total of 6,769 participants as shown in the **Table 2.1**.

During the reporting period, the ACC's three Regional Offices made significant efforts to engage grassroots communities under their respective jurisdictions, reaching over 4,829 participants across 34 Gewogs. These in-person engagements and interactions were crucial in ensuring that people at the grassroots level understand the corruption landscape and are aware of the measures and responsibilities required to prevent and combat corruption.

**Table 2.1:** Detail of participants covered in the general advocacy and interactive sessions

SN	Number of sessions	Number of participants	Institutions Covered
1	<i>Parliamentarians and officials from Ministry &amp; Agencies</i>		
	18	502	<p>Members of the Parliament of National Assembly and National Council</p> <p>Training of Trainers (ToT) on 'Professional Ethics and Integrity' for Ugyen Wangchuck Institute of Forestry, Research &amp; Training (UWIFoRT), Ministry of Energy &amp; Natural Resources (MoENR)</p> <p>New Gewog Administrative Officers of Department of Local Government and Disaster Management, Ministry of Home Affairs (MoHA)</p> <p>New Immigration Inspectors of Department of Immigration, MoHA</p> <p>ToT on Developing Accountable, Moral, Trustworthy, and Successful Individuals (DAMTSI) Handbook for Scouts, Ministry of Education and Skills Development (MoESD)</p>





Cultivating a culture of

# INTEGRITY & ACCOUNTABILITY

through enhanced advocacy, awareness,  
and marketing strategies

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			Dzongkhag Education Officers & Thromde Education Officers of MoESD Participants of Japan-East Asia Network of Exchange for Students and Youths (JENESYS) of MoESD
2	<b>Local Government officials and general public</b>		
	44	4829	ToT on Civic and Voter Education in 20 Dzongkhags  General Public of 15 Gewogs of Samtse, five Gewogs of Trongsa, four Gewogs of Bumthang, eight Gewogs of Lhuentse and two Gewogs of Mongar
3	<b>New recruits of civil service, undergraduates of tertiary institutes, &amp; school students</b>		
	8	955	Scouts Leadership Training  Participants of Foundational In-Service Training (FIT), Royal Institute of Management (RIM)  Students of Institute of Science of Mind (ISM)
4	<b>Employees of corporations and Civil Society Organizations (CSO)</b>		
	3	148	Druk Green Power Corporation (DGPC)  CSO

- Information, Education, and Communication (IEC) materials:** In addition to face-to-face interactions, the ACC leveraged the widespread reach and influence of social media platforms to enhance its awareness campaigns. During this period, three key IEC materials were made available online, focusing on the *Youth Integrity Program*, the *role of citizens in combating corruption*, and the *importance of collective action in fighting corruption from leaders*.
- Media and Innovation Lab:** Moreover, the ACC's media engagement strategy has evolved beyond traditional event-based reporting and press releases to include the dissemination of more insightful and thought-provoking content with in-depth analysis. This shift was evident in a series of publications highlighting the findings of the National Integrity Assessment (NIA) 2022, which provided a nuanced understanding of the integrity landscape in the country. As part of efforts to enhance media engagement capacity, the Media and



Innovation Lab was established to develop and maintain updated ACC related multimedia content. This lab works in collaboration with both internal and external stakeholders to boost social media engagement across all age groups. Consequently, during the reporting period, audio-visual content on *Asset Declaration (AD)* and the *NIA 2022* was produced and shared through the ACC's official social media channels, reaching a broad audience.

- **National Anti-Corruption Day:** International Anti-Corruption Day (IACD), observed globally on 9 December, serves as a critical reminder to governments, agencies, and individuals around the world of the need to combat corruption in all its forms. While continuing to observe the IACD on 9 December in alignment with this global initiative, Bhutan observed its very first NACD on 21 February 2024, coinciding with the Birth Anniversary of His Majesty The King. This day marks a historic milestone in Bhutan's anti-corruption efforts, reaffirming the nation's unwavering commitment to integrity and the fight against corruption. The observance of the NACD on this auspicious day is profoundly symbolic, as it not only

revitalizes the nation's dedication to combating corruption but also pays tribute to His Majesty The King and our revered monarchs, who stand as unparalleled champions of integrity and professionalism. His Majesty's leadership embodies the very essence of anti-corruption, making the commemoration of the NACD a fitting tribute to this legacy.

Moreover, the inaugural NACD underscores the importance of 'integrity' as the cornerstone of Bhutan's national identity, especially as the country embarks on a transformative journey toward progress and development. The theme for the inaugural NACD, "*Integrity for Progress and Prosperity*" reflects the critical role that transparency, accountability, and ethical conduct play in driving Bhutan's future. The NACD was launched on 5 February, coinciding with the Birth Anniversary of His Royal Highness The Gyalsey, with a series of impactful events, campaigns, and initiatives leading up to the official observance on 21 February 2024 as shown in **Table 2.2**. These activities, conducted in collaboration with various stakeholders, aimed to instill a deeper understanding of integrity across all levels of society.



**Table 2.2:** Build-up programs conducted as part of the first NACD culmination activities

SN	Program
1	Inaugural Program with Media Conference
2	Orientation on DAMTSI Handbook for Scouts
3	Interactive sessions with: <ol style="list-style-type: none"> <li>1. Members of the Parliament;</li> <li>2. FIT;</li> <li>3. CSOs; and</li> <li>4. Youth representatives.</li> </ol>
4	Airing of Video Messages (in mainstream and social media platforms)
5	Initiated thematic sessions for Local Government functionaries of 20 Dzongkhags and four Thromdes
6	Online integrity polls
7	Commemoration of the 1st NACD – the culmination of activities

The inaugural NACD was a momentous occasion that not only strengthened Bhutan's alignment with the global anti-corruption movement but also reinforced the country's own efforts to foster a society grounded in transparency, accountability, and integrity. This observance sets the stage for a future where integrity is the hallmark of Bhutan's progress and prosperity.

## b) Behavioral Change Programs

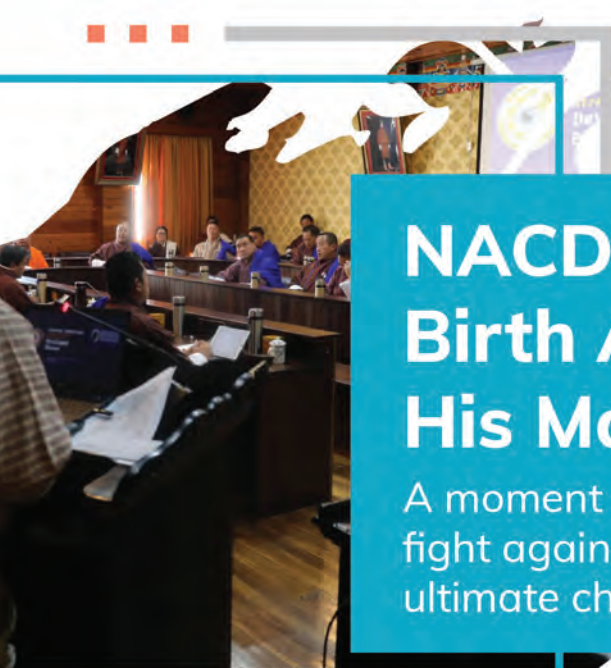
According to the National Statistics Bureau (NSB), youth make up 19.76% of Bhutan's total population. This significant demographic underscores the importance of targeting youth in long-term behavioral change programs, as the impact will resonate through future generations. Recognizing this, the ACC, under the broader Youth Integrity Program (YIP), has been actively

engaging youth across a wide spectrum, from pre-school children to first-year civil service recruits, embedding integrity through curricula and various initiatives. YIP's ongoing efforts and collaborations aim to cultivate a culture of integrity, empowering youth to become agents of positive change in their communities and beyond. In addition to continuing previously implemented programs, the ACC introduced several new initiatives during the reporting period:









# NACD on the Birth Anniversary of His Majesty The King

A moment to draw inspiration to  
fight against corruption from our  
ultimate champion of Integrity



21 FEBRUARY 2024

# 1<sup>st</sup> NACD



- ToT on DAMTSI Handbook for Scouts:** Developed in collaboration with the MoESD, the DAMTSI Handbook is designed to complement the Scouting Program and promote lifelong moral values. The Ministry has been pivotal in supporting the rollout of this handbook. During the reporting period, ToT program was conducted, covering 574 educators across all Dzongkhags and Thromdes.



*ToT on the DAMTSI Handbook for Scouts*

- Leadership Course Content for the College of Natural Resources (CNR):** Given the prevalence of corruption reports related to natural resources, 18 such reports were filed in the reporting period alone, the ACC recognized the critical role graduates of the CNR will play in safeguarding these resources. Conversely, unethical practices by these graduates could jeopardize Bhutan's limited natural resources. In response, the ACC collaborated with CNR to develop leadership course content rooted in the core values of integrity, accountability, and transparency. This activity-based content is designed to deepen undergraduates' understanding of ethical practices. The course content was officially launched on 7 March 2024, with a session emphasizing its importance.



*Launched collaborative Leadership Course with CNR*



- **DAMTSI Program for Not in Education, Employment, or Training (NEET) Youth:** To ensure a holistic approach to YIP, the ACC, in collaboration with the Department of Education Programmes, MoESD, developed a training manual specifically for NEET youth. This vulnerable group faces numerous challenges, making their engagement in integrity initiatives crucial. The training integrates these youth into various collaborative activities, helping them develop personally while also becoming responsible advocates for integrity within their communities.

c) Ethics and Integrity Training:

- **In-Person Training:** Towards promoting ethical culture in the public sector, the ACC continues to conduct profession specific tailored thematic training sessions based on their vulnerability to corruption. In the reporting period, thematic training was conducted for forestry officials, employees of financial institutions, and local government functionaries covering 1226 officials as illustrated in **Table 2.3**.

**Table 2.3:** Details of In-Person Training Conducted

SN	Target Agency	No. of Participants	Vulnerability Assessment	Status
1	Department of Forest & Park Services (DoFPS)	266	<ul style="list-style-type: none"><li>• Forestry services are identified as highly vulnerable to corruption according to the NIA 2022 and Corruption Vulnerability Assessment.</li></ul>	<ul style="list-style-type: none"><li>• 50% of forestry officials trained, with plans to cover all remaining field divisions and park offices in the upcoming FY.</li></ul>
			<ul style="list-style-type: none"><li>• MoENR has prioritized training for forestry officials in response to these vulnerabilities and recommendations from the system study on Management of Surface Collection &amp; Dredging of Riverbed Materials.</li></ul>	



2	Local Government (LG) Functionaries	895	<ul style="list-style-type: none"> <li>• The NIA 2022 highlighted a lower Corruption Index score for Gewog Administration (8.65) compared to the national average (8.67).</li> <li>• Additionally, the corruption reports against Gewog Administration continues to remain high.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted training for procurement and finance officials in Local Government during the previous FY.</li> <li>• Feedback from participants indicated the need for continued training, which the ACC is addressing.</li> </ul>
3	Financial Institutions	65	<ul style="list-style-type: none"> <li>• Repeated corruption investigations in the financial sector, with six corruption reports in the reporting period qualifying for investigation.</li> <li>• According to the National Corruption Barometer Survey (NCBS) 2023, 61.9% of respondents perceive banking services as prone to corruption.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted training on ethics, integrity, and accountability in collaboration with Financial Institution Training Institute (FITI) in three batches.</li> </ul>



- **Online Training:** As reported previously, the ACC continues to effectively leverage technology to enhance the ethical competence of public servants through the rollout of e-learning courses. These courses, tailored for civil servants, parliamentarians, corporate employees, and judges/justices, provide a cost-effective and accessible platform for self-paced learning. Since the inception of the e-learning initiative, over 5,000 public servants have enrolled in various courses, benefiting from

this flexible approach to professional development.

In the reporting period alone, 1,440 civil servants were newly enrolled in these courses, including P2 officials eligible for promotion, participants in the FIT program, and those who joined through proactive initiatives by their agencies. Ongoing efforts are focused on reviewing and updating the courses to ensure they remain objective, impactful, and aligned with the evolving needs of public service.



Thematic Training Sessions on Ethics and Integrity to the LG Functionaries





# SECTION 03

## EMBEDDING INNOVATIVE, FORESIGHT, AND TECHNOLOGY DRIVEN CORRUPTION PREVENTION MEASURES

- 3.1 Public Sector Integrity
  - 3.2 Private Sector Integrity
  - 3.3 CSO Integrity
  - 3.4 Empirical Research
- 



## 3.1 PUBLIC SECTOR INTEGRITY

As in the past, the ACC continues to implement a comprehensive range of anti-corruption tools under the framework of OIP to foster a corruption-resilient, accountable, and transparent public sector. These tools were implemented across 92 public sector agencies and evaluated for their effectiveness in the FY 2023-2024.

Among the 92 agencies evaluated, 43 agencies scored an 'Excellent' rating with a 100% score, demonstrating a strong commitment to fostering strong systems of integrity and anti-corruption. Conversely, 17 agencies were placed in the 'Poor' category, indicating a need for targeted interventions to enhance service delivery standards. The overall average score for the OIP was 83.9%.

The evaluation revealed significant variation in the OIP scores across different categories of agencies as depicted in **Figure 3.1**. Ministries such as Ministry of Agriculture & Livestock (MoAL), MoENR, Ministry of Finance (MoF), Ministry of Health (MoH), and Ministry of Industry, Commerce & Employment (MoICE) scored a perfect 100%, while others like MoESD and Ministry of Foreign Affairs & External Trade (MoFAET) scored only 50.0%, resulting in an average score of 86.8% for Ministries.

Among Dzongkhags, the OIP scores were generally high, with many achieving full scores, except for Punakha and Trashigang, which scored 21.0% and 33.0% respectively, leading to an average score of 85.6% for Dzongkhags. In terms of Thromdes, Gelephu and Phuentsholing Thromde performed strongly with scores of 100% whereas Thimphu Thromde scored lower at 83.3%, bringing the average score to 95.8% for Thromdes.

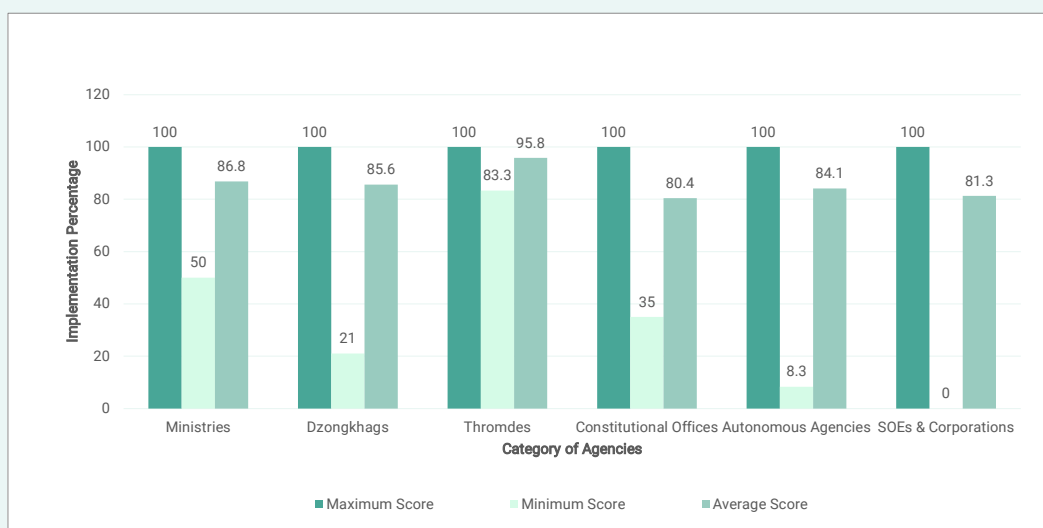
While the NIA 2022 highlighted strong integrity practices within the Judiciary and Constitutional Offices, with internal and external integrity scores above the national average, the OIP scores showed mixed results. The ACC, Royal Audit Authority (RAA), and Royal Civil Service Commission (RCSC) scored 100% except for the Judiciary with a score of 35.0%, resulting in an average score of 80.4% for Constitutional Offices. Similarly, the autonomous agencies displayed considerable variability, ranging from a low score of 8.3% for the Office of the Attorney General (OAG) to full OIP scores for others, with an average score of 84.1%.

Such disparity in the OIP scores can be attributed to issues such as late, incomplete, or non-submission of supporting documents, primarily due to changes in focal persons and improper



handing-taking processes. Despite frequent reminders from the ACC, many agencies only informed these changes only towards the end of the year when it was time for the evaluation. Therefore, some focal officers needed more clarity on the activities and submitted irrelevant documents. Some even submitted the documents based on the OIP of the previous FY.

The wide variability in OIP scores suggests the need to focus on improving low-scoring agencies through targeted training and oversight, leveraging high-performing agencies as models to support underperformers, and standardizing approaches to ensure all agencies have the necessary resources to effectively implement the OIP.

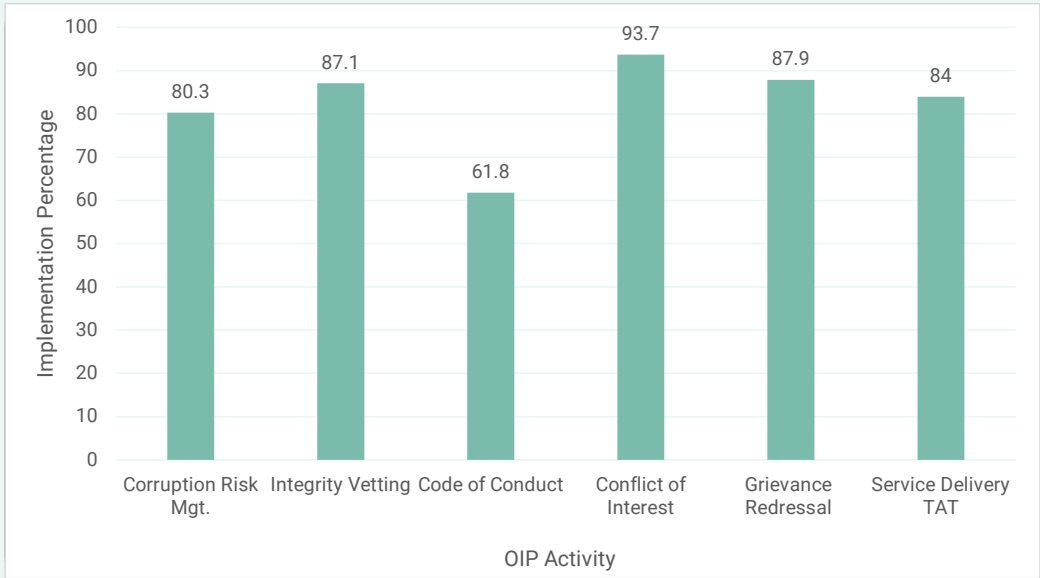


**Figure 3.1: OIP Score by Category of Agencies**

Despite the introduction of these anti-corruption tools, some of which were implemented even before the establishment of the ACC, the **Figure 3.2** reveals persistent challenges in achieving effective implementation. While activities such as Conflict of Interest Management (CoI), Integrity Vetting, and Grievance Redressal show strong performance, with implementation rates above 87.0%, the overall implementation of the Code

of Conduct (CoC) remains notably low at 61.8%. This indicates that, despite long-standing efforts and the presence of various tools, there are ongoing difficulties in fully embedding these practices into organizational culture and operations. The mixed results suggest that enhancing adherence to ethical guidelines and improving the consistency of implementing these tools are crucial for advancing transparency and integrity.





**Figure 3.2:** OIP Score by Anti-Corruption Tools

The in-depth analysis on various anti-corruption tools implemented as part of the OIP are as follows:

**a) Code of Conduct**

The Model Public Service Code of Conduct (MPCoC) is a pivotal framework designed to uphold ethical standards within public sector organizations, as mandated by the ACAB 2011. However, its implementation has faced several challenges. The ACC has observed that the principles of the MPCoC often remain theoretical, with many agencies struggling to translate these principles into actionable processes and systems.

There is a noticeable lack of clarity among agencies on how to effectively implement the MPCoC, compounded by insufficient resources provided by the ACC to guide this translation. Moreover, duplication of efforts across different agencies has led to inefficiencies, and some have merely reproduced existing CoC under the OIP requirements, without making a meaningful impact on the broader anti-corruption campaign in the country.

Despite the progress made in implementing other integrity measures, the overall implementation of the MPCoC remains significantly low at 61.8%. In the reporting year, 17 agencies were mandated to develop and/or review



their respective CoC. However, only 12 agencies made modest efforts to develop and/or review respective CoC for effective implementation. This highlights the urgent need for reinforcing the importance of the MPCoC across all public sector agencies, ensuring that it becomes a practical tool for promoting ethical behavior rather than just a theoretical guideline.

## b) Conflict of Interest Management

The ACC continues to play a crucial role in managing conflicts of interest by requiring public officials to disclose both financial and non-financial interests that could potentially influence their decision-making. These conflicts may arise from owning assets, participating in external activities, owning businesses, or receiving gifts and benefits. Conflicts of interest can be actual, perceived, or potential, and it is essential for public officials to prevent such conflicts to maintain public trust and avoid corruption. The UNCAC also mandates that State parties implement systems for public officials to declare personal assets and interests that could lead to conflicts of interest. By embedding these practices into the routine operations of public agencies, the ACC ensures that conflicts of interest are identified and addressed before they can undermine the integrity of decision-making processes.

In addition to these efforts, the Asset Declaration System (ADS) is another powerful tool in managing conflicts of interest. The Asset Declaration Rules 2022, mandate that public officials regularly disclose their assets, liabilities, and financial interests, which helps to create a transparent record that can be used to detect and prevent potential conflicts. The objectives of asset declarations are multifaceted, including the detection and prevention of illicit enrichment, promoting public trust through accountability, and crucially, facilitating the management of conflicts of interest. This is particularly important when public officials hold additional employment, engage in post-employment arrangements, or when their spouses or dependents have interests that may conflict with their official duties.

The integration of the ADS into the broader framework of conflicts of interest management allows the ACC to adopt a comprehensive approach to safeguarding integrity within public administration. This dual approach of ongoing conflict of interest management and asset declaration strengthens the ACC's ability to prevent corruption, reinforces public trust, and promotes a culture of transparency and accountability across all levels of public service.

While the average OIP score has reached an impressive 93.7%, this achievement should not lead to complacency as the dynamics of corruption risk are rapidly changing and new challenges continue to emerge globally. For instance, issues



such as the revolving door phenomenon, where public officials move between government positions and private sector roles can create significant conflicts of interest. Additionally, the influence of lobbying, especially when public officials have financial ties to industries they regulate, has raised concerns about impartiality and integrity in decision-making processes. The rise of complex financial instruments and global investments has also made it more challenging to detect and manage conflicts of interest effectively. Beneficial ownership disclosure is essential for revealing hidden financial interests that might otherwise go unnoticed, ensuring that public officials cannot conceal their involvement in entities that could benefit from their decisions. Hence, it is imperative to remain vigilant and agile to ensure that the high standards of integrity are not only maintained but also strengthened in the face of new challenges, while optimizing the existing ADS.

### c) Corruption Risk Management

Corruption Risk Management (CRM) has been integrated into the roles of internal auditors within various agencies to proactively identify and mitigate corruption risks. During FY 2023-2024, the Electricity Regulatory Authority submitted its CRM implementation report for FY 2021-2022. However, reminders were necessary for agencies such as Thimphu Thromde and Chhukha Dzongkhag to

submit their implementation reports, underscoring the need for more rigorous adherence to CRM processes. The ACC continues to stress the critical importance of conducting regular risk assessments to prevent corruption before it takes root. Despite these efforts, the average OIP score remains at 80.3%, indicating room for improvement in the consistent application of CRM processes across all agencies.

### d) Asset Declaration & Management

The declaration of personal assets and interests by public officials is fundamental to maintaining public trust and ensuring accountability in governance. It serves to deter corruption, mitigate conflicts of interest, and foster transparency. A well-designed system of asset declaration is a key component of a comprehensive National Integrity and Anti-Corruption System. In accordance with Section 38(1) of the ACAB 2011, public servants and individuals using public resources are required to declare their assets, income, and liabilities, including those of their spouse and dependents.

- **Why Public Servants Need to Declare: The Broader Benefits**

While public servants might question the immediate benefits of declaring their assets, especially in the absence of direct financial incentives or services, the significance of asset



declaration extends far beyond individual gain. The requirement to declare assets is not merely a bureaucratic exercise but a cornerstone of integrity in public service for following reasons:



### **Building Public Trust**

Asset declarations boost public confidence by showing that officials are transparent about their financial interests, reassuring citizens that their leaders are working in the public's best interest.



### **Preventing Corruption**

Regular asset disclosures help detect and deter illicit enrichment, ensuring that officials do not misuse their positions for personal gain, thereby maintaining public sector integrity.



### **Managing Conflicts of Interest**

Asset declarations provide a clear record to identify and manage conflicts of interest, ensuring decisions remain impartial and free from private influence.



### **Promoting Accountability**

By requiring officials to disclose their assets, it fosters a culture of transparency and accountability, where significant changes in wealth must be justified.



### **Strengthening Governance**

Asset declarations enhance the overall governance framework, aligning with international anti-corruption standards and reinforcing Bhutan's commitment to good governance.

The benefits of asset declaration, therefore, are not just about what public servants receive directly but about the crucial role these declarations play in fostering a transparent, accountable, and corruption-resistant public service environment. These systemic benefits, in turn, create a more stable and fair society, which ultimately benefits all citizens, including public servants themselves.

#### • **AD Compliance**

For the reporting year 2024, a total of 25,294 public officials were required to declare their assets, income, and liabilities. These officials are

categorized into Schedule I and Schedule II based on their level of vulnerability. The Schedule I public servants are managed by the ACC, while those of Schedule II are handled by their respective agencies.

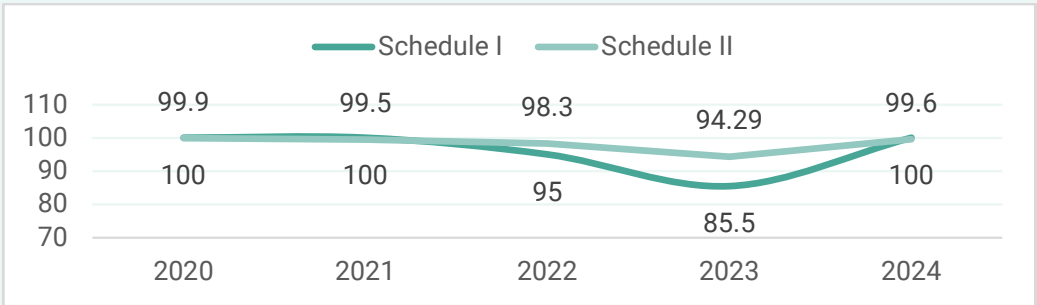


The compliance rate for 2024 was 100% for Schedule I and 99.6% for Schedule II, resulting in an overall compliance rate of 99.7% as shown in **Table 3.1**.

**Table 3.1:** AD Compliance for the Reporting Year 2024

Declarant Category	Total Covered Persons	Late/non-declarants	Compliance Rate (%)
Schedule I	665	0	100
Schedule II	24,629	89	99.6
Total	25,294	89	99.7

Although this high compliance rate is commendable, it suggests that the process of filing asset declarations has not yet become fully institutionalized, with compliance still heavily reliant on the effectiveness of notifications and follow-up actions by administrators. Additionally, recent enhancements to the online AD system and revisions to the Asset Declaration Rules in 2022 may have influenced the slightly lower compliance rates observed over the past two years. The fluctuations in compliance observed over the past five years, as depicted in **Figure 3.3**, indicates the need for continuous improvements in the asset declaration process to ensure consistent and reliable compliance.



**Figure 3.3:** Trend of AD Compliance (2020-2024)

• **Action Taken on Late and Non-Declaration of AD for the Reporting Year 2023**

In the reporting year 2023, a total of 25,808 individuals were required to submit asset declarations. Among

these, 931 were late declarants (94 from Schedule I and 836 from Schedule II), while 602 were non-declarant (4 from Schedule I and 598 from Schedule II). In accordance with Section 38(4) and (5) of the Anti-Corruption Amendment Act of Bhutan



2022 and Sections 53 & 54 of the Asset Declaration Rules 2022, appropriate actions were taken against the late and non-declarants, as detailed in the **Table 3.2**:

**Table 3.2:** Action Taken on Late and Non-Declaration of AD for the Reporting Year 2023

Action Taken	Late Declarants		Non-Declarants		Total
	Schedule I	Schedule II	Schedule I	Schedule II	
Penalty Imposed	90	675	1	139	905
Penalty Waived	4	162	3	459	628
Total	<b>94</b>	<b>837</b>	<b>4</b>	<b>598</b>	<b>1,533</b>

From the total of 1,533 late and non-declarants (931 late declarants and 602 non declarants), penalties were imposed on 905 individuals, while 628 had their penalties waived based on the justifications submitted. The total penalties amounted to Nu.7.357 million, with Nu.1.153 million attributing to late declarants and Nu.6.341 million for non-declarants. Of this, Nu.5.577 million was collected (Nu.0.962 million from late declarants and Nu.4.615 million from non-declarants). However, 61 individuals (21 late declarants and 40 non-declarants) failed to pay the penalty, and their cases were referred to the RAA for further action and recorded in the Integrity Vetting System for deterrence.

- **Verification of AD for Potential Disproportionate Assets**

Verification of asset declarations is a critical component in ensuring deterrence and enabling the AD system to achieve its preventive objectives. Each year, the ACC conducts verification of asset declarations for individuals covered under the AD system, focusing on those flagged by the system for potential Disproportionate Assets (DA) based on vulnerability criteria.

In 2023, the system flagged a total of 5,321 potential DA cases, of

which 652 cases (12.3%) from four agencies/sectors were selected for further verification, as detailed in the **Table 3.3**. Upon review, 651 of these cases were dropped as it was found to have caused due to incomplete and incorrect declarations. Only one DA case was recorded in the watchlist for future monitoring and verification. This highlights the need for improved awareness and stricter compliance among declarants to uphold the integrity of the declaration process and fully realize the objectives of the AD system.



**Table 3.3:** Verification of AD for Potential Disproportionate Assets

Agency/Sector	Total Covered Persons	DA Verified	Aggregate (%)
Members of Local Government	205	80	39.1%
Ministry of Agriculture and Livestock	718	338	47.1%
Paro Dzongkhag Administration	275	134	48.7%
Thimphu Thromde Administration	231	100	43.3%

### e) Integrity Vetting

The Integrity Vetting System (IVS) is a web-based platform designed to generate IVRs. These reports are generated using available data on corruption reports received, cases investigated, administrative and disciplinary actions taken, court convictions, and compliance with the Asset Declaration Rules 2022, among other factors.

To further enhance the effectiveness of this process, the ACC adopted the revised Rules for Integrity Vetting on 31 December 2023 and is made mandatory for positions at P2 level and above, particularly in areas such as recruitment, promotion, parliamentary and local

government elections, appointments, contract work, and service extensions. Recognizing the varying implications of criminal and administrative sanctions, the application of Restorative Justice has also been incorporated into the IVS framework, which is covered in detail under **Section 5**.

During FY 2023-2024, a total of 7,522 IVRs were generated, covering officials from 103 agencies with an overall turnaround time (TAT) of 1.7 days. The average OIP score for IVS during the FY 2023-2024 was 87.1%. However, six agencies have yet to register, and three agencies have registered but have not processed any IVRs.

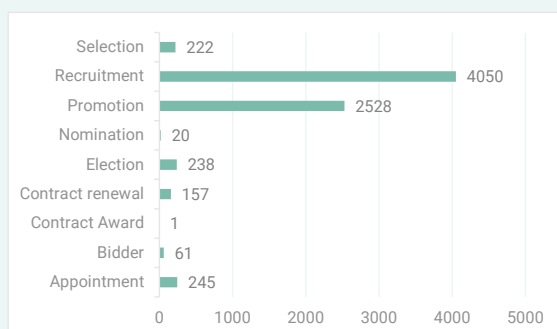
**IVR Category:** Of the total 7,522 IVRs generated, 7,502 were categorized as “No Record”, indicating no adverse findings. However, 20 individuals were implicated across three categories: eight in “Provisional Record”, 10 in “Record”, and two in “Adverse Record”. These categories reflect varying degrees of concern, with “Adverse Record” representing the most serious implications.



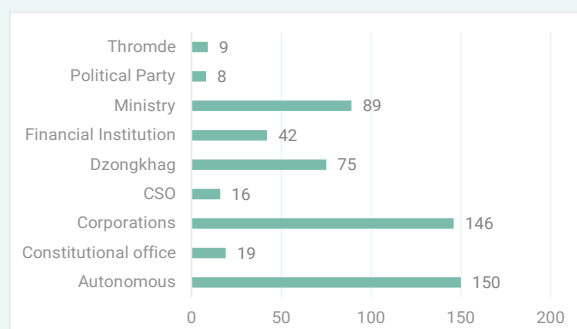
**Implicated Officials:** Of the 20 individuals implicated, eight were from autonomous agencies, three from corporations, one from a Dzongkhag, and eight from financial institutions, demonstrating that concerns of integrity are distributed across a range of sectors.

**Purpose of IVRs:** Agencies requested IVRs for a variety of purposes, including appointment, bidding, contract renewal, elections, nomination, promotion, recruitment, and selection as depicted in **Figure 3.4**. The majority of requests were for recruitment (4,050) and promotion (2,528), emphasizing the critical role IVRs play in crucial decision-making processes related to personnel management.

**Agency Requests:** The highest number of IVR requests were received from Corporations (146 applications) and Autonomous Agencies (150 applications). Conversely, Thromdes submitted the fewest requests, with only nine applications, as illustrated in **Figure 3.5**.



**Figure 3.4: IVR generated by Purpose**



**Figure 3.5: IVR generated by Agency**

The ACC conducts integrity vetting with the objective to not only ensure that individuals in key positions are vetted thoroughly but also supports a transparent and accountable decision-making process across various institutions.



### f) Grievance Redress Mechanism

The Grievance Redress Mechanism (GRM) serves as a formal process for addressing grievances related to public service delivery and other issues, playing a crucial role in ensuring accountability and responsiveness in governance process. Given the importance of this mechanism, the ACC emphasizes the need for continuous improvement in the GRM to enhance public service delivery and governance. The average OIP score for GRM during the FY 2023-2024 was 87.9%, indicating that while the agencies are implementing GRM, there is still room for further improvement.

The 13<sup>th</sup> FYP also identifies the enhancement of Bhutan's GovTech Maturity Index score and ranking as a Key Performance Indicator (KPI) under the Governance Cluster wherein the effectiveness of grievance redress mechanisms is one of the vital components of the Index. Strengthening the GRM will not only help resolve public grievances more effectively but also contribute significantly to improving Bhutan's overall governance and digital service delivery performance, thereby increasing public trust and satisfaction in government services.

### g) Service Delivery Standards

Effective service delivery standards and efficient TAT are essential components in the fight against corruption, as they promote transparency and accountability within public sector operations. The ACC has been focusing on these aspects, as underscored in the NIA 2022, which revealed that while external integrity scored 8.2, areas like the practicality of procedures (scoring 8.0) and the timely delivery of services were highlighted as needing improvement. Notably, 24.8% of respondents felt that services were not delivered without unnecessary delays, signaling a need for better TAT management.

The average OIP score for service delivery in FY 2023-2024 was 84.0%, reflecting ongoing efforts but also emphasizing the need for further enhancement. Strengthening service delivery standards and reducing TAT not only curtail opportunities for corruption but also ensure that public services are delivered efficiently and with integrity.



## h) Proactive/Reactive System Studies

During FY 2023-2024, the ACC conducted two proactive and two reactive system studies, alongside two midterm reviews and one final review. The objective of these studies was to evaluate existing processes, procedures, and internal controls, and to provide recommendations aimed at closing systemic loopholes that could lead to corruption.

- **Bailey Bridge Construction:** The construction and maintenance of Bailey Bridges, a vital component of Bhutan's infrastructure, were

identified as areas vulnerable to corruption, particularly in the public procurement process. The system study was conducted in keeping with the findings of the Corruption Vulnerability Assessments of Public Services conducted by the ACC in December 2023, irregularities reported in Annual Audit Reports from 2016 to 2023, and recent incidents of bridge collapses. The study reviewed the entire lifecycle of Bailey Bridge projects, from planning and tendering to construction and maintenance. Overview of findings and recommendations are highlighted in the **Table 3.4**.

**Table 3.4:** Overview of findings and recommendations on Bailey Bridge Construction

SN	Findings	Recommendations
1	Competencies for key technical personnel	a) Develop a Competency-based Framework (CBF) for Bridge engineers. b) Standardize competency requirements for key personnel in Bailey Bridge construction.
2	Quality control of Bailey Bridge parts	a) Include pre-delivery inspection at the manufacturing yard in the Standard Bidding Document. b) Consider setting up local testing facilities for Bailey Bridge parts, in collaboration with Bhutan Standards Bureau (BSB).
3	Standard Operating Procedure (SOP) for Bailey Bridge launching	a) Develop and implement SOP for Bailey Bridge launching.



4	Routine inspection and maintenance	<ul style="list-style-type: none"> <li>a) Dzongkhag Engineering Sectors to include routine bridge inspections and maintenance in annual plans, with maintenance logs for each bridge.</li> <li>b) Department of Surface Transport (DoST) to maintain an inventory and regulatory oversight of all Bailey Bridges.</li> <li>c) Involve local governments and Non-Government Organizations (NGO) like Bhutan Transparency Initiative (BTI) in bridge maintenance monitoring as part of social accountability.</li> </ul>
5	Overloading issues	<ul style="list-style-type: none"> <li>a) Conduct awareness campaigns for transportation firms.</li> <li>b) Enforce load limits with strict penalties, involving local authorities or communities in monitoring and reporting violations.</li> </ul>

- Pilot Timber Extraction & Export through Scientific Thinning:** The forestry sector's contribution to the Gross Domestic Product (GDP) is considerably low compared to other sectors, despite the country's abundant forest resources. With 69.7% forest cover, accounting for 759.000 million m<sup>3</sup> of wood in standing volume, there is significant potential for economic enhancement. To leverage this potential and improve forest stands, the government has operationalized timber export through scientific thinning. Moreover, this initiative serves as a stop-gap measure, with thinning and export operations scheduled to run until mid 2026. From the total growing stock of 759.000 million m<sup>3</sup>, 2.090 million m<sup>3</sup> will be thinned and exported by mid 2026.

The ACC's Corruption Vulnerability Assessment of Public Services, along with the NIA 2022, highlighted significant corruption risks within the forestry sector. The NIA revealed that 23.0% of respondents admitted to paying bribes for firewood collection and rural timber approvals, while 5.0% did so for obtaining environmental clearances. The restart of timber exports after more than four decades, using scientific thinning methods, presented both opportunities and risks. The study focused on reviewing the processes involved in timber extraction, distribution, and export, with particular attention to site identification, allotment, and compliance with regulatory standards. Overview of findings and recommendations are highlighted in the **Table 3.5**.



**Table 3.5:** Overview of findings and recommendations on Timber Extraction and Export

SN	Findings	Recommendations
<b>Policy Level</b>		
1	Multiple export commodities managed by different bodies (e.g., Bhutan Exporter Association & DoFPS, leading to policy hurdles and complex export processes.	Establish a centralized Export Office to oversee all exports, manage market demands, determine floor prices, and streamline approvals through a single-window trade facilitation system.
<b>Organizational &amp; Operational Level</b>		
1	Practical issues with Timber Distribution Modality for Phase I.	Develop and implement a practical Timber Distribution Modality for Phase II, incorporating accountability measures.
2	Non-compliance with Section 225 of the Forest & Nature Conservation Rules and Regulations (FNCRR) 2023 regarding royalty payments.	Develop measures to ensure royalty payments comply with Section 225 of the FNCRR 2023.
3	Lack of Timber Export Guidelines.	Develop and implement comprehensive Timber Export Guidelines and standardize export documents and requirements.
4	Committee member composition for floor price fixation.	Review and revise the composition of the committee responsible for floor price fixation.
5	Risks of undue influence and illegal logging in thinning operations, especially with private sector involvement.	If engaging the private sector in Phase II: <ul style="list-style-type: none"> <li>• Develop a site allotment mechanism with clear criteria.</li> <li>• Assess operational capacity and financial soundness before allotment.</li> <li>• Consider open auctions for allotment.</li> <li>• Strengthen site inspection and monitoring.</li> <li>• Strictly enforce floor price compliance.</li> <li>• Implement a reforestation bonds system.</li> </ul>

- **Corrupt Practices in Bank Lending:** The ACC's investigation into corrupt practices in bank lending revealed significant systemic weaknesses that had led to a proliferation of Non-Performing Loans (NPL). The case of Phajo Nidup, involving the fraudulent acquisition of over 88 loans totaling Nu.818.000 million, underscored the extent to which corruption had infiltrated the banking sector.



The ACC identified a range of systemic loopholes that allowed corrupt bank officials and public servants to approve ineligible loans, often in exchange for bribes or other forms of gratification. To address these issues, the ACC provided 39 recommendations to the Royal Monetary Authority (RMA) and the Corporate Regulatory Authority (CRA), focusing on strengthening internal controls, enhancing due diligence processes, and improving oversight mechanisms. A mid-term review conducted in May 2024 assessed the implementation of these recommendations, with ongoing monitoring to ensure full compliance.

- **Tyre Import Fraud:** In another investigation, the ACC uncovered instances of commercial bribery and fraud in the import of tyres, which were linked to the fraudulent repatriation of Indian Rupees (INR). This investigation exposed significant systemic vulnerabilities within the customs processes. To address these issues, the ACC provided several key recommendations to the Department of Revenue & Customs (DRC). These include enhancing ethics and integrity training for customs officials, establishing a system for providing customs officials and Clearing & Forwarding Agents with timely and comprehensive briefings on their terms of reference, strengthening the monitoring and verification

procedures for import invoices and declarations, and developing and implementing a comprehensive vehicle registration system to track the entry and exit of vehicles at the Mini Dry Port (MDP).

- **Implementation Status of Systemic Recommendations:**

The ACC conducted three monitoring exercises on the implementation of systemic recommendations provided in the following areas: 1) Management of Surface Collection and Dredging of Riverbed Materials, 2) Levying of Tourism Fees, and 3) Management of Infrastructure Development for Drinking Water Supply under the Water Flagship Program. Based on the status of implementation, the recommendations were categorized as 'implemented', 'partially implemented' or 'not implemented'.

For the final review and evaluation of the management of surface collection and dredging of riverbed materials, the ACC verified documents submitted and conducted field visits in Gedu, Phuentsholing, Samtse, Sarpang, Gelephu, and Dagana (Lhamoizingkha) from 24 January to 12 February 2024. The assessment also covered the Exporters Association of Bhutan office in Phuentsholing and weighbridge service offices.



The mid-term review of the system study on levying tourism fees and management of infrastructure development for drinking water supply under the Water Flagship Program was assessed as 77.3% and 42.9% respectively. Detailed implementation status is presented in **Table 3.6**.

**Table 3.6:** Implementation status systemic recommendations

Recommendations	Implementation Status	Assessment Score	Additional Recommendations
<b>Management of Surface Collection and Dredging of Riverbed Materials</b>			
DRC & Regional Revenue & Customs Offices (RRCO) to enforce the mandatory requirement of books of accounts by boulder exporters and conduct business income tax assessments based on books of accounts.	RRCOs in Samtse, Phuntsholing, and Gelephu were notified and requested to update the ACC on enforcement.	Partially Implemented	
DoFPS to develop a guideline with clear procedures and criteria for site identification and assessment	The recommendation was transferred to Department of Geology & Mines (DGM) after DoFPS handed over related mandates and DGM to submit an 'Action Taken Report' on the implementation status	Partially Implemented	
<b>Levying of Tourism Fees</b>			
Institute, advocate, and implement strict actions for embezzlement and misuse of collected fees.	Ticket Counter Officers are reminded of ethics and integrity during meetings by the Dzongkhag Administration and the Department of Tourism (DoT). CoC was developed but strict actions for embezzlement have not been instituted.	Partially Implemented	<ul style="list-style-type: none"> <li>Facilitate payment of all monument fees through an online system to reduce cash handling.</li> <li>If cash payments continue, develop a TAT for depositing collected money and include it in the roles of Ticket Counter Officers.</li> </ul>



Recommendations	Implementation Status	Assessment Score	Additional Recommendations
			<ul style="list-style-type: none"> <li>• Continue to remind and advocate ethics and integrity among Ticket Counter Officers.</li> <li>• Discuss the feasibility of a centralized account for all tourism fees (Sustainable Development Fees (SDF), monument fees, vehicle entry fees).</li> </ul>
Ensure that SDF collected in cash is deposited according to the specified TAT in the rules and regulations.	There is no documented TAT for depositing cash, but all cash collected is deposited daily into the DoT's Foreign Currency account.	Partially Implemented	
Institute, advocate, and implement strict actions against embezzlement and misuse of collected SDF.	Staff are regularly reminded of ethics and integrity. No cases of embezzlement have been reported, but strict actions for embezzlement have not been instituted.	Partially Implemented	<ul style="list-style-type: none"> <li>• Department of Immigration to include a provision in the currently developed SOP on reporting cases of embezzlement or misuse of funds to the ACC.</li> </ul>
Implement measures like online payment for the Vehicle Entry Fee (VEF) to reduce the risk of embezzlement and misuse.	VEF is still collected in cash with government receipts issued. An online payment system has not been implemented.	Not Implemented	<ul style="list-style-type: none"> <li>• Bhutan Construction and Transport Authority (BCTA) should institute an online payment system for vehicle entry fees to reduce cash handling and mitigate embezzlement risks.</li> </ul>



Recommendations	Implementation Status	Assessment Score	Additional Recommendations
			<ul style="list-style-type: none"> <li>Tour operators can pay through the online system if it is not convenient for tourists to do so themselves.</li> </ul>
<b>Management of Infrastructure Development of Drinking Water Supply Project: Water Flagship Program</b>			
Review and strengthen procedures for site selection and activity identification.	Water and Sanitation Information System has been enhanced with user training for engineers and technicians across 15 Dzongkhags. Annual updates on discharge/ yield during the lean season are required, with responsibility for water source identification now under the Department of Water, MoENR. A proposed workshop involving stakeholders before the 13 <sup>th</sup> FYP is planned, but funding constraints may affect its execution.	Fully Implemented	
Rationalize the assignment of project activities to engineers to minimize operational and corruption risks.	Water Flagship Project is nearing completion by June 2024. Activities are expected to be finalized with current resources. The Ministry of Infrastructure & Transport (MoIT) plans to consult with RCSC for additional manpower for future programs of national significance, but the RCSC does not allow additional human resources for those on Extra Ordinary Leave (EOL) or deputation.	Not Implemented	



Recommendations	Implementation Status	Assessment Score	Additional Recommendations
Strengthen collaboration & oversight mechanism between Project Management Unit & Project Implementation Unit	Training on the pumping system yet to be initiated. Budget apportioned in the 13 <sup>th</sup> FYP for series of training sessions.	Partially Implemented	
Enhance the accountability of project engineers through Individual Work Plan assessment and moderation	Water Flagship Project activities were included in the IWPs of respective project engineers.	Fully Implemented	
Apply integrity promotion and corruption prevention tools in line with the OIP for ongoing and new Water Flagship projects and funds.	These tools have been included in the Annual Performance Agreement (APA) with respective Departments. Moreover, Mandatory Indicators for FY 2023-2024 for MoIT stands at 98.0% which is in 'Very Good' level.	Fully Implemented	
Conduct sensitization on Ethics and Integrity for engineers.	A proposal for the sensitization program, to be conducted by the ACC, will be submitted following the recent identification of an ACC focal point from MoIT.	Not Implemented	
Explore and adopt emerging technologies and invest in Research and Development (R&D) for innovation in infrastructure development.	The Department currently lacks the resources to establish an R&D section within the Water Supply Division due to insufficient manpower and funding. However, there is a recognized need for R&D in the near future.	Not Implemented	



## 3.2 PRIVATE SECTOR INTEGRITY

The consistently low scores on the 'Business Regulatory Environment' and 'Regulatory Quality' dimensions from the World Bank Country Policy & Institutional Assessment (CPIA) and Global Insight Country Risk Ratings highlight the urgent need for significant reforms in the formulation and implementation of business-friendly laws and policies. Improving the regulatory environment is crucial to fostering private sector growth. The 21<sup>st</sup> Century Economic Roadmap also emphasizes the private sector's critical role as the 'Engine of Growth' as Bhutan aims to achieve *Developed Nation* status within the next decade.

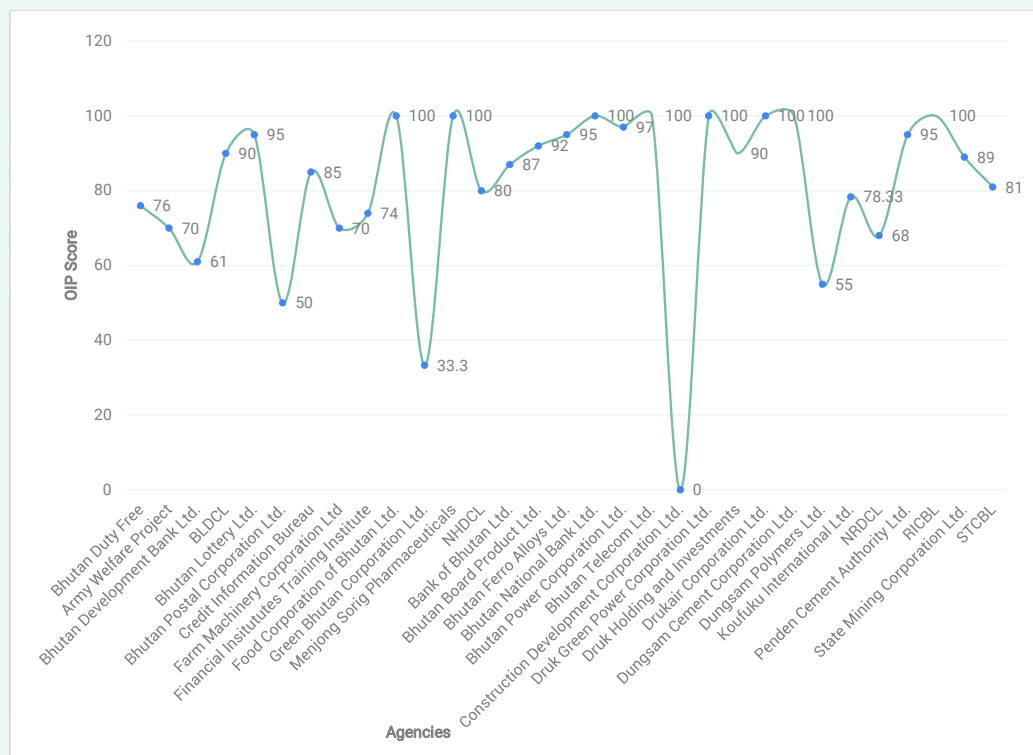
In response, the revised business integrity program aims to promote ethical business practices and create a conducive environment for the private sector to become 'Business Ready'. The program focuses on three key approaches:

- Raising Awareness:** This approach seeks to educate business entities about the importance of integrity and compliance with anti-corruption laws. During the reporting period, a business integrity module was developed in collaboration with the BCTA and the Construction Association of Bhutan (CAB). Virtual sensitization sessions were conducted for aspiring construction contractors, providing them with practical guidance on ethical practices and compliance requirements.
 

Under the OIP framework, the ACC also includes State-Owned Enterprises (SOE) and Corporations. During the FY 2023-2024, the OIP assessment revealed wide range of scores for the SOEs and Corporations, as shown in **Figure 3.6**, from perfect scores for Bhutan Power Corporation and Bhutan Telecom to a low of zero for the Construction Development Corporation Ltd. The average score for the SOEs and Corporations was 81.3%.
- Supporting and Incentivizing:** To create a business-friendly environment, this approach focuses on reducing bureaucratic red tape, simplifying regulatory processes, and incentivizing domestic and foreign investors to attract significant private sector investments. This approach shifts the focus from penalties for non-compliance to incentives for companies that proactively adopt



and implement anti-corruption measures. For example, businesses demonstrating strong anti-corruption practices may receive preferential treatment in government contracts or access to financial incentives. This encourages the private sector to embrace integrity as a core business value.



**Figure 3.6: OIP Score by Category of Agencies**

- Demonstrating Leadership:** This approach promotes collective action by establishing sustained dialogue platforms between the public and private sectors. These platforms facilitate ongoing communication and collaboration, enabling the private sector to effectively contribute to

national economic development while demonstrating ethical leadership. By leading by example, businesses can set industry standards for integrity, build trust with the public, and foster a culture of accountability within the business community.



Issue 1 of 8

The highlights of the findings from the NIA 2022 will be shared in the ensuing 7 issues in this series.

**193** Services

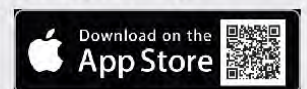
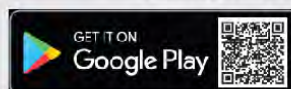
**76** Public Agencies

**12,641** Respondents  
 6,761 service users, 4,381 service providers  
 & 1,499 parliamentarians & voters

Additionally, the analysis also included the review of 435 complaints received by the ACC during the financial year 2021-2022.



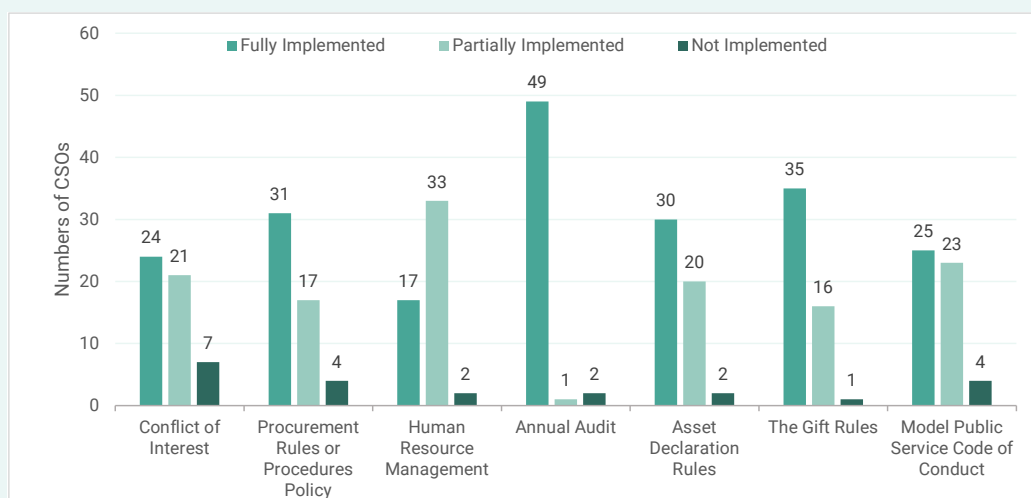
SCAN NOW TO REPORT CORRUPTION





### 3.3 CSO INTEGRITY

The CSO and media play a vital role in promoting transparency, accountability, and social accountability. The Civil Society Organization Authority (CSOA) conducted an assessment of the Bhutan CSO Accountability Standards (BCAS) across 52 registered CSOs. The overall average implementation score was 75.6%, with the 'Open Organization' accountability standard achieving a slightly higher average score of 76.9% as shown in **Figure 3.7**. This reflects a positive trend in transparency and openness within the sector.



**Figure 3.7:** Open Organization implementation status

In addition, 50 registered CSOs have appointed designated Integrity Focal Persons to further bolster their internal governance. Notably, 43 CSOs have proactively implemented integrity measures that go beyond the requirements of the BCAS, demonstrating a commitment to strengthening their integrity frameworks. These measures include maintaining donation registers, vehicle logbooks, guidelines on handing-taking procedures, and investment protocols.

To further enhance the capacity of CSOs, a one-day sensitization workshop on the CSO Training Manual was held on 13 February, attended by 28 representatives. This initiative aims to equip CSOs with the knowledge and tools necessary to uphold governance and accountability within their organizations.



## 2 | Key findings of its first component, the External Integrity

The first issue in the NIA Series of eight parts introduced national integrity assessment (NIA), its adoption in Bhutan and general information on the NIA 2022 that encompasses three key components: External Integrity, Internal Integrity, and the Parliamentarians Integrity. This second issue discusses the key findings pertaining to **External Integrity**.

External Integrity evaluates the integrity of the service providers in delivering services, as **perceived and experienced by citizens**. It is determined by (1) the *Corruption Risk Index* that assesses the possibility or risk of corruption among citizens who are the public service users and public officials, the public service providers; and (2) the *Corruption Index* that gauges the extent of corruption, including various forms such as payment in cash or kind, entertainment, and other forms of gratification and provision of advantages or benefits, as perceived or experienced by the public service users.

In the NIA 2022, External Integrity received a score of 8.26, which on a scale of 0-10 is a 'Very Good' integrity level of the employees of public agencies. It is above the national integrity score of 8.01. However, the disintegrated scores for transparency and accountability, the two components of the *Corruption Risk Index*, as presented below, throw more light on the ground realities and the areas for improvement and concern:

First, the score for the **Transparency** component that assesses clarity, effectiveness and openness of the service provided is 8.21 with score for openness of work to service users at 8.36 and practicality of standards and procedures at 8.02. While these scores generally indicate a positive state of transparency in public service delivery, with a good level of disclosure and clarity of procedures, there is still room to improve by making the administrative procedures even simpler, transparent and effective.

Second, the score for the **Accountability** component that evaluates the extent to which public officials responsible for delivering services misuse their authority or cause unnecessary delay in services stands only at 7.36. It includes survey items related to abuse of power (7.71) and efforts to accomplish duties (6.72). This score of 7.36 indicates a 'Satisfactory' rating due to:

- **weak grievance redressal** mechanisms,
- **unnecessary delay** in public service delivery,
- prevalence of **complacency**, and
- **non-responsiveness** to client needs.

For instance, 24.81% of the respondents felt that public officials unnecessarily delayed public service delivery. This is further substantiated by the fact that 66 out of 161 respondents who did not receive services were not informed of the reasons for the denial. Similarly, an alarming 66.44% of the complaints received by ACC, in the Financial Year 2021-2022, pertained to issues related to accountability in the public services.



Issue 2 of 8

The **Corruption Index**, with overall score of 8.67 for perceived and experienced corruption, assessed if a respondent sensed prevalence of corruption and/or actually encountered incidences of corruption having had to make payments in various forms such as in cash, goods, services, or other favours to the public officials who provide the service, to avail services from a specific agency. In further disintegrating the score, it is found that:

The actual **experience of corruption** in public service delivery is minimal with a score of 9.96. However, with a score of a mere 6.63 at a 'Satisfactory' level, **perceived corruption** is a major concern.

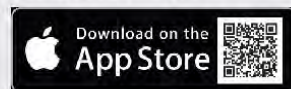
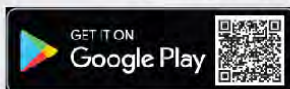
Delving further into the data, it is found that the lowest score for the **perception** component is indicated by perceptions on prevalence of corruption in the form of **favoritism**, mostly affected by personal relationship. 58.89% of service users expressed the belief that being able to resort to family and friends can help expedite the processing of the services they wish to avail. This is also borne out with 55.84% of service providers believing that instructions from their supervisors, friendship, and directives from the central government play influential roles in expediting the public service procedures. Therefore, both service users and providers recognize the significance of personal connections and directives from authority in accelerating service delivery. This also aligns with the findings of the *National Corruption Barometer Survey 2023* which indicated that 23% of respondents believed that the trading of influence was the most widespread form of corruption in the country.

Although the overall level of experienced corruption among service users is found to be relatively low, instances of **bribery and gratification persists**. Specifically, the findings reveal that in order to avail a public service:

- 1 out of every 74 service users resorted to making payments in cash or kind as compared to 1 for every 379 users found in NIA 2019;
- 1 in 88 service users offered entertainment in the form of food and drinks as compared to 1 in 147 users (NIA 2019); and
- 1 out of every 356 service users offered other forms of gratification as compared to 1 of every 274 users (NIA 2019).

These findings underscore the fact that the fight against corruption remains crucial and there is great need to enhance vigilant supervision and implement strong anti-corruption measures if we are to achieve the national goal of a vibrant and prosperous Nation and a citizenry defined by integrity.

SCAN NOW TO REPORT CORRUPTION





## 3.4 EMPIRICAL RESEARCH TO AUGMENT THE ABOVE INITIATIVES

Empirical research is critical for ensuring that anti-corruption initiatives are evidence-based, targeted, and effective. The ACC has prioritized research activities to complement the implementation of public sector, private sector, and CSO integrity measures.

- **Scoping Studies**

The ACC initiated its first scoping study in 2015 in collaboration with the RIM. The second scoping study, conducted independently by the Evaluation & Assessment Division (EAD) under the Department of Prevention and Education (DoPE) of the ACC, aimed to reduce costs

and utilize in-house resources. The study provided a preliminary analysis of vulnerable sectors to assess viability and define key parameters. It clarified project objectives, challenges, and resource needs, aiding in strategic planning and enhancing resource allocation aligned with broader goals. The study also aimed to build a research database on anti-corruption issues within the ACC operations and identify areas for future research, awareness programs, and system studies.

The ACC's Corruption Vulnerability Assessment of Public Services identified several sectors susceptible to corruption:

**1. Forestry:** Bribery for illegal activities, such as trafficking endangered species and obtaining licenses, undermines public trust. The NIA 2022 revealed that 23.0% of respondents admitted to bribing officials in this sector.

**2. Agricultural and Livestock Services:** Corruption in service delivery hampers economic activity, with 29.0% of users reportedly bribing officials to receive services as per NIA 2022.

**3. Healthcare:** Over 65.0% of respondents in the NIA 2022 believe corruption exists in healthcare, leading to preferential treatment for wealthier individuals and longer wait times for others, which negatively impacts health outcomes.

**4. Elections:** Significant perceptions of corruption exist, including vote-buying and manipulation of vulnerable voters. Issues include incentives during door-to-door campaigning, ferrying votes, and campaign finance irregularities.



**5. Public Procurement & Human**

**Resource Management:** Corruption in these areas leads to financial losses and public distrust, with favoritism and nepotism undermining equality and transparency.

**6. Land Services:** The ACC received over 80 land-related corruption reports in FY 2021-2022, with corruption linked to delays in processing, often expedited through bribery. The ACC continues to receive corruption reports related to land.

**7. Banking Sector:** Corruption related to NPLs involves bank officials accepting bribes and manipulating NPLs.

**8. Export and Import Processes:** Corruption in customs, including bribery and tax evasion, affects government revenue. The ACC suggests clarifying procedures and reducing direct interactions to mitigate these issues.

**9. Tourism:** Corruption in this sector includes bribery of immigration authorities, extortion of tourists, and embezzlement of tourism funds. The report recommends transparent and accountable practices to address these issues.

**10. Other Vulnerable Sectors:** The report also highlighted Foreign Direct Investments (FDI), hydropower, sports, the entertainment industry, and the judiciary as areas susceptible to corrupt practices.

This comprehensive assessment underscores the need for ongoing vigilance and targeted interventions to combat corruption across multiple sectors.

- **Integrity Assessment of Forestry Services**

Based on the findings of the Corruption Vulnerability Assessment of Public Services, a study titled 'Integrity

Assessment in Forestry Services' was conducted with the aim to assess corruption vulnerabilities, evaluate existing control mechanisms, and provide evidence-based recommendations to enhance transparency, accountability, and integrity within forestry services.

The study utilized a qualitative approach, incorporating 14 Focus Group Discussions (FGD) with Divisional Forest Officers (DFOs) and 68 semi-structured interviews with service users, conducted



between 3-26 April 2024. This was followed by data analysis from 6-23 May 2024.

Key findings revealed that Bhutan's forestry management has improved significantly with the implementation of the Online Forestry Services (OFS). This digital platform has reduced corruption by minimizing human interaction, streamlining administrative processes, and ensuring systematic record-keeping and direct online payments. The OFS has also enhanced transparency, accountability, and efficiency, aligning with global e-government trends. However, challenges persist, including a shortage of human resources in Divisional Forest Offices and technological barriers that limit access for illiterate community members, particularly in rural areas. These issues create opportunities for corruption and highlight the need for better technology infrastructure and access.

Compliance with forestry regulations remains crucial for maintaining sector integrity. The study recommends raising awareness about proper procedures and the consequences of corruption, ensuring public participation in forest management, and enforcing strict adherence to rules. Moreover, effective data management and cybersecurity are vital to sustain the OFS's efficiency and mitigate corruption risks.

While the OFS has significantly improved forestry sector operations,

ongoing efforts are needed to address vulnerabilities. Investing in technology, promoting transparency, and fostering accountability are essential for sustainable and corruption-free forestry management. The lessons learned from the OFS's implementation can be applied to other sectors to enhance operational efficiency through digital transformation.

- **Building Literature on Anti-Corruption and Values**

The ACC has taken a significant step toward becoming a knowledge-creating institution with the development of a guideline on the '*Usage of ACC's Survey Data and Journal Publication*'. This guideline is part of the "*Innovation Dumra Initiative*" which aims to foster a research-oriented culture within the ACC by encouraging employees to leverage extensive data collected by the EAD for journal publications. This initiative not only prevents valuable data from becoming obsolete but also contributes to the global body of knowledge on anti-corruption and ethical values. The guideline has led to several staff within the ACC to publish peer-reviewed articles in national and international journals.

- **NIA Agency Reports**

Leveraging data from the NIA 2022, a comprehensive series of 11 agency-specific reports were published. These reports provide in-depth analyses aimed at enhancing integrity, transparency,



and accountability within various governmental and institutional frameworks. Each report is tailored to address the unique challenges and opportunities within specific agency categories, offering actionable insights and recommendations to promote ethical practices and operational efficiency.

These reports were disseminated to both Local Government, including all

20 Dzongkhags and four Thromdes, and Central Government Agencies such as Ministries, Autonomous Agencies, Corporations, and Financial Institutions. A total of 896 participants (688 male and 207 female) attended the sessions, ensuring the widespread dissemination of key findings and recommendations, and fostering a culture of integrity and accountability across Bhutan's governance structures.



Sensitization on National Integrity Assessment 2022 to NA



# 3 | A Deep Dive into the Internal Integrity & its Indexes



Issue 3 of 8

The earlier issue in the NIA Series of eight parts discussed the key findings of the External Integrity. This third issue will delve into the key findings of the **Internal Integrity**.

Internal Integrity assesses organizational integrity by gauging the **perceptions and experiences** of the employees in the public agencies. It encompasses three key components: *Integrity Culture*, *Work Integrity*, and *Ethical Leadership*.

The Internal Integrity scored 8.34, signifying a 'Very Good' level of integrity. The primary contributor to this score is the *Work Integrity Index* with score of 8.98. The *Work Integrity* assesses employees' experiences and perception of corruption in areas of **personnel management, budget execution, and assignment of works**. In contrast, *Integrity Culture Index* made a relatively smaller contribution, scoring 7.94. This component evaluates the **prevalence of corrupt practices** and effectiveness of **systems to combat corruption** in the agencies. Further, the third Index, *Ethical Leadership*, scored 8.12, indicating a 'Good' level of **integrity, ethics, trust, transparency, accountability, and fairness in leadership**.

Further disintegrated scores on each of the indexes examines strengths as well as weaknesses in the organizational integrity systems.

Firstly, the *Integrity Culture Index*, which scored the lowest among the three indexes of internal integrity, is even lesser than the national integrity score of 8.01 while it is in a 'Good' level. It comprises of **Organizational Culture** and **Corruption Control System** and each of its respective scores and survey items are presented below:

**Organizational Culture** component that assessed the cultural norms and values of an organization, scored 8.19, which falls into the 'Good' level. This rating is primarily contributed by high scores on areas such as refraining from neglecting official duties for personal interests (8.57), avoiding mediation and undue solicitation (8.39), and conducting duties based on professional merit rather than personal relationships (8.34). However lower scores on misuse of privileged information for personal gain (7.53) and accepting payment in cash or kind or gratifications (7.63) highlight unethical conduct in the organizations. In particular, the factors that are considered most influential by employees for expediting service delivery processes were:

- Instruction from supervisors;
- Personal connections such as friendships or family relationships; and
- Directive from the central government.

The component on **Corruption Control System** evaluates the presence of anti-corruption measures within agencies, including mechanisms like whistleblowing systems and internal controls, as well as the effectiveness of addressing individuals engaged in corrupt activities. This component scored 7.52, indicating a 'Good' level. This is attributed to the 'Satisfactory' level score (6.63) in the area of protecting

whistleblowers, indicating the need to establish a robust and appropriate system for safeguarding individuals who report corruption.

Secondly, the commendable score of the *Work Integrity Index* (8.98) is attributed to outstanding scores in **Personnel Management** (9.20), **Budget Execution** (9.17) and **Fairness in the Assignment of Works** (8.35), underscoring that public officials have encountered only fewer instances of corruption in these areas. The further disintegration of the scores of this component are as presented below:

**Personnel Management**, encompassing functions like human resource management, including recruitment, training, promotion, and transfers, is evaluated by assessing the perceptions and experiences of public officials. The 'Outstanding' level score for this component is primarily attributed to low level or fewer incidences of experienced corruption (9.99). However, relatively higher perceptions on corruption in decision of HR matters (7.96) highlight areas for concern.

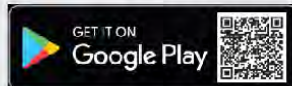
**Budget Execution** involves the utilization of capital and recurrent budget including travel expenditures in agencies. While the experienced corruption in manipulation of budget was lesser with score of 9.88, the perceived manipulation for personal/family/friend's benefit scored only 8.06. The insights into the budget manipulation for personal gain highlight that **one in every 31 respondents had observed budget manipulation involving an average of Nu. 254,121 for personal benefit and Nu. 60,083 to benefit family and friends**.

**Fairness in the Assignment of Works** examines the responsible execution of duties by public officials and the equitable distribution of tasks among the staff of the agencies. The fewer experiences of unfair work directives from superiors scored higher (9.16) than perceived corruption (7.15) due to unreasonable and unfair instructions. For instance, **one in every ten public officials had encountered unreasonable work directives from their superiors**.

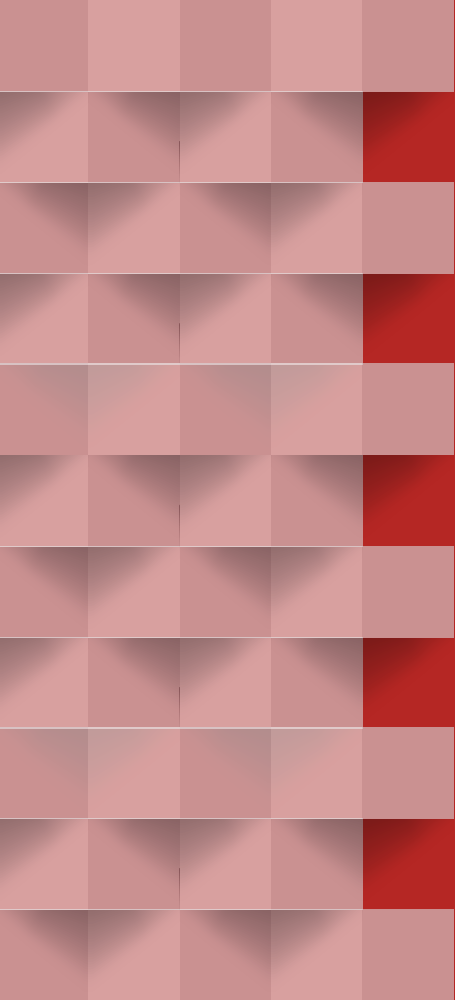
The *Ethical Leadership Index* assesses suitable behaviours of leaders through personal and interpersonal interactions guided by integrity, ethics, trust, transparency, accountability, and fairness. The score for Ethical Leadership is 8.11, indicating a 'Good' level of integrity and performance of leaders. Relatively better scores for Ethics (8.25), and Accountability (8.23) suggests strong leadership ethics, including compliance to law and regulations. However, lower scores for Trust in leaders (8.02) and Fairness (7.8) highlight room for improvement to further uphold and enhance ethical leadership.

These findings highlight that there is need to enhance organizational integrity through improving culture, internal control systems, including safeguarding the whistleblowers, and enhancing role of leaders.

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# SECTION 04

## PROACTIVE, INTELLIGENCE & TECHNOLOGY- BASED CORRUPTION DETERRENCE

4.1 Corruption Report and Referrals

4.2 Investigation and its Outcome



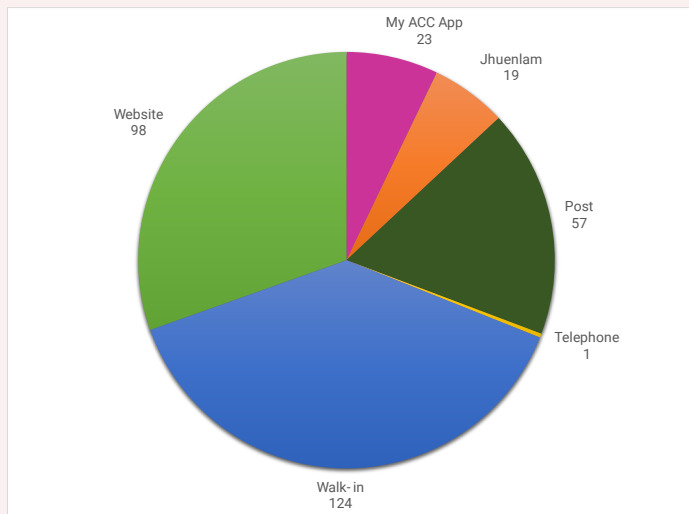


## 4.1 CORRUPTION REPORT AND REFERRALS

During the FY 2023-2024, the ACC received a total of 322 corruption reports, averaging 26.8 per month, which is a decrease from the previous year's monthly average of 28.5.

### a) Corruption Reports by Modes

Unlike in the past years, *walk-in* reporting has emerged as the most preferred mode for lodging corruption reports, with 124 corruption reports recorded in the reporting year as depicted in **Figure 4.1**. This shift indicates a growing trust and confidence in face-to-face reporting, where individuals find direct interaction more reliable and effective for addressing corruption issues. In contrast, social media platforms like WeChat and WhatsApp (*Juenlam ACC*) remain as the least preferred channels for corruption reports.



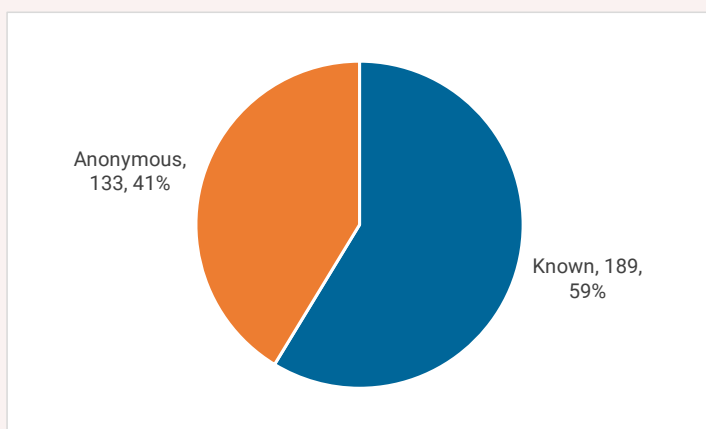
**Figure 4.1:** Corruption reports by mode

Nevertheless, with 23 corruption reports received through the *myACC* application in the reporting year, it suggests that there is emerging interest in digital tools that offer greater accessibility and convenience. Moreover, *myACC* app is expected to complement existing reporting channels and potentially shift the reporting landscape towards more contemporary and user-friendly option.



## b) Source of Corruption Reports

Of the 322 corruption reports received, 189 corruption reports were from *Known* sources and 133 from *Unknown* as shown in the **Figure 4.2**. Among the *Known* sources, corruption reports were lodged by 140 male and 21 female including 24 referrals from agencies as shown in the **Table 4.1**. Over the past three years, corruption reports from *Known* sources have consistently surpassed the *Unknown* sources, indicating enhanced transparency and increased confidence in the reporting mechanisms.



**Figure 4.2:** Source of corruption reports

**Table 4.1:** Number of referrals by agencies

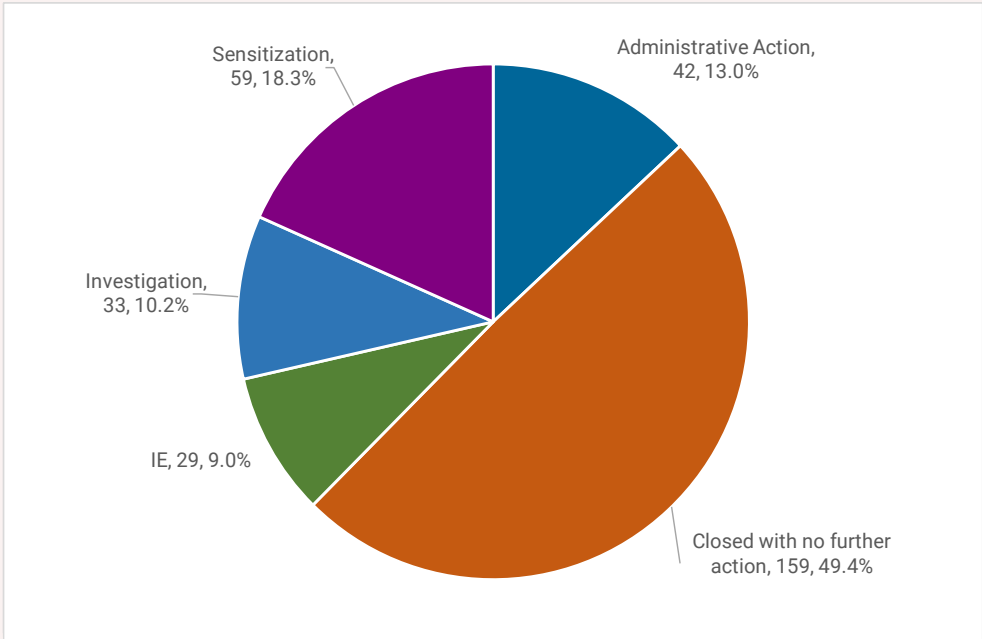
SN	Agency	No. of Corruption Reports
1	Bhutan Development Bank Ltd.	2
2	Bhutan Football Federation	3
3	Bhutan Industrial Gas	1
4	Bhutan Telecom Ltd.	1
5	Commission for Religious Organization	1
6	Damchen Petroleum Distributors Pvt. Ltd.	2
7	Driving School Association	1
8	Gasa Dzongkhag Administration	1
9	Music of Bhutan Research Centre	1
10	RAA	4
11	Royal Bhutan Police	4



12	Royal Insurance Corporation of Bhutan Ltd.	1
13	State Trading Corporation of Bhutan Ltd.	2
<b>Agency referral</b>		<b>24</b>
Offshoot from on-going investigation		4
<b>Total</b>		<b>28</b>

c) Action Taken against Corruption Reports

Out of the 322 corruption reports received, 33 qualified for investigation, while 159 were closed with no further action due to the absence of corruption elements, as illustrated in **Figure 4.3**. Notably, all 33 reports that qualified for investigation originated from *Known* sources, as shown in **Table 4.2**.



**Figure 4.3:** Decision on corruption reports



**Table 4.2: Decision on corruption reports by mode, source, and gender**

Mode of Corruption Reports	Total no. of Corruption Reports	Qualified for investigation				Shared for Action				Shared for Sensitization				Information Enrichment				Closed with no further Action				Total			
		Known		Anonymous		Known		Anonymous		Known		Anonymous		Known		Anonymous		Known		Anonymous		Known		Anonymous	
		Male	Female	Agency Referral		Male	Female	Agency Referral		Male	Female	Agency Referral		Male	Female	Agency Referral		Male	Female	Agency Referral		Male	Female	Agency Referral	
Post	57	0	0	10	0	1	0	2	8	2	0	0	11	1	0	0	5	2	1	2	12	6	1	14	36
Walk-in	124	9	2	8	0	8	5	1	0	12	0	0	1	15	0	0	0	54	8	0	1	98	15	9	2
Website	98	1	0	3	0	1	0	1	8	1	0	0	21	1	0	0	5	16	1	0	39	20	1	4	73
Juenlam ACC	19	0	0	0	0	4	0	0	0	2	0	0	1	1	0	0	0	3	4	1	3	10	4	1	4
My ACC App	23	0	0	0	0	0	0	0	2	4	0	0	4	0	0	0	1	1	0	0	11	5	0	0	18
Telephone	1	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0
Total	322	10	2	21	0	15	5	4	18	21	0	0	38	18	0	0	11	76	14	3	66	140	21	28	133
		33				24				21				18				93				189			
		33				42				59				29				159				322			
		10.25%				13.04%				18.32%				9.01%				49.38%							



Of the total corruption reports received, 163 merited further actions which are presented below by area, offence, agency, place of occurrence, and profession:

i) Area

In the reporting year *Public Revenue* (37) continued to be the area with highest number of corruptions reports as shown in **Figure 4.4** followed by *Resources* (23) and *Natural Resources* (18). In the area of *Public Revenue*, majority of the corruption reports pertained to *Abuse of Functions*

(18) followed by *Embezzlement* (15). The 'Others' category includes corruption reports related to areas such as private properties, exam-related issues, clearances, licenses, business activities, supplies, and other miscellaneous cases that do not fit within the primary categories like Public Revenue, Natural Resources, or Personnel.

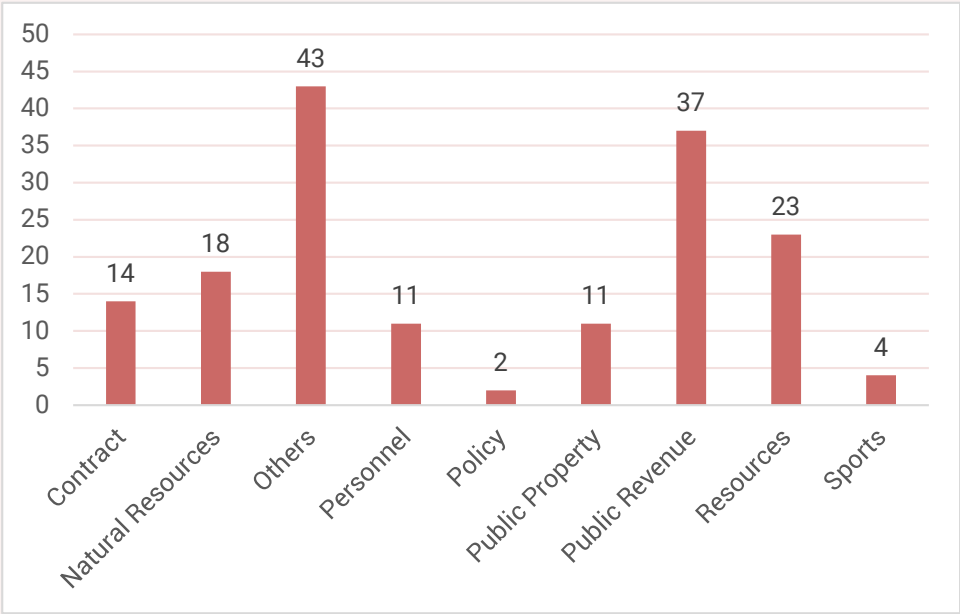


Figure 4.4: Corruption reports by area

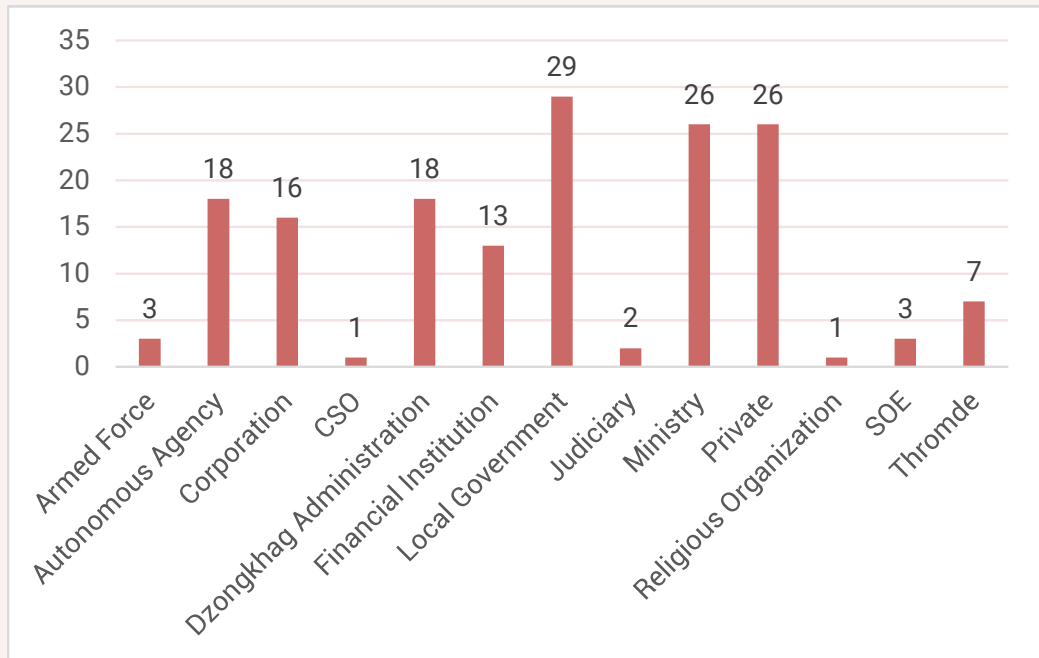
ii) Agency

*Gewog Administration* constituted the highest number of corruption reports (29), followed by *Ministries* and the

*Private Sector* with 26 each, and *Autonomous Agencies* and *Dzongkhag Administrations* with 18 each, as shown in **Figure 4.5**. Of the 29 corruption reports against *Gewog Administration*,



25 pertained to *Abuse of Function*, but only one qualified for investigation, compared to three each for *Ministries* and the *Private Sector*, five for *Autonomous Agencies*, and six for *Dzongkhag Administrations*. Notably, 62.1% of the reports against Gewog Administrations were referred for sensitization and administrative actions, with only 10 marked for Information Enrichment.



**Figure 4.5:** Corruption reports received agency-wise

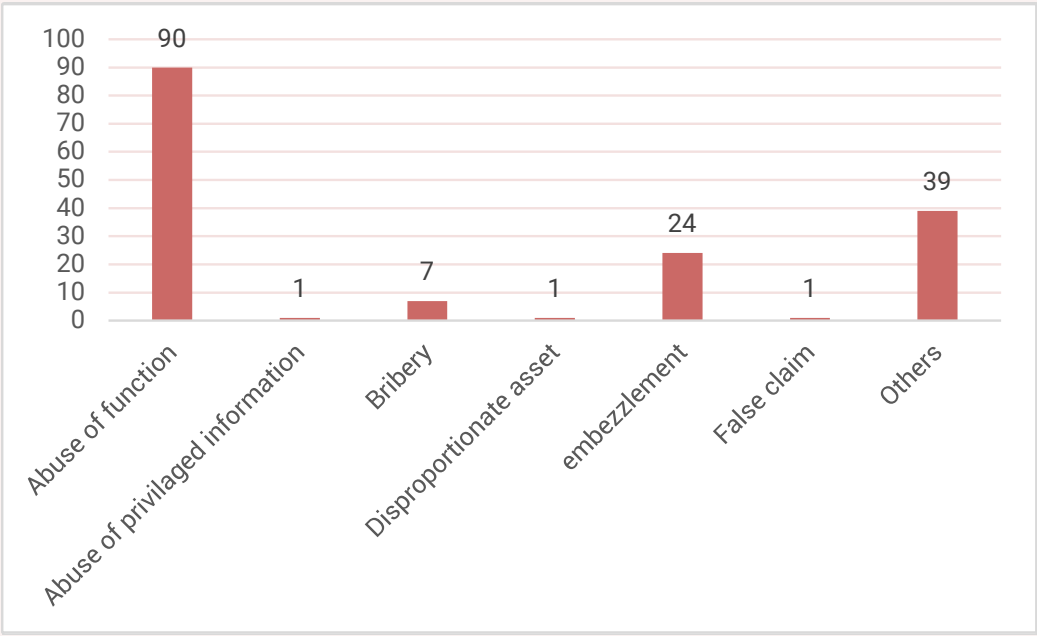
### iii) Offence

The majority of corruption reports received were related to *Abuse of Function* (90), followed by *Embezzlement* (24) and *Bribery* (7), as depicted in **Figure 4.6**. The 'Others' category includes corruption reports that do not fall under any of the categorized offences such as

*Abuse of Functions*, *Abuse of Privileged Information*, *Bribery*, *Disproportionate Asset*, *Embezzlement*, and *False Claim*. The persistent prevalence of *Abuse of Function* as the most reported corruption offense underscores the critical need to strengthen ethical awareness and training, enhance transparency and accountability, and implement robust



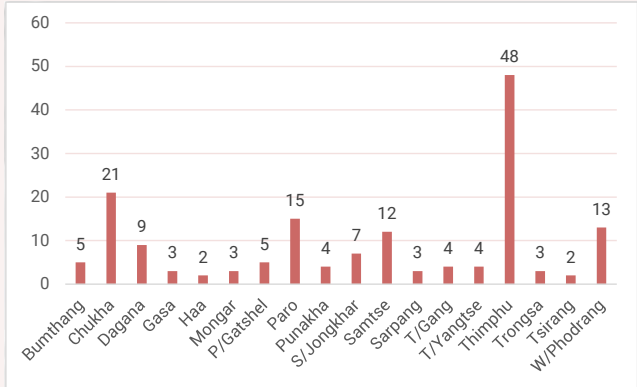
monitoring and evaluation systems, particularly within leadership roles. This further validates the need for reinforcement in the implementation of the MPCoC across the agencies.



**Figure 4.6:** Corruption reports by alleged corruption offences

**iv) Place of Occurrence**

Thimphu Dzongkhag recorded the highest number of corruption reports (48), followed by Chhukha (21) and Paro (15) as illustrated **Figure 4.7**. In Thimphu, the majority of these reports were related to *Abuse of Function* (21) and *Embezzlement* (8).

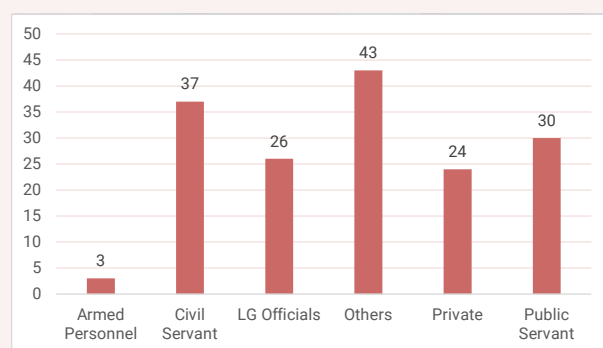


**Figure 4.7:** Corruption reports by place of occurrence



## v) Profession

From the 163 corruption reports, 37 were against *Civil Servants* followed by *Public Servants* (30) and *LG Officials* (26) as shown in **Figure 4.8**. Further analysis revealed



**Figure 4.8:** Corruption reports by profession

that the corruption reports among *Civil Servants* were most prevalent in the Ministries (19), followed by *Dzongkhag Administrations* (13) and *Autonomous Agencies* (5). The '*Others*' category includes corruption reports lodged against entities such as Human Resource Committees, Tender Committees, and general reports against Ministries and Dzongkhags without specifying any individual person or officer.

## d) Corruption Reports Qualified for Information Enrichment (IE)

During the reporting period, 29 corruption reports qualified for IE. Additionally, seven more were assigned from the corruption reports shared for administrative actions to various agencies, bringing the total number of corruption reports qualified for IE to 36. Of these, one was upgraded for investigation, nine were shared to various agencies for further action, two were shared for sensitization, 20 were closed with no further action, and four remain pending, as detailed in **Table 4.3**.

**Table 4.3:** Status of corruption reports qualified for IEs and pending IEs from previous years

Year	IE	Decisions of IE findings				On-going	Pending
		Closed	Upgraded for Investigation	Shared for Action	Shared for Sensitization		
2023-2024	36	20	1	9	2	0	4
2022-2023	6	3	1	1	1	0	0
2021-2022	3	1	1	0	0	0	1
<b>Total</b>	<b>45</b>	<b>24</b>	<b>3</b>	<b>10</b>	<b>3</b>	<b>0</b>	<b>5</b>
<b>45</b>							



### e) Corruption Reports Qualified for Administrative Action & Sensitization

In the reporting period, from the total of 101 corruption reports qualified to be shared with agencies, 42 were shared for administrative inquiry and 59 for sensitization. The status of the pending corruption reports shared for administrative inquiry since 2018 and before are as shown in **Table 4.4**.

**Table 4.4:** Status of corruption reports shared for administrative action and pending ATRs from previous years

Year	Shared for Action	Decisions on ATRs				Under Review	Total	ATR not received
		Closed	Upgraded for Investigation	Upgraded for IE	Deferred for more action			
2023-2024	42	32	0	0	1	5*	33	4
2022-2023	35	27	1	0	3	0	31	4
2021-2022	18**	7	0	2	0	0	9	9
2020-2021	15	10	0	0	1	0	11	4
2019	6***	3	0	2	0	0	5	1
2018 & before	9	8	0	1	0	0	9	0
Total	125	87	1	5	5	5	98	22
		98						

\*Under review with the DARE and LD, ACC

\*\*ACC/CR/2022/5/10 not included in Annual Report 2022-2023

\*\*\*ACC/CR/2019/8/5 not included in Annual Report 2022-2023

Of the 33 Action Taken Reports (ATR) received from the 42 shared during the reporting year, 17 were found to be *valid*, three were *partially true*, and 13 were found to be *baseless* or did not warrant further action. A summary of the actions resulting from the ATRs is provided below in **Table 4.5**.



**Table 4.5:** Summary of administrative actions and outcomes

SN	Type of Action Imposed	Quantity
1	Administrative/disciplinary sanctions accorded	5
2	Systemic correction/rectifications initiated	0
3	Recoveries made	Nu.1.014 million
4	Referral to relevant agencies	2

At the end of the reporting period, a total of 22 ATRs were not received from various agencies as shown in **Table 4.6** below. The pending ATRs has substantially decreased to 22 from 81 in the previous year and this may be attributed to enhanced administrative inquiry process with the operationalization of the Administrative Complaints Resolution Division (ACRD) besides the ACC's system of distributing standard advisory notes and sensitization to each agency when sharing corruption reports.

**Table 4.6:** Status of pending ATRs by agencies

SN	Agency	2017	2018	2019	2020-2021	2021-2022	2022-2023	2023-2024	Total
1	RAA	0	0	0	2	2	1	1	6
2	Supreme Court	0	0	0	0	0	0	1	1
<b>Dzongkhag</b>									
3	Paro Dzongkhag	0	0	0	0	4	0	1	5
4	Punakha Dzongkhag	0	0	1	2	3	3*	0	9
5	Tsirang Dzongkhag	0	0	0	0	0	0	1	1
<b>Total</b>									<b>22</b>

\*ACC/CR/2022/8/22 not included in Annual Report 2022-2023



## f) Referrals from RAA

In the reporting year, the ACC received four referrals related to suspicions fraud and corruption from the RAA as shown in the **Table 4.7**.

**Table 4.7:** Status of pending referrals from the RAA to the ACC

Year	Status							
	No. of pending Referrals	ACC		OAG		Royal Court of Justice	Other Agencies	Closed
		Not Assigned	Under Investigation	Under review	Pending Enforcement	Under Trial		
2023-2024	4	1	2	0	0	0	0	1
2022-2023 & before	10	1	4	1	0	0	1	3*
Total	14	2	6	1	0	0	1	4

\*Three referrals to be formally closed during the upcoming Bilateral Meeting

## g) Corruption Reports Qualified for Investigation

A total of 33 out of the 322 corruption reports received during the reporting period qualified for investigation. Additionally, one corruption report initially shared for administrative action and three IEs were upgraded to investigations. Consequently, the total number of corruption reports qualifying for investigation during the reporting period stands at 37, as shown in **Table 4.8**.

**Table 4.8:** Number of corruption reports qualified for investigation

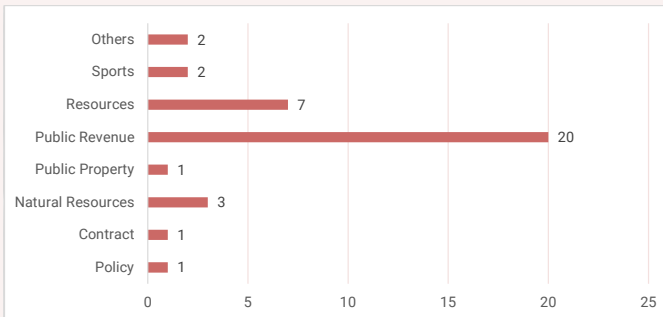
Year of Corruption Reports	Description	Number of Corruption Reports
2023-2024	Corruption Reports	33
	ATR upgraded	1
	IE upgraded	1
2022-2023	IE upgraded	1
2021-2022	IE upgraded	1
<b>Total</b>		<b>37</b>



The analysis into 37 corruption reports qualified for investigation are presented below by area, offence, agency, place of occurrence, and profession:

### i) Area

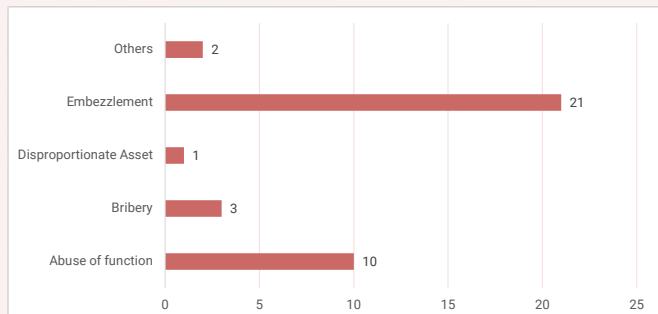
In terms of area, most corruption reports qualified for investigation were under *Public Revenue* (20) followed by *Resources* (7) and *Natural Resources* (3) as shown in the **Figure 4.9**. The 'Others' category includes corruption reports related to tourism and private trade.



**Figure 4.9:** Corruption reports qualified for investigation by area

### ii) Offence

Of the 37 corruption reports qualified for investigation, highest corruption reports pertained to *Embezzlement* (21) followed by *Abuse of Function* (10) and *Bribery* (3) as depicted in **Figure 4.10**. The 'Others' category involves offenses related to false claim, failure to protect public property & revenue or trading in influence.

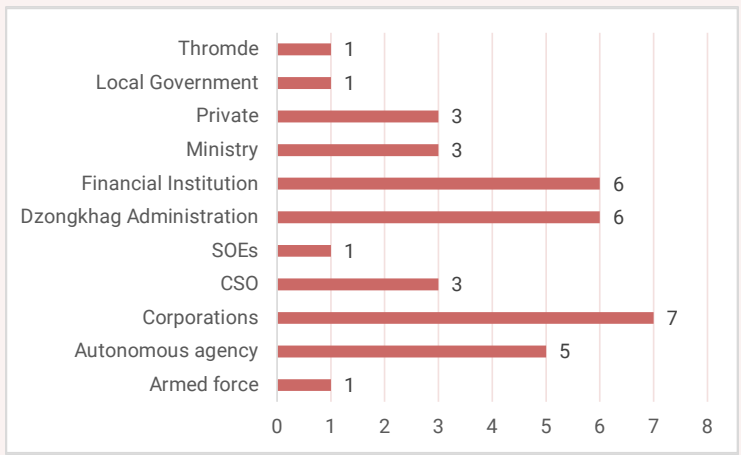


**Figure 4.10:** Corruption reports qualified for investigation by offence



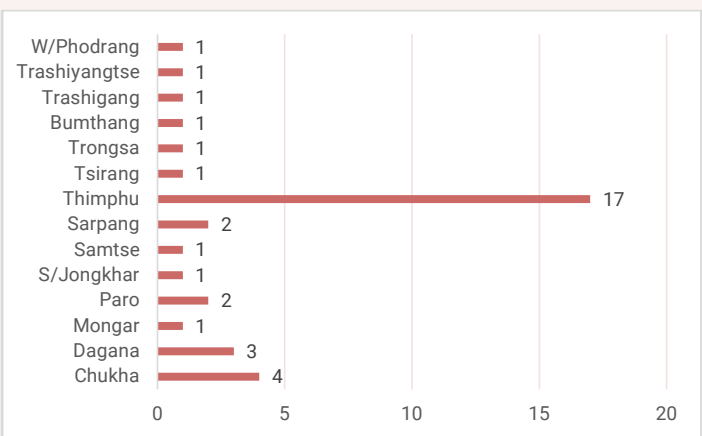
iii) Agency

Amongst the agencies, *Corporations* had the highest with seven corruption reports qualified for investigation followed by *Financial Institutions* and *Dzongkhag Administration* with six corruption reports each as illustrated in **Figure 4.11**.



**Figure 4.11:** Corruption reports qualified for investigation by agency

iv) Place of Occurrence



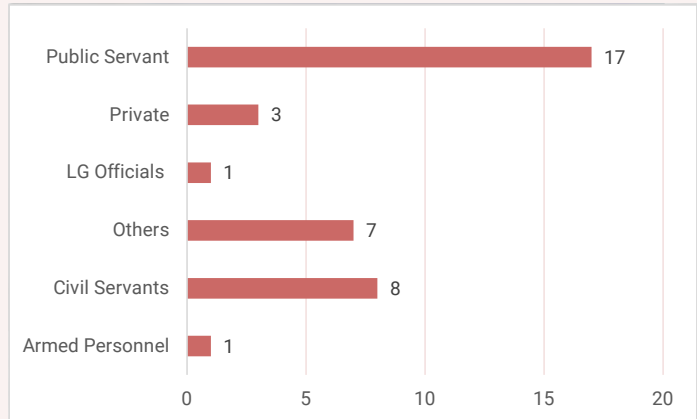
**Figure 4.12:** Corruption reports qualified for investigation by place of occurrence

Thimphu Dzongkhag recorded both the highest number of corruption reports received and the highest number of corruption reports qualifying for investigation as shown in **Figure 4.12**, suggesting greater awareness on corruption issues and responsiveness to report corruption. This trend may be attributed to the significant administrative and economic activities concentrated in Thimphu.



## v) Profession

Majority of the corruption reports that qualified for investigation pertained *Public Servant* (17), followed by *Civil Servant* (8) and *Private Sector* (3) as shown in **Figure 4.13**. The 'Public Servant' category includes those corruption reports against individuals working in the SOEs, corporations, financial institutions, CSOs, and other related entities.



**Figure 4.13:** Corruption reports qualified for investigation by profession



## 4.2 INVESTIGATION AND ITS OUTCOME

### a) Caseload and Outcome

During the reporting period, 38 new cases were opened, adding to the 28 cases carried over from the previous year, resulting in a total caseload of 66 as shown in **Table 4.9**. Out of these, 45 cases were closed, achieving a clearance rate of 68.2%. The average TAT for completing a case improved to 54.7 working days, compared to 65.5 working days in the previous reporting year.

**Table 4.9:** Caseload and status of investigation

Description	Old	New	Total	%
No. of cases carried over to 2023-24	28	0	28	42.4%
New cases opened during the year	0	38	38	57.6%
<b>Total caseload</b>	<b>28</b>	<b>38</b>	<b>66</b>	<b>100%</b>
<b>Closed</b>	<b>16</b>	<b>29</b>	<b>45</b>	<b>68.2%</b>
<b>Status of investigation</b>				
<b>1. Investigation completed:</b>				
Forwarded to OAG	8	18	26	39.4%
Referral to agency for administrative action	4	8	12	18.2%
Closed with no further action	3	3	6	9.1%
To be decided	1	0	1	1.5%
<b>2. Investigation on-going/Open</b>	<b>12</b>	<b>9</b>	<b>21</b>	<b>31.8%</b>
<b>Total</b>	<b>28</b>	<b>38</b>	<b>66</b>	<b>100%</b>

Of the 45 cases completed, 26 were decided for prosecution, 12 referred to relevant agencies for administrative and disciplinary actions, six closed with no further action and one is yet to be decided. The proportion of proactive intelligence-based investigation in the reporting year has declined to 15.6% as compared to 25.0% in the previous year, indicating the need for the ACC to further intensify efforts to align with its priority of focusing on proactive intelligence-based investigations.

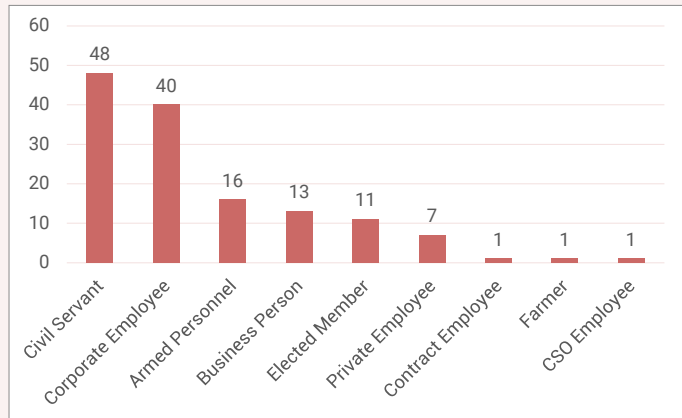


## b) Profile of the Offender

A total of 138 individuals, excluding repeated appearances in a same case, were implicated for administrative actions or criminal prosecution. *Civil Servants* constituted 34.8% of total individuals implicated followed by *Corporate Employees* and *Armed Personnel* accounted for 28.9% and 11.6% respectively as shown in the **Figure 4.14**.

On the contrary, when accounting for repeat appearances of individuals implicated in the same and multiple cases, the total number of implications increases to 143. Among these 143 implicated individuals, 64 (44.8%) were referred for prosecution, while 79 (54.2%) were referred to their respective agencies for administrative actions. A total of 888 counts under 19 different types of offenses have been charged against the 64 individuals referred for prosecution. However, when considering the same individuals with different charges, the number of implicated individuals referred for prosecution increases to 95.

The most significant volume of counts relates to *Embezzlement of Funds or Securities by Public Servants*, with



**Figure 4.14:** Profile of offender

345 counts implicating 16 individuals, followed by *Passive Bribery of Public Servants*, with 108 counts, as shown in **Figure 4.15**. *Commission amounting to Abuse of Function and Active Commercial Bribery* are also significant, with 79 and 76 counts, respectively. Other offenses include *Active Bribery in relation to contract* (75 counts), *Embezzlement of Funds or Securities in the Private Sector* (38 counts), and *Participation in an Offence* (37 counts), among others.

These findings indicate a pervasive issue of corruption, particularly embezzlement and bribery among public servants. Consequently, the total financial restitution prayed during the reporting period amounted to Nu.87.364 million.



### c) Search, Seizure, and Detention

During the reporting period, the ACC conducted a total of 23 search and seizure operations, suspended 14 individuals (5) and businesses (9), and detained 10 suspects during the investigation process. Additionally, 788 interviews were conducted, amounting to a total of 2,362.47 man-hours, which averages to approximately 2.9 hours per interview. The ACC also disposed 115 seized properties, including vehicles, land, documents, electronics, and jewelries, as well as Nu.2.193 million in cash. These properties were either returned to their respective owners or handed over to the OAG.

Furthermore, with the launch of the *Rules for Management of Property Under Provisional Measures* on 9 December 2023, the internal measures for the management and administration of property under provisional measures

have been streamlined. Subsequently, in accordance with the Rule, the ACC seized three vehicles: two in Thimphu and one in Dagana Dzongkhag. As the primary custodian of the seized properties, the ACC implementing all the necessary measures to safeguard these vehicles, including regular monitoring and maintenance to prevent any damage or deterioration while in custody. Additionally, during the reporting period, the ACC received a total of Nu.19.400 million in its Escrow Account. This amount included seized

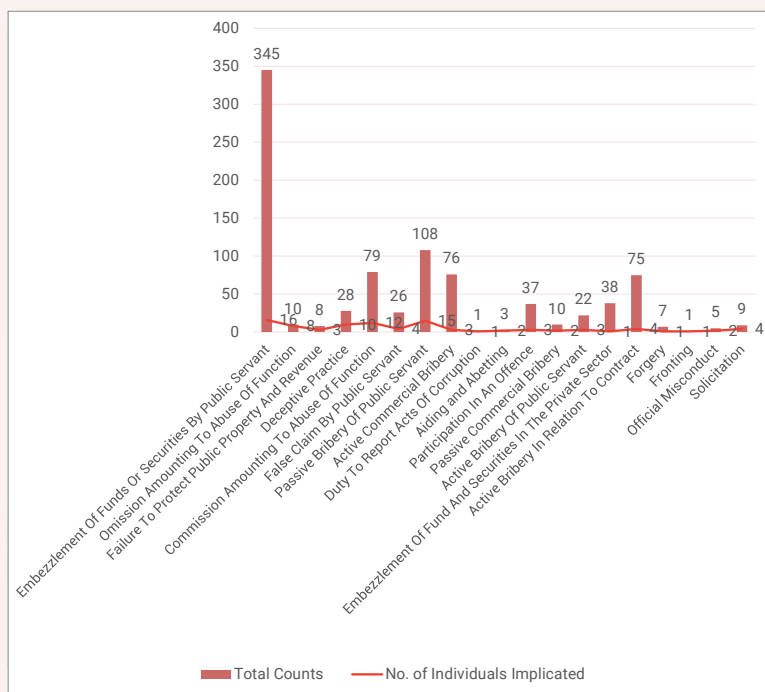


Figure 4.15: Offences by counts and number of individuals implicated



money, auction proceeds obtained during investigations, administrative fines and penalties from individuals, and vehicle maintenance expenses deposited by the OAG.

#### d) Prosecution Referral and its Outcome

A total of 22 cases were forwarded for prosecution (refer **Annex I**) during the reporting period and the remaining four after the reporting period. 32 cases are currently under the review by OAG (refer **Annex II**). Further, 27 cases are under various trial Courts (refer **Annex III**) and a total 21 judgements were rendered by different Courts (refer **Annex IV**). Of the judgements rendered, majority of the cases pertained to *Bribery and Loan Fraud Scheme of Phajo Nidup*. Consequently, 101 defendants were charged wherein 87 were convicted, six were acquitted, and eight were deferred. Thus, the conviction rate stands at 93.6% in the reporting year excluding deferred judgment as shown in **Table 4.10**.

**Table 4.10:** Prosecution Outcome

Year	Judgment rendered					
	No. of Cases	Charged	Convicted	Acquitted	Deferred	Conviction Rate
Jan 2020-June 2021	34	116	71	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%
Jul 2023-Jun 2024	21	101	87	6	8	93.5%
Total	110	413	318	61	34	83.9%
Conviction Rate over the last four FYs						

#### e) Status of Restitution Prayed and Ordered

Following **Table 4.11** presents an overview of restitutions prayed by the ACC and ordered by the Courts against 390 and 234 cases investigated and prosecuted respectively since 2006. However, with the establishment of Property & Judgment Enforcement Division at the OAG, it is expected to reinforce the enforcement of judgment including restitutions.



Table 4.11: Status of restitution prayed and ordered

SN	Year	No. of cases investigated	No. of cases referred for prosecution from the cases investigated	Judgement rendered by Courts against the cases prosecuted	Total Restitution prayed by ACC		Restitution Ordered by Courts		Cases under Trial at various Courts	Cases under review by OAG
					Nu. in million	Kind (Land in Acreage)	Nu. in million	Kind (Land in Acreage)		
1	2023-2024	45	27	2	92.964	Nil	0.200	0.000	4	21
2	2006-June 2023	345	207	151	4,199.000	82.963	1,379.000	81.974	23*	11**
	Total	390	234	153	4,291.964	82.963***	1,379.200	81.974	27	32

\*2017=3; 2018=1; 2019=1; 2020=1; 2021=10; and 2022=7.

\*\*2019=2; 2022=4; and 2023=5.

\*\*\*Data is still being worked out



From the total restitution amount of Nu.4,291.964 million prayed, Nu.1,441.828 million pertained to the investigation into the fraudulent operations of the Eastern Bhutan Coal Company, a case that was later acquitted by the Supreme Court. This highlights that at times, a single case can involve a substantial portion of the total restitution amount.

Since the establishment of the ACC on 31 December 2005, the government has allocated a total budget of Nu.1,961.598 million, including pay and allowances, as shown in **Table 4.12**.

**Table 4.12:** Budgetary support and expenditure trend from January 2006 – June 2023

Financial Year	Approved Budget including Pay & Allowances		Total	Expenditure including Pay & Allowances		Total
	Current	Capital		Current	Capital	
2005-2006	3.660	9.167	12.827	1.991	7.384	9.375
2006-2007	9.842	9.194	19.036	8.838	5.479	14.317
2007-2008	10.375	16.086	26.461	9.472	11.462	20.934
2008-2009	13.686	55.977	69.663	11.888	18.742	30.630
2009-2010	20.603	38.708	59.311	19.487	21.447	40.934
2010-2011	29.723	46.784	76.507	24.585	29.004	53.589
2011-2012	32.408	49.240	81.648	29.590	40.406	69.996
2012-2013	36.888	75.068	111.956	35.595	44.934	80.529
2013-2014	37.877	83.840	121.717	34.584	69.253	103.837
2014-2015	47.458	49.521	96.979	44.703	40.185	84.888
2015-2016	54.719	39.251	93.970	52.243	36.428	88.671
2016-2017	75.384	65.398	140.782	72.488	58.107	130.595
2017-2018	85.722	48.642	134.364	84.370	27.920	112.290
2018-2019	87.648	56.299	143.947	82.261	44.630	126.891
2019-2020	98.603	65.200	163.803	95.966	46.824	142.790
2020-2021	88.998	46.412	135.410	88.454	28.204	116.658
2021-2022	98.325	71.899	170.224	97.987	57.612	155.599
2022-2023	102.153	46.534	148.687	102.130	42.444	144.574
2023-2024	127.744	26.562	154.306	127.401	25.315	152.716
<b>Total</b>	<b>1,061.816</b>	<b>899.782</b>	<b>1,961.598</b>	<b>1,024.033</b>	<b>655.780</b>	<b>1,527.097</b>



## f) Status of Corruption Reports Qualified for Investigation

The ACC undertook a focused initiative to address the increasing backlog of corruption reports pending investigation. Backlog would include only those corruption reports that are older than the last two reporting FYs. This involved

conducting thorough preliminary desk reviews and incorporating these reports into ongoing investigations. Due to these concerted efforts, the number of pending corruption reports qualified for investigation was successfully reduced to 43 by the end of the reporting period. The status of these reports, including those upgraded to investigations from ATRs and IEs, is summarized in **Table 4.13**.

**Table 4.13:** Status of corruption reports qualified for investigation

SN	Year of Corruption Reports	Balance for investigation as per Annual Report 2022-2023	Assigned for investigation in 2023-24	Current Balance
1	2023-2024	37	25	12
2	2022-2023	22	13	9
3	2021-2022	31	19	12
4	2020-2021	25	22	3
5	2019	3	3	0
6	ATRs and/or IEs of 2018 & before – corruption reports reviewed in 2019	1	1	0
7	2018	5	4	1
8	ATRs and/or IEs of 2017 & before – corruption reports reviewed in 2018	3	0	3
9	2017	2	2	0
10	2007-2016*	18	15	3
<b>Total</b>		<b>147</b>	<b>104</b>	<b>43</b>

\*2007=3; 2008=1; 2009=1; 2010=2; 2012=2; 2014=2; 2015=2; 2016=5



## g) Highlights of few Cases Investigated during the Reporting Year

### Teller's Brazen Embezzlement at BNB, Paro

Upon finding the *prima facie* evidence of corruption, the ACC conducted an inquiry into the purported embezzlement of public funds by a Teller at the Bhutan National Bank Ltd. (BNB), Paro. The investigation concluded that the accused misappropriated a total of Nu.7.900 million on three separate occasions by falsifying deposits into an accomplice's account, originally set up to operate a cafeteria. The Teller's actions were driven by her involvement in an informal currency exchange (US Dollar) business and were facilitated by the Chief Teller's failure to adhere to proper banking protocols.

The bank's management, instead of promptly reporting the crime, focused on recovering the misappropriated funds. It wasn't until seven days after the incident, following internal recovery efforts and administrative actions, that the Bank lodged a complaint with the Royal Bhutan Police (RBP). Despite the RBP decision not to pursue the case, the management failed to inform the ACC, contravening the requirement to report such incidents immediately.

As a result of the ACC's findings, the Teller was charged with three counts of *Embezzlement of funds or securities by a public servant*. Furthermore, the ACC recommended that the Chief Executive Officer (CEO) of BNB be charged with *failure to report acts of corruption*. This recommendation is based on the CEO's non-compliance with a directive issued on 8 November 2022, which mandated all financial institutions to promptly report any corruption cases to the ACC. This action was prompted by the discovery that some banks had internally resolved serious misconduct involving their staff through administrative measures without notifying the ACC for further investigation.



### Egregious abuse of function at DPNB

The ACC launched a full-fledged investigation against an employee of Druk PNB Bank Ltd. following a referral from the bank, regarding the abuse of his official position. The ACC uncovered that the accused had clandestinely withdrawn Nu.2.300 million from the client's account without their knowledge.

The investigation, covering the period from 2017 to 2022, unveiled a devious scheme in which the accused manipulated the Core Banking System (CBS) to facilitate unauthorized transactions. The accused's *modus operandi* involved manipulating the client's mobile numbers within the ALERT module of the CBS. He changed these mobile numbers to his own, ensuring clients did not receive notifications about activities in their bank accounts or one-time passwords (OTP). Subsequently, the accused installed the DrukPay app, linked to the client's accounts to receive OTPs on his mobile device directly. Using this access, he withdrew funds for personal use. Additionally, he misused his user IDs to conduct transactions directly via vouchers, leveraging his dual roles as enterer and verifier for ease of execution.

The investigation also exposed unauthorized transactions from various accounts, including an

Overdraft (OD) account, a Current Deposit (CD) Account, and savings accounts belonging to six individuals and businesses. Moreover, the accused diverted Mastercard charges collected from the clients into his proxy account, using it to conceal and harbor his illegal money.

In a further abuse of his position, the accused facilitated and approved unwarranted OD loans for businessmen, receiving kickbacks in return. He manipulated the company's profit and loss account to inflate figures, resulting in an unwarranted OD enhancement from Nu.3.000 million to Nu.20.000 million. The accused received a bribe of Nu.0.100 million from the businessmen. The accused used these illicit funds to pay off personal debts and purchase a vehicle, among other expenditures. Since the vehicle is proceeds of crime, the vehicle has been seized and taken under the custody of the ACC.

Based on the investigation findings, the accused has been charged with nine counts of *Commission amounting to abuse of function* under section 58 of the Anti-Corruption Act of Bhutan 2011; and two counts of *Aiding and abetting* under section 125 of the Penal Code of Bhutan 2004. As part of the resolution, the accused is required to restitute approximately Nu.2.000 million to the State.



### Cross-country Embezzlement Uncovered at BTL

The ACC investigated a series of embezzlement cases at Bhutan Telecom Ltd. (BTL) Profit Centers, spanning various regions or profit centers and timeframes. The total siphoning off or misappropriation amounted to Nu.24.900 million. These cases revealed pervasive financial misconduct within BTL, highlighting the urgent need for systemic corrections to enforce accountability and protect both public and corporate integrity.

The classical *modus operandi* included the misuse of paper vouchers and other trading goods, unauthorized sale of paper vouchers to unregistered dealers, falsification of sales reports, manipulation of stock records, and other deceptive practices. To mask their deceitful actions, they attempted to conceal their activities by filling boxes with papers.

At the Haa BTL Profit Center, the accused, a Sales Representative, embezzled Nu.8.200 million between January 2022 and April 2023. The accused illicitly misused BTL Vouchers (Nu. 100, Nu. 99, Nu. 50, Nu. 49) and falsely reported the missing thirteen voucher boxes. During the April 2023 audit, the accused attempted to deceive auditors by stuffing empty boxes with papers.

Despite receiving a warning in 2021, the accused neglected to maintain accurate voucher records and misused Nu.0.200 million from VIVO phone sales.

At the Jomotsangkha, the accused embezzled Nu.2.900 million from January 2018 to August 2023. The misconduct encompassed the misuse of BTL Vouchers (Nu. 100, Nu. 99, Nu. 50, Nu. 49) and other trading goods. The accused endeavored to obscure the absence of goods by filling boxes with papers and acknowledged personal utilization of misappropriated funds.

Similarly, at the Mongar BTL Profit Center, the accused, illicitly appropriated Nu.10.800 million from January 2018 to August 2023. The accused exploited BTL Vouchers (Nu. 100, Nu. 99, Nu. 50, Nu. 49) for personal enrichment. The accused tampered with stock records and employed deceptive tactics to avoid and evade detection.

The investigation revealed that at the Lhamoizingkha Profit Center, two perpetrators illicitly appropriated Nu.2.800 million starting from early 2018. They oversaw trading goods, embezzling Nu.0.400 million from paper voucher sales and diverting Nu.0.040 million to offset losses. Subsequently, from September 2019, they misused Nu.24.000 million



through unlawful sales of paper vouchers and redirection of proceeds.

Based on the findings, the ACC has leveled severe charges against all accused, spanning from corruption offenses to penal violations. These charges include *Embezzlement of public funds or securities by a Public Servant* under section 52 of the Anti-Corruption Act of Bhutan 2011, as well as *Tampering with documents and deceptive practices* under sections 300(c) and 309(f) of the Penal Code of Bhutan 2004. Additionally, the ACC prayed for the full restitution of Nu.24.700 million to be returned to the State.





# SECTION 05

## ORGANIZATIONAL INSIGHT

- 
- 5.1 Structure, Staffing, & Capacity
  - 5.2 Plans, Targets, & Performance
  - 5.3 Organizational Culture & Work Process
  - 5.4 Legal Framework
  - 5.5 National Networking
  - 5.6 International Networking
  - 5.7 Resolutions passed & implementation status



## 5.1 STRUCTURE, STAFFING, AND CAPACITY

### a) Organizational Structure

In line with the ambitious goals of the Strategic Anti-Corruption Roadmap 2021-2030, the ACC aims to reduce administrative corruption reports to less than 5.0%, down from 34.7% in 2023. This effort aligns with resolutions from the Second Parliament (10<sup>th</sup> and 11<sup>th</sup> sessions) and the Third Parliament (2<sup>nd</sup> session), which directed the ACC to establish a dedicated Department or Division, with additional manpower, to effectively manage administrative complaints.

Accordingly, under sections 79(1A), 137, 138, and 139 of the Anti-Corruption Act and its amendments, the RCSC approved the proposal to upgrade the Administrative Complaints Resolution Services to a full-fledged Division, headed by a P1 Position. This enhanced Division aims to reduce the need to refer reports of administrative nature to other agencies and to address inconsistencies in the handling of reports, conflicts of interest, potential biases, and uneven actions on reports with similar facts and nature. To further support this initiative, a guideline for resolving corruption reports of an administrative nature has been finalized and is set to be adopted in July 2024.

### b) Attraction & Retention of Staff

As reported earlier, the approved staff strength underwent further re-adjustments from the initial approved staff strength of 163. It was first reduced to 161 and then to 158 following the transfer of two Information, Communication & Technology (ICT) Officer positions and one ICT Associate position to the GovTech Agency as part of the ICT Clustering Initiative. By the end of June 2023, the overall staff strength (excluding Commission, Drivers, and ESP/GSP) stood at 128, as outlined in **Table 5.1**. Out of this total, six staff members were on long-term training, extraordinary leave, or deputation to Center for Bhutan and GNH Studies, leaving an active workforce of 123 staff.



**Table 5.1:** Summary on recruitment and separation

Departments/ Divisions	Revised Approved Staff Strength	Staff Strength (as of 30 June 2023)	Separated	Recruited	Internally Transferred	Staff Strength (as of 30 June 2024)
Department of Investigation	34	35	8	6	1	33
Department of Professional Support	24	17	2	2	1	19
Department of Prevention & Education	25	22	5	3	0	18
Division of Analysis & Research	17	16	1	0	1	16
Legal Division	13	12	4	2	1	10
Policy & Planning Division	6	6	0	0	0	6
Bumthang Regional Office	8	4	1	1	0	4
Trashigang Regional Office	8	7	1	0	0	6
Phuentsholing Regional Office	9	9	2	0	1	7
<b>Secretariat Services</b>						
HR & Training Services	3	3	1	1	1	3
Administration & Finance Services	9	8	1	1	0	6
ICT Services	1	2	2	2	0	0
Security Services	1	0	0	0	0	0
<b>Total</b>	<b>158</b>	<b>141</b>	<b>28</b>	<b>15</b>	<b>7</b>	<b>128</b>

However, 28 staff (including the transfer of two to cluster services) separated from the ACC, while only 15 were recruited. From the total separated in the reporting year, ACC lost 18 staff in just six months. The attrition rate for the reporting period is staggering 17.9%, the highest recorded so far, showing no sign of respite in retaining its experienced professional as shown in **Table 5.2**.



**Table 5.2:** Attrition rate for the last five years

Year	Total Staff (end of reporting period)	No. of staff recruited	No. of staff separated	Attrition rate (%)
<b>2019</b>	118	19	6	4.38%
<b>Jan 2020 – June 2021</b>	129	24	13	9.15%
<b>Jul 2021 – June 2022</b>	128	19	20	13.51%
<b>Jul 2022 – Jun 2023</b>	141	38	25	15.06%
<b>Jul 2023 – Jun 2024</b>	128	15	28	17.95%

Among the 28 staff who separated from the ACC, two had invaluable experience spanning 10 to 12 years, and one had seven years of service. In terms of position classification, three were from the Chief Position (P1), 16 from the Professional & Management Category (PMC), and eight from the Support and Supervisory Category. The Department of Investigation (DoI) experienced the highest attrition, with eight of the 28 separations. Since its inception, the ACC has seen 159 staff separations, with 76.7% resigning voluntarily and 19.9% transferring laterally. While this is similar to the attrition rates being observed across agencies currently, the high rate of voluntary resignations in ACC has been consistently higher, likely due to the specific demands and implications of the mandate.

These attrition trends have placed significant strain on the ACC's ability to maintain operational continuity, particularly given the loss of experienced staff. Despite efforts to attract and retain talent through professional allowances and development initiatives,

the complexity of the ACC's mandate and societal pressures, including the normalization of corruption, have made retention difficult. The scrutiny and social backlash faced by the ACC officials further exacerbate these challenges.

To address these issues, the ACC is finalizing a set of strategic proposals on '**Talent Retention & Management**' for submission to the RCSC. These include flexible promotion criteria, enhanced professional development opportunities, and targeted retention incentives. Additionally, the ACC is proposing policy adjustments related to study leave, extraordinary leave and secondment, aimed at creating a more supportive work environment and to ensure effective sustenance of its momentum of anti-corruption mandate.

### c) Human Resource Capacity

The ACC faces significant challenges due to the ongoing departure of experienced professionals, leaving gaps in human resource capacity that are difficult to fill with new recruits. As of the reporting





*for sustained  
organizational performance*



period, 46.1% of the workforce has two years or less of experience at the ACC, and 91.5% of these less-experienced employees are in the PMC. Against the total staff strength of 128, only 18.8% have 10 or more years of experience, with only four remaining from the initial years of the ACC's operations, crucial for institutional memory.

This situation is compounded by significant competency gaps that present substantial risks to the fulfilment of the ACC's mandate. A recent assessment indicates that a large portion of the staff is at the Foundational level of competency, particularly among the 59 employees with less than two years of experience. Even among those with more experience, advancement to higher competency levels is limited; only three out of 31 staff members with 3 to 5 years of experience have reached the Advanced level, and among those with more than 10 years of experience, only 11 have achieved Advanced competency, with none reaching Expert status.

These competency shortfalls are particularly concerning given the complex nature of corruption cases, which require not just basic proficiency but advanced and expert knowledge. The current competency gap undermines the ACC's operational effectiveness and its ability to fulfill its mandate with the necessary depth of expertise. This highlights an urgent need for targeted strategies to enhance skill levels and ensure that the ACC can continue to operate effectively in the face of evolving challenges.

To address these challenges, the ACC has initiated multi-tier mandatory training programs for new recruits, including a *General Course* and an *Operational Course* besides availing invitation based professional development programs, both in-country and ex-country. These programs aim to build foundational skills, legal compliance, and operational proficiency. However, the need for skills advancement and specialization remains critical to meet the demands of increasingly sophisticated corruption cases and to maintain the ACC as professional and competent. Furthermore, budget constraints exacerbate the situation.

Acknowledging the perennial HR challenges, adopted principles of agile workforce to achieve 'more with less' and ensure the uninterrupted delivery of core functions by strategically deploying available staff with specialized skills to departments/divisions with critical skills gap such as assignment of Senior Intelligence & Legal Officers to supervise interview and interrogation during the investigation. Similarly, officers in the Prevention Division are engaged during the investigation process itself to identify systemic loopholes. Furthermore, cross-collaboration between the staff in Thimphu and Regional Offices are encouraged in conducting information enrichment on complaints, fact-finding activities on cases, and outreach programs to optimize limited resources. During the reporting year, Regional Offices successfully investigated and closed 23 cases.



## 5.2 PLANS, TARGETS, AND PERFORMANCE

### d) Plans & Strategic Milestones

The ACC remains committed to ensuring that the anti-corruption drive in Bhutan not only maintains momentum but grows stronger, contributing significantly towards the national aspiration of building a *happy, harmonious, and corruption-free society*. The evaluation of the 12<sup>th</sup> FYP highlighted numerous achievements in Bhutan's anti-corruption landscape, including:

01

Improved **Corruption Perception Index (CPI) & NIA score** to 68 and 8.24 in 2022 from 67 and 7.95 in 2019 respectively, indicating improvement in the anti-corruption landscape.

02

Mainstreamed **National Integrity & Anti-Corruption Strategy (NIACS) 2019-2023** and OIP into the governance system through Annual Performance Agreement under Government Performance Management System.

03

Increased **proactive investigations** from 5.0% in 2021 to 25.0% in FY 2022-2023 and significantly reduced pending corruption reports qualified for investigation from 555 in 2016 to 57 in 2023, shifting focus from complaint-based to proactive and intelligence-based investigations.

04

Improved **prosecution referral and conviction rates** to 73.2% and 81.9% respectively.

05

Adopted **IVS**, with over 10,000 IVRs generated to promote higher standards of integrity in both public and private sectors.

06

Identified and mitigated **corruption risks through proactive and reactive system studies** in vulnerable areas such as local government, procurement, infrastructure development, and policymaking, promoting evidence-based systemic improvements.

07

Introduced **business integrity initiatives** in 15 SOEs and three private companies, fostering a culture of ethical practices and a clean business environment.



08

Integrated ADS with external databases, facilitating the detection of illicit enrichment and enhancing the efficiency of asset verification.

09

Institutionalized YIP across 21 schools, 492 ECCD centers, and various TVET institutes, along with UWIFoRT, achieving an integrity awareness score of 70.7% in the YIA 2022. The Integrity Clubs in schools since 2017 have also been complemented by the recent establishment of Integrity Clubs in tertiary institutions by the RAA.

10

Strengthened key anti-corruption regulations, including the Anti-Corruption (Amendment) Act of Bhutan 2022, Debarment Rules, ADR, and IVR, ensuring that corruption is a "high-cost, high-risk, and low-benefit" offense. This progress was further validated through two cycles of the UNCAC country review, where Bhutan received commendations for its compliance, along with recommendations for further enhancement.

11

Implemented comprehensive training modules for Financial Service Providers and e-learning courses on ethics and integrity for civil servants, parliamentarians, judges, and corporate employees.

12

Completed 29 targeted thematic sessions and second round of advocacy programs across all 205 Gewogs, focusing on vulnerable professions and sectors to enhance ethical competence and build an informed citizenry.

13

Operationalized three regional offices in Bumthang, Phuntsholing, and Trashigang, increasing accessibility and expanding anti-corruption initiatives across the country.

14

Strengthened workforce, workplace, and work culture despite odds posed by the vagaries of the pandemic, escalating attrition, severe budgetary contractions, and the resetting of institutional linkages, the ACC not only came through intact but thrived with resilience and resolve, *doing more with less*.



The reporting period marks a transition to the 13<sup>th</sup> FYP, serving as an opportunity to reflect on past successes and chart a course for the future. Building on the gains made thus far, particularly in light of Bhutan's aspiration to transition to a *High-Income GNH Economy* over the next decade, the ACC has adopted the **Strategic Anti-Corruption Roadmap 2021-2030**, outlining the following milestones:

**Elevate Bhutan's CPI score** from 68 in 2023 to 73 by shifting focus from reactive to proactive, research, and intelligence-based anti-corruption interventions, increasing proactive investigation rates from 25.0% to 90.0%.

**Eliminate wastage of public funds due to fraud and corruption**, reducing losses from 1.39% to zero through a whole-of-systems approach, including empirical research, system studies in over 10 vulnerable sectors, and mandatory implementation of IVS in both public and private sectors.

**Improving the NIA score** from 8.01 in 2022 to 9 through institutionalization of internal control measures and anti-corruption tools in the OIP as an integral aspect of governance, performance, and monitoring framework across agencies.

**Eradicate bribery incidences**, reducing them to zero from 1.0% through targeted training and engagement programs focused on vulnerability-based themes.

**Enhance institutional capacity of law enforcement and regulatory agencies**, reducing corruption risks to zero corruption reports qualifying for investigation from 15.1% in FY 2022-2023, thereby promoting public trust and confidence in the gatekeepers of integrity.

**Enhance prosecution referral and conviction rates**, aiming for 80.0% and 85.0%, respectively, while boosting 'very high' public trust in the ACC from 28.9% in 2022 to 80.0%.

**Strengthen anti-corruption education and behavioral change initiatives**, reducing adverse opinions on moral values among youth from 47.0% to less than 5.0%.

**Reduce administrative complaints** to less than 5% from 34.7% in 2023, halving resolution times to five working days, and raising the Citizen Satisfaction Index score on the ACC services from 0.61 to 0.8.

**Institutionalize business integrity initiatives** in the private sector, benchmarking business standards with international practices.



The Transparency International's CPI for 2023, released on 30 January 2024, revealed that Bhutan maintained a consistent score of 68, ranking 26<sup>th</sup> globally and holding 6<sup>th</sup> position in the Asia Pacific region. However, Bhutan remains one of 118 countries with stagnant CPI scores for the last six years. Analysis from four key data sources namely World Bank CPIA, Global Insight Country Risk Ratings, Bertelsmann Transformation Index, and Varieties of Democracy indicates areas requiring attention, including social protection policies, financial sector reforms, and business regulatory environments. Additionally, streamlining judicial processes, ensuring accountability, and promoting stakeholder collaboration are highlighted as critical areas for improvement. The CPI report emphasizes the importance of addressing these systemic weaknesses to uphold transparency and accountability, further advancing governance and Bhutan's fight against corruption.

With these strategic milestones and insights in focus, the ACC seeks to address the "missing 32" points in the CPI by dismantling corruption barriers, accelerating swift realization of national goals, and fostering a society where governance is exemplary and prosperity sustainable. These milestones were shared during the visit of His Excellency, the Hon'ble Prime Minister, to the ACC office on 13 February 2024.

For these initiatives, the ACC has been allocated a capital outlay of Nu.237.750

million for the 13<sup>th</sup> FYP, against an initial proposal of Nu.577.515 million. The proposal of Nu.250 million for the construction of the Tashiling Integrity Residences/Estate was deprioritized to 'medium priority,' with the possibility of upgrading to 'high priority' if the economic landscape improves, while Nu.89.765 million for anti-corruption programs has not been included in the current funding allocation.

### e) Performance Target and Budget

The Annual Evaluation of the Annual Performance Target (APT) for FY 2023-2024 rated the ACC's performance at 97.7%. The performance was evaluated across several outputs, including improved complaints management and resolution, enhanced proactive intelligence-based investigations, strengthened enforcement and compliance, data-driven anti-corruption measures, anti-corruption education and marketing, agile policy formulation, human resource development, and effective secretariat support services.

The performance scores of Departments, Departmental-Divisions and Regional Offices was used for Moderation Exercise, ensuring objective and informed individual performance evaluation. Financially, the ACC utilized Nu.152.725 million out of the total budget allocation of Nu.154.306 million (including pay and allowances).



For FY 2024-2025, the APT was formulated in alignment with the RCSC's Performance Management System, the Ministry of Finance's budgeting process, and the Cabinet Secretariat's planning framework. The Performance Dashboard for FY 2024-2025 being first year of the FYP, the milestones of the ACC's 13<sup>th</sup> FYP were further developed into following five Objectives and 14 Key Results.

### 1. Intelligence, research and analysis based anti-corruption promoted

- Enhance analysis-based complaints enrichment and management to ensure professional, effective, and timely resolution;
- Enhance deterrence against corruption with increased proactive research and intelligence-based investigation;
- Enhance research and evidence based anti-corruption interventions in the vulnerable sectors;
- Enhance enforcement, compliance, and accountability to foster a culture of transparent, coherent, and predictable laws;
- Strengthen management of data and evidence to uphold the integrity of due process; and
- Promote whole-of-systems approach in mainstreaming corruption prevention measures in the public & private sector.

### 2. Value based anti-corruption education and marketing enhanced

- Promote behavioral change in early childhood, schools, and tertiary/TVET institutions; and
- Enhance outreach, education, training, and marketing on anti-corruption principles and measures.

### 3. Intelligent, agile, responsive and effective law enforcement promoted.

- Promote agile, responsive, and anticipatory anti-corruption policies, plans, and strategies;
- Enhance professional competence, employee engagement, and staff motivation to remain relevant in the fight against corruption; and
- Enhance technological, infrastructural and secretarial support services to create a conducive working environment.

### 4. Oversight Bodies have enhanced ability to effectively discharge their functions.

- Enhance the role of CSOs, Media and Citizens in promoting third party accountability and performance.

### 5. Justice sector services are more effective and people centric.

- Enhance proactive legal advice and support to ensure the impact and effectiveness of anti-corruption legal framework; and
- Strengthen the effectiveness of Law Enforcement and Regulatory Agencies as gatekeepers of integrity and anti-corruption.



To realize the above Key Results, the budget of 68.6% was approved against the proposal submitted as illustrated in **Table 5.3**.

**Table 5.3: Approved budget for FY 2024-2025**

Budgets Proposed and Approved against each Activities (Nu. in millions)	Proposed		Approved	
	Current	Capital	Current	Capital
Conduct Information Enrichment (IE)	0.244		0.090	
Conduct administrative Inquiry	0.150		0.150	
Conduct investigation of cases & renovate interview rooms	4.012	5.800	4.901	
Conduct Intel Projects	1.529		0.795	
Conduct & publish white papers on emerging corruption issues or trends	0.650			
Conduct & publish evaluation report on DAMTSI Program for ECCD		2.365		2.365
Implement IVS in contracts		0.608		0.608
Manage & dispose seized properties	0.060		0.010	
Conduct system studies in vulnerable sectors/agencies	0.950			0.450
Develop & adopt revised business integrity program		1.500		1.500
Implement, monitor, & evaluate OIP implementation	0.150			
Administer & manage ADS including verification		1.400		1.400
Develop, implement, or monitor behavioral change programs for youth		1.200		1.200
Develop & conduct vulnerability-based thematic trainings		0.440		
Enhance content & roll out existing e-learning course		0.300		
Conduct advocacy session in the Gewogs, commemorate IACD & NACD	2.410	0.720		0.720
Implement media & communication strategy	0.500	0.675	0.250	
Implement joint initiatives & exchange programs with regional counterparts	1.000			
Host Regional Seminar of 2024 ADB/OECD Anti-Corruption Initiative		8.814		7.946
Conduct mandatory training for new recruits and proficiency-based training		13.450		7.256
Conduct competency-based specialized professional development programs		7.670		
Develop digital enabled systems for remaining core functions		1.700		1.700
Drawing & design for construction of Tashiling Integrity Residences/Estate		5.000		
Procurement & installation of specialized IT equipment & infrastructure		6.300		
Operational Services including pay & allowances	122.210		117.988	
Procurement of utility vehicle, furniture, and office equipment		29.601		2.974
Conducted corruption risk assessment in the Media		0.100		
Develop legal advisories on ACAB 2011 & implement UNCAC	1.000	1.350	1.000	
Institute & operationalize intelligence forum among LEAs		1.000		1.000
<b>Total</b>	<b>134.865</b>	<b>89.993</b>	<b>125.184</b>	<b>29.119</b>
	<b>224.858</b>		<b>154.303</b>	



# 4 Parliamentarians Integrity Index



Issue 4 of 8

The second and third issues in the *NIA Series* comprising a total of eight parts delved into the External and Internal Integrity Indexes. This Fourth Issue presents the key findings of the *Parliamentarians Integrity Index (PII)*, the third and path-breaking index introduced for the first time in the NIA 2022, upon the principled advice of the Parliamentarians (Incumbent members of the National Assembly and the then members of the National Council).

The PII assesses integrity of the parliamentarians by examining the **representativeness, oversight, legislative function, transparency, accountability, integrity and corruption** aspects as evaluated by voters and parliamentarians themselves. The overall PII score of 6.90, with lower scores from voters, is only at a 'Satisfactory' level and is the lowest score among the three Indexes. The disaggregated score for each component of the Index reveal the specific areas that require improvement.

The score of 7.04 for **Representativeness** indicates a 'Satisfactory' level of integrity. Specifically, this score is attributed to need for improvement in the parliamentary discussions by exercising mandates **without undue influence (6.33)** and **reporting facts and truth (6.89)**. Although these scores are quite low, majority of respondents hold a positive view on representation, in comparison to other components, with more than 63 percent of the respondents rating parliamentarians as **accessible** and **receptive** to concerns and inputs on community and national matters.

**Oversight** with score of 5.86 falls into the 'Need Improvement' category, indicating that parliamentarians are found ineffective in carrying out their oversight functions. This is the lowest rated component of the PII and is gauged through the effectiveness of **parliamentary committees in carrying out their oversight function (6.04)**, **extent of public interest motions moved by parliamentarians (5.59)** and substantiveness of the questions to the executives (5.97) with weak procedures for questioning the executives and scrutinizing the national budget; non-availability of adequate research, information, resource or other facilities; less effective recommendations from different committees; and minimal conduct of public hearings on issues.

The score of 6.35 for **Legislative function** is also in the 'Need Improvement' category. Specifically, **transparency (6.44)** and **effectiveness (5.86)** in consulting relevant groups during the course of legislation are areas of concern. The **committee procedures to scrutinize and amend Bill** is comparatively better with a score of 6.73, at the 'Satisfactory' level, with a majority of the respondents (52%) expressing a **High level** of satisfaction with the parliamentary deliberations and Bill discussions and 10% indicating a **low level** of satisfaction.

The **Transparency** component score of 6.68 is at the 'Satisfactory' level. While parliamentarians are deemed **approachable** by their constituents to raise concerns and issues related to their constituency development (7.08) with greater opportunities for interaction, consultation and discussion through diverse communication channels, there is room for improvement in allowing citizens to **express their views directly**

**to their representatives (6.27)**. For instance, more than 50% of respondents indicated the need to improve the **procedures for individuals and groups** to make submission to parliamentary committees with greater transparency.

**Accountability** is at the 'Satisfactory' level with a score of 7.02. To break down further, the scores for the parliamentarians' **adherence to codes of conduct** is at 7.36 and **ensuring constituency development activities conform to laws and regulations** is at 6.68. However, the mechanisms for accountability need enhancement as both parliamentarians (23%) and voters (19%) perceive that **mechanisms for parliamentarians to report to constituents about their performance are not effective**.

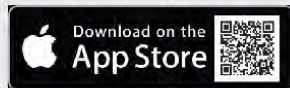
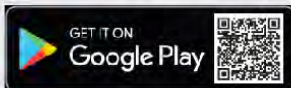
The **Integrity** component score of 6.65 is at 'Satisfactory' level, with survey items pertaining to **performing duties without relying on personal favors and role modelling** receiving a score of 6.46 and 6.84 respectively. Further, while a majority (63%) of respondents believe that parliamentarians advocate for integrity and against corruption during constituency visits, there is room for improvement in delivering election pledges as only 38% of the respondents rated it **High**.

The 'Outstanding' level score of 9.09 in the **Corruption** component indicate a low prevalence of **experienced corruption** among parliamentarians. The high score is contributed by low experience in the frequency (9.83) and amount (9.99) of payments in cash or kind (9.83). At the same time, the abysmal score of 2.40 on **perceived corruption to gain voter support** was the lowest score of all the indexes and components of the NIA 2022. While experienced corruption (1 in 499 for voter support) in the PII is much lower than in the External Integrity Index (1 in 74 to avail a public service), the level of perceived corruption, specifically pertaining to payment to gain voter support is of concern and a key area that needs to be addressed. Further, 58 percent of the respondents reported that **undue influence** occurs in the parliamentary processes including abuse of function for personal gain or advantage of another person, offering favors, funding political campaigns and bribing public officials, among others.

In general the parliamentarians scored **high** as opposed to the scores given by citizens. Further, between the two Houses of the Parliament, the citizens rated NA (6.38) slightly higher than the NC (6.19).

Overall, the findings under the PII reveal that while there are **low levels of experienced corruption**, there are significant areas that require improvement, particularly in **oversight, legislative function, integrity and transparency**. In sharp contrast to the overall outstanding score for the **corruption** component of the PII, the individual score for perceived corruption is extremely low. Addressing these issues will be crucial to enhance overall PII, ensure effective governance in the country and above all to earn and preserve sacred public trust in the nation's elected leadership.

SCAN NOW TO REPORT CORRUPTION







## 5.3 ORGANIZATIONAL CULTURE AND WORK PROCESS

- **Digitization of Work Processes for Future-Ready Workforce**

The ACC has made significant progress in digitalizing its operations, enhancing both efficiency and security. Key advancements include the launch of the Complaints and Investigation Management System Plus (CIMS+) on 27 June 2024, alongside the ongoing development of systems for complaints management, intelligence analysis, legal vetting, follow-up, and leave administration. The introduction of the *Intella Investigator* module and revamped interview rooms is expected to further enhance the investigation process.

Additionally, the development of the OIP system enables effective reporting and monitoring of anti-corruption initiatives across agencies. Looking ahead, the ACC is also working on developing a web-based M&E and integrated knowledge management system, ensuring that the ACC continues to leverage technology for improved monitoring and evaluation of anti-corruption programs. Security measures have been strengthened

with the integration of biometric access controls and doors at the ACC headquarters and Regional Offices to prevent unauthorized access.

- **Support and Welfare Schemes for Motivated Workforce**

In the face of challenging work nature, ACC continues to roll-out different support and welfare schemes. In addition to the Staff Welfare Scheme, which provides monetary assistance during bereavement, the ACC introduced a Welfare Loan Program. This program offers three types of loans viz. Welfare Loan, Education Loan, and Emergency Loan, at a favorable interest rate of 5.0% per annum. These loans have provided valuable support for staff in repaying loans with the financial institutions, financing education, and settlement of new employees, among others.

Recognizing the needs of working parents, the ACC established a dedicated workspace for parents and their children, equipped with necessary amenities. Additionally, the Day Care Centre, managed by a team of dedicated staff, continues to provide care for 17 children.





Embracing a  
culture of **volunteerism**  
and **continuous**  
self learning for more engaged  
and dynamic workforce





- **Comradeship and Volunteerism for United Workforce**

To promote a positive, cohesive working environment, the ACC organizes regular social activities. A hike from Dochula to Toep Chandana was one of the key activities during the reporting period, while sports enthusiasts participated in weekly football and basketball games. The ACC has also nurtured a strong culture of volunteerism, with staff contributing their time during off hours and weekends to various projects such as the expansion of existing library facility, creation of a working parents' corner, setting up interview rooms, establishing a media and innovation lab, office painting, and the redevelopment of surrounding gardens. This volunteerism has significantly reduced recurrent costs for these projects. Volunteers are recognized at every staff meeting through the '*Roll Call of Honour*', further embedding this spirit of service into the organization. The monthly '*Zero Waste Hour*' initiative also promotes a clean and eco-friendly workspace.

- **Celebrating 18 Years of its Operations and Recognizing Staff Achievements**

As the ACC celebrated its 18<sup>th</sup> anniversary, symbolizing its journey toward maturity, staff reflected on past achievements and set the course for future milestones. In a symbolic gesture of commitment, the ACC staff pledged their dedication by imprinting a resounding 'Yes' on the 'Damcha' wall, in response to the stirring words "Are you ready to shoulder this responsibility with me?" from the Royal Address of the 116<sup>th</sup> **National Day**.

In recognition of dedicated service to the nation, 11 officials were honored with Civil Service Awards (one Lifetime Service Award, two Gold, one Silver, and seven Bronze medals). Additionally, the ACC celebrated the promotions of eight officials, including five broadband promotions, two meritorious promotions, and one promotion to the EX 2 level.





Nurturing trust, teamwork, and tenacity through

**Open**  
**Communication**





## 5.4 LEGAL FRAMEWORK

### • **Second Cycle Review of**

**UNCAC:** From 6-8 June 2023, the reviewers from Bahrain and Iceland, along with the UNODC, conducted a country visit to Bhutan, engaging with key national stakeholders. Bhutan was placed under the 2<sup>nd</sup> Review Cycle in June 2020, with its compliance under *Chapter II (Preventive Measures)* and *Chapter V (Asset Recovery)* of the UNCAC being assessed. Bhutan has since received the draft Executive Summary, which recommended the following:

- Ensure that the Committee formed to monitor and evaluate the NIACS meets regularly or reinforce the existing system.
- Adopt the Impeachment Act to clarify the removal process for Constitutional Office Holders, including the heads of the ACC, RCSC, and Auditor General.
- Legislate a minimum budget guarantee for the ACC to secure its financial independence from the MoF.

- Grant the ACC greater flexibility in human resource management without requiring the RCSC approval.
- Develop a uniform framework to manage conflicts of interest across all agencies.
- Enact laws to regulate access to and disclosure of information.
- Explicitly disallow tax deductions for bribes.
- Strengthen anti-money laundering efforts by designating supervisory authorities, improving oversight, and raising awareness.
- Finalize and address gaps in the National Risk Assessment.

- **Debarment Rules 2023:** The revised Debarment Rules 2023 was adopted to enhance ethical conduct and accountability in the private sector. The revised Rules now empowers the Secretariat to form an additional committee within the Procurement Management and Development Division to handle



debarment proceedings related to non-compliance with the Bid Security Declaration. Previously, the high volume of such complaints made it impractical to convene the main Debarment Committee. Given the urgency of bid security decisions, this practical solution was necessary. The revised Rules also update the composition requirements for the Debarment Committee, specifying the agencies from which its members are selected.

#### • **Integrity Vetting Rules 2024:**

In December 2022, the ACC adopted the IVR to promote individuals with the highest standards of integrity and foster ethical leadership in both the public and private sectors. To implement these Rules, the ACC established the IVS, which issues four types of IVRs: 'No Record', 'Provisional Record', 'Record', and 'Adverse Record'. For the purpose of election, two categories of IVRs viz. 'No Record' and 'Adverse Record' are issued. These reports are based on criminal convictions and administrative or disciplinary sanctions.

However, the Rules did not account for varying degrees of sanctions, and the implications of an IVR persisted as long as the record was maintained in the system, regardless of the severity of the infraction. This was found to be unjust, especially for minor offenses. To address this, the

ACC amended Section 19 of the Rules to accord flexibility in the application of certain elements of Restorative Justice, ensuring that the impact of such records ceases after a specified period. The concept of Restorative Justice was introduced to provide the opportunity for individuals to rectify and mend their erring behavior by inculcating integrity and ethics.

With the amendment in the Rules, the nature of the IVR issued can be changed to a clement category provided that the period of limitation is fulfilled. An individual with the 'Adverse Record' can be changed to 'No Record' category only if the IVR is sought for entering into a contractual relationship with a public agency, and upon expiry of the following limitation period after completion of serving the sentencing period:

- **First degree:** 5 years;
- **Second degree:** 4 years;
- **Third degree:** 3 years;
- **Fourth degree:** 2 years;
- **Misdemeanor:** 1 year; and
- **Petty-misdemeanor:** 6 months.

These periods are derived based on the limitation period used for the Security Clearance Certificate. However, the concept of Restorative Justice will not apply to individuals with an 'Adverse Record' if the IVR is sought for recruitment, selection, and election to prevent the public service



from imbibing the risk of individuals with integrity, morale, and ethical issues infiltrating the public service. The application of restorative justice to individuals, especially in a leadership position, convicted, and terminated for committing corruption, will result in entrenching corruption in the public service, and complicity in or condoning of the corruption/wrongdoing by unethical leadership will only institutionalize corruption in public service compromising its sanctity and integrity.

Similarly, the concept of Restorative Justice will be applied to the IVR 'With Record' category which mostly consists of records of minor lapses or misconduct as follows:

- 1) In the case of criminal sanctions, the concept of Restorative Justice will be applied only to the offenses of violation and petty misdemeanor provided the limitation period of 6 months and 1 year respectively are completed.
- 2) Concerning administrative sanctions, except for the termination or removal from public service, the concept of Restorative Justice will be applied to all types of administrative sanctions after the completion of serving the imposed disciplinary sanction.

- **Sensitization on Elementization of Corruption Offenses:** Following the adoption of the elementization of corruption offenses, a series of workshops were coordinated for all the relevant officials in the ACC. The workshop focused on identifying each distinct element of corruption offenses and application of the factual circumstances of case to suit into an appropriate meaning of the legal provisions by deconstructing each element of offenses. This approach has since been integrated into the CIMS+, forming a critical component of the work process.





# Fortifying **NATIONAL** NETWORKS

to reinforce collaborative  
anti-corruption efforts







## 5.5 NATIONAL NETWORKING

### a) Sectoral Collaborations in Driving Shared Goals

- **Tripartite Forum between the ACC, OAG, & RAA:** Recognizing the need for cross-sectoral coordination in promoting governance, integrity, and justice, the ACC, RAA, and OAG continue to collaborate through the Tripartite Forum. The 2<sup>nd</sup> Annual Tripartite Meeting, held from 5-7 April 2024 in Phuentsholing, allowed the three institutions to foster effective communication, idea-sharing, and joint strategizing at both policy and operational levels. Furthermore, the Forum enabled implementation of comprehensive, expeditious, and cohesive solutions for improved public trust and confidence.
- **Justice Sector Forum:** The Justice Sector Strategic Plan (JSSP) serves as a vital framework for uniting key justice institutions to provide accessible, inclusive, accountable, and coordinated justice services. The first phase, JSSP I (2018-2023), established a solid foundation for sustained collaboration among justice institutions. Under this plan, the ACC made significant

strides in enhancing transparency, accountability, and integrity within the justice and law enforcement sectors, notably through thematic trainings and formal partnerships. Additionally, the plan strengthened internal capacities with initiatives such as long-term specialized training and the procurement of state-of-the-art interview recording equipment.

During the reporting period, justice institutions convened to outline strategic milestones for the next five years (2024-2029) under JSSP II. Building on the successes and lessons learned from the first plan, JSSP II aims to address emerging challenges, harness technological advancements, and enhance overall efficiency and effectiveness to ensure more accessible, inclusive, and well-coordinated justice services.

### b) Bilateral Collaborations in Mainstreaming Corruption-Resilient Efforts

- **Strengthening collaboration with the MoF:** The appointment of the Chief Advisor and Advisors to the Interim Government on 1 November 2023



presented an opportune moment for the ACC to foster deeper collaboration with the MoF. As an Advisor to the MoF, allowed the ACC and MoF to collaborate in addressing corruption risks within customs operations by sharing insights gained through investigations and discuss systemic gaps. In addition, the DRC presented on the newly launched electronic Customs Management System (eCMS) to the ACC officials. The session provided valuable insights into the changes made following the ACC's recommendations and equipped investigators with the tools to better utilize the system during future investigations. This collaboration not only strengthened institutional ties but also marked a significant step in enhancing corruption prevention efforts and operational effectiveness.

- **Promoting fair elections through the IVR:** In collaboration with the Election Commission of Bhutan (ECB), the ACC formalized an SOP for issuing IVRs to candidates in various elections. Signed on 10 November 2024, the SOP outlines the necessary procedures in acquiring IVR for those individuals participating in National Assembly, National Council, Local Government elections. This joint effort between the ACC and ECB aims to promote clean elections and ethical leadership in public office by ensuring that candidates meet high integrity standards.

- **Reinforcing anti-corruption measures through bilateral forums:** During the reporting year, in line with the established collaboration mechanism for reviewing investigated cases, discussing charges, and addressing appeal matters, the ACC and OAG continues to convene Joint Investigation Committee (JIC) and Focal Team meetings to enhance prosecution process.

Additionally, the ACC and RAA have strengthened collaborative efforts in resolving fraud and corruption referrals cases, substantially reducing the pending referrals. To further augment this collaboration, a web-based system to automate referrals have been developed.

Furthermore, the ACC continues to work closely with the RBP in investigating corruption cases in the private sector and with BTI on advocacy and research initiatives.

- **Building credibility of the Construction Sector:** Recognizing the pivotal role of the CAB in promoting ethical business practices in construction sector, the ACC and CAB are drafting a Memorandum of Understanding to foster integrity and anti-corruption measures. Once formalized, the collaboration is expected to build the credibility of the construction sector, underscoring the shared commitment to maintain elevated standards of integrity in private sector.



- **Enhancing understanding on anti-corruption law through open sharing and thematic discourse:** On 27 May 2024, the ACC held an interactive session on anti-corruption law with 19 third-year Jigme Singye Wangchuck School of Law (JSWSL) students. This session, part of the Administrative Law curriculum,

provided an opportunity for discussion on current anti-corruption regulations. Such engagements with future legal professionals may inspire amendments to enhance the effectiveness of Bhutan's anti-corruption laws.



Interaction with the JENESYS Youth Representatives



Fostering

# REGIONAL & INTERNATIONAL network

for sustainable partnerships & collaborative innovation





## 5.6 INTERNATIONAL NETWORKING

### a) Enhancing multilateral ties for vibrant community of practice

As a signatory to UNCAC and member country to regional and international anti-corruption initiatives, the ACC actively participates in multilateral forums to exchange strategies and approaches for combating corruption. These forums provide opportunities to reassess and align Bhutan's strategies with global standards, particularly in response to growing uncertainties and emerging vulnerabilities. During the reporting period, the ACC participated in several key international events:

- **Asia-Pacific Anti-Corruption Meeting:** A three-member delegation, led by the Chairperson, attended the OECD event "Fostering Integrity Policies and Strengthening Anti-Corruption Frameworks in Asia-Pacific" in Paris from 25-27 March 2024. Bhutan shared its experiences in strengthening national and multilateral efforts to address corruption risks in emergency responses in Asia-Pacific and managing conflicts of interest and asset disclosure for public integrity.
- **UNCAC Implementation Review Group and Expert Meetings:** The ACC participated in the 15<sup>th</sup> Session of the Implementation Review Group, 13<sup>th</sup> Open-ended Intergovernmental Expert Meeting to Enhance International Cooperation, and 18<sup>th</sup> Meeting of the Open-ended Intergovernmental Working Group on Asset Recovery under the UNCAC in Vienna from 10-14 June 2024. These sessions focused on exchanging lessons, challenges, and best practices in international cooperation and asset recovery.
- **10<sup>th</sup> Session of the Conference of States Parties (CoSP) to the UNCAC:** The ACC attended the 10<sup>th</sup> Session of the CoSP from 9-15 December 2023 at Atlanta, following a two-day symposium by UNODC. The CoSP addressed key resolutions on integrity, accountability, and transparency, with discussions on corruption in procurement, whistleblower protection, and climate change. The conference provided valuable opportunity for networking and knowledge sharing among participants.



- **Regional Seminar of Anti-Corruption Initiative for Asia and the Pacific:**

The ACC with the governmental concurrence, started preparations for the hosting of the *Regional Seminar of the ADB/OECD's Anti-Corruption Initiative for Asia and the Pacific in Thimphu*, which will be held from 25-27 September 2024, under the theme 'Government Incentives for Corporate Anti-Corruption Compliance'. The event is expected to convene over 70 distinguished anti-corruption experts and practitioners from the 34 member economies, as well as participants from civil society, international organizations, and the private sector besides about 70 national participants. The event also features a half day Public Integrity Network meeting and a parallel meeting of the Law Enforcement Network. This event will be preceded with a workshop on *business integrity* for national stakeholders on 25 September 2024.

## b) Strengthening bilateral ties for best practice sharing

- **Corrupt Practices Investigation Bureau (CPIB), Singapore:** A seven-member delegation led by the Director of CPIB, Singapore visited from 11-20 April 2024. The visit transcends conventional collaboration characterized by intense and open experience sharing. The delegation shared valuable insights on leveraging science, technology, and a whole-of-government approach to combat corruption engaging over 81 officials from various law enforcement, regulatory, and support agencies, besides close interactions with ACC. Subsequently, a five-member technical team from the ACC visited the CPIB Singapore from 13-17 May 2024 and were able to learn from best practices and expertise, particularly related to digital forensics and intelligence.
- **Independent Commission Against Corruption (ICAC), Mauritius:** The ACC initiated collaboration with ICAC, Mauritius through virtual experience sharing on asset declaration & management in early 2020. Based on the request, the ACC finalized an MoU and subsequently received government clearance. However, the signing of the MoU was postponed due to ongoing legislative reforms in Mauritius.





## 5.7 RESOLUTIONS PASSED & IMPLEMENTATION STATUS

### a) Resolutions of the Tenth Session of Third Parliament

1

*The RCSC reconsiders the clustering of the expert group such as legal and ICT Divisions of ACC to maintain the confidentiality of information and effective service delivery.*

While the legal services have not been clustered, the ICT services approved for the ACC, including new positions, were transferred to GovTech Agency as part of the clustering initiative. However, during a bilateral meeting held on 29 May 2023, to address the risks and operational issues related to the uniform application of ICT clustering, particularly concerning the confidentiality of sensitive information, the GovTech Agency agreed to reconsider the approach. It was mutually decided that all existing ICT systems would remain under the control of the ACC, and GovTech Agency would only assume management

when it is fully confident and equipped with the necessary infrastructure to safeguard the confidentiality and integrity of the ACC's systems. However, ACC's website and the ADS would continue to be hosted at GovTech. Furthermore, the GovTech Agency agreed to deploy one ICT Official to the ACC, recognizing the need for dedicated support due to the critical nature of the systems managed by the ACC.

2

*The Government provides adequate budgetary support for the capacity building of the ACC's officials given the high attrition rate in the ACC, which stood at 15.06% and 35.5% of the existing staff having less than two years of work experience.*

The ACC faces significant capacity challenges due to the high turnover of experienced professionals, with the attrition rate reaching 17.9% in FY 2023-



2024. Attracting new talent has also proven difficult, given the demanding nature of the work and opportunities elsewhere. These challenges are further compounded by budget constraints, limiting the ACC's ability to fund specialized training programs critical for addressing complex corruption cases and ensuring professional growth. While the ACC proposed Nu.21.120 million for mandatory and specialized training in FY 2023-2024, only Nu.7.256 million was approved, that too only following discussions on the ACC's proposal for a minimum guaranteed budget, in line with the Lhengye Zhungtshog's directive to resolve the issue bilaterally with the MoF. With 65.6% of the proposed human resource development program budget still unfunded, addressing the critical skills gap essential to the ACC's operations remains a pressing challenge.

The ACC has undertaken a comprehensive consolidation of data on restitution of corruption proceeds since 2006. The total restitution prayed by the ACC in the cases referred for prosecution and ordered by the Courts till the reporting period are Nu.4,291.964 million and Nu.1,379.200 million respectively. These are as highlighted under Section 4 on *Status of Restitution Prayed and Ordered*. However, the enforcement of judgment including restitutions lies with the OAG.

#### b) Resolution of the 32<sup>nd</sup> Session of the National Council

3

*While noting that, Nu. 29.158 million has been restituted in the current reporting year, which was a huge achievement, the ACC must make all efforts to recover the balance amount of about more than one billion for restitution from 2006 and submit an Action Taken Report to the Parliament reflecting the restitution amount from 2006 to 2023 in the next reporting year.*

1

*Though ACC has been regularly conducting public education to create awareness and foster collective efforts to combat corruption it further needs to sustain its continued efforts by engaging media and taking it closer to the grass root levels to enhance inclusiveness and better inform communities at the grass root level.*

The ACC has consistently prioritized public education to raise awareness and encourage collective action against corruption. Moreover, to sustain and enhance these efforts, the



ACC continues to engage with media effectively. In the reporting period, the ACC engaged mainstream media during commemoration of the first NACD on 21 February 2024 and thematic session for Local Government officials covering all the 20 Dzongkhags and four Thromdes. Furthermore, recognizing the popularity and reach, the ACC has enhanced its use of social media and established a Media Innovation Lab to produce relevant audio-visual content in-house. This approach aims to expand the reach of anti-corruption messages through wide ranging contents which are inclusive and targeted. At the grassroots, the three Regional Offices have been expanding outreach programs. During the reporting year, conducted Gewog Advocacies in 44 Gewogs, engaging 4829 individuals on corruption issues and anti-corruption measures.

# 2

*Considering the potential risks of clustering initiatives on the ACC's overall operational autonomy and compromising some of its core mandates, ACC, Royal Civil Service Commission and Lead Cluster agencies to earnestly review the likely impact of the clustering initiatives (sharing of common services) on ACC to address its concerns and difficulties.*

The ACC maintains its stance from the previous Annual Report 2022-2023 that clustering initiatives must be carefully assessed due to the sensitive nature of its mandate. Clustering services like Finance, ICT, and potentially Legal and HR, while aimed at improving efficiency, pose significant risks to the ACC's operational independence and confidentiality of investigations. These services, though administrative, are closely tied to ACC's core functions and could expose sensitive information, leading to potential conflicts of interest. The ACC has communicated these concerns to the relevant authorities, advocating for a tailored approach that safeguards its autonomy while ensuring service continuity.

# 3

*Budgetary constraint has become an impediment in addressing complex and increasing corruption caseload every year. Besides, it poses inherent risks to ACC's continued efforts to advance Bhutan's progress in ranking in the fight against corruption at the global and regional levels. In view of this, the Ministry of Finance and ACC to explore best alternative budget allocation mechanism to sustain ACC's efforts.*

In keeping with the resolution, a detailed note was submitted to the Lhengye Zhungtshog during the 9<sup>th</sup> Session of the fourth Lhengye Zhungtshog held on



11 April 2024, providing comprehensive insights into the ACC's resource allocation trends relative to the national budget. The ACC outlined the significant human resource challenges it faces, with the attrition rate escalating to 17.9% during FY 2023-2024 and 46.1% of the workforce having less than two years of experience. The ACC raised concerns about the significant decrease in its budget allocation, with the ACC's share of the national budget dropping from 0.33% in FY 2018-2019 to 0.07% in FY 2023-2024, which has been continually highlighted in annual reports and during budget discussions with the MoF.

The proposal presented to the Lhengye Zhungtshog outlined three possible options to address the budgetary shortfalls, with the preferred option recommending that the term "adequate"

funding, as mentioned in the Constitution and ACAB 2011, be defined as a **minimum percentage of not less than 0.2%** of the annual national budget, excluding pay and allowances. This recommendation is based on international best practices to ensure adequate funding for anti-corruption agencies, emphasizing the need for sustained financial support in the fight against corruption.

During the follow-up meeting with the MoF on 30 April 2024, it was agreed that while the 0.2% minimum guarantee was not possible, the MoF committed to providing case-by-case support to the ACC's funding needs. Despite this, some of the activities remain partially funded or unfunded for the FY 2024-2025, reflecting challenges in fully meeting the ACC's proposed financial needs for effectively executing its anti-corruption mandate.



# 5 | Comparison of NIA Scores



With the introduction of the three integrity indexes (External, Internal and Parliamentary), their 12 components, and the findings of the NIA 2022 in the earlier issues, this **fifth issue** of the *NIA series* **compares and analyses** the change in the integrity scores over the last decade and half. Specifically, this analysis examines the findings of the NIA 2022 in the context of the NIAs of 2009, 2012, 2016, and 2019.

The overall national integrity score were as follows:

NIA 2022	8.01
NIA 2019	7.97
NIA 2016	7.95
NIA 2012	8.37
NIA 2009	7.44

However, these scores cannot be directly compared as major changes and improvements in the methodology and components were introduced in successive assessments. For instance, the first-ever NIA 2009 was solely comprised of the External Integrity; the second NIA 2012 added *Internal Integrity* as the second component; NIA 2019 introduced *Ethical Leadership* sub-component under Internal Integrity; and most recently in the NIA 2022, the third and significant *Parliamentarian Integrity Index* was introduced, which further modified the assessment model and weight distributions. Therefore, to facilitate comparative analysis, direct comparison is being made only between the consistent indexes and components and not the overall integrity score. Accordingly, excluding the Ethical Leadership Index and Parliamentarian Integrity Index, the **NIA 2022 score, without these components, stands at 8.24.**

The National Integrity scores exhibit a **fluctuating trend** over the years. The **lowest** score so far is 7.44 in NIA 2009 and the **highest** recorded is 8.37 in NIA 2012. The high score in 2012 was followed by a substantial drop to 7.95 in NIA 2016. Thereafter, the score gradually increased to 8.01 in NIA 2019 and 8.24 in NIA 2022. Nonetheless, except for the 'Very Good' level of score (8.37) of NIA 2012, all the scores so far only indicate a 'Good' level of integrity.

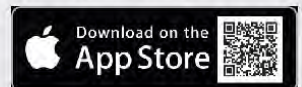
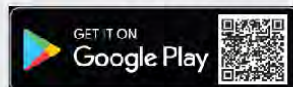
A more detailed comparisons of the scores on various components reveal as follows:

- The External Integrity score, in particular, has been fluctuating over the years, with the **lowest** in 2009 at 7.44 and the **highest** score in 2012 at 8.50. The score then declined in 2016 (7.89) but gradually improved, reaching 8.08 in 2019 and 8.26 in NIA 2022. This is from **improvement of scores in the transparency and accountability indexes**, by 0.53 and 0.50 between NIA 2016 and 2019, respectively.

- There has been **successive increase** in the Internal Integrity scores, ever since its introduction in NIA 2012, with scores of 7.89 (NIA 2012), 8.10 (NIA 2016), 8.14 (NIA 2019), and 8.34 (NIA 2022). This progress is attributed to improvements in its components i.e. *integrity culture* and *work integrity*, indicating a positive trend in organizational integrity. In particular, NIA 2022 recorded a substantial shift in the score from 7.89 in NIA 2012 to 8.34 in NIA 2022.
- However, while the scores for the sub-component *corruption index* have consistently remained the highest across all NIAs, it is found that the **ratio of experienced corruption** in availing services has increased significantly in NIA 2022. In particular, the incidences of payment made in the form of cash increased to one in 74 in NIA 2022 from one in 379 in NIA 2019, and payment in the form of entertainment increased to one in 88 from one in 147, while the other forms of gratification in availing services reduced to one in 356 from one in 274.
- Specifically, the highest ever score of 9.99 was recorded in NIA 2019 and 2022 in the amount of payments in cash or kind or services, entertainment, and gratifications indicating a low level of **experienced** and actual corruption. In contrast, the lowest ever score of 2.40 was recorded in NIA 2022 pertaining to the perception of payments in cash or kind or services (entertainment or other gratifications) to gain voter support. Similarly, in the last three NIAs of 2016, 2019, and 2022, the common survey item such as the **perception** in service delivery based on region or relationship also recorded low scores of 3.12, 3.03, and 3.22 respectively. This indicates the high prevalence of perceived corruption in service delivery.

The comparative analysis of the NIA scores generally indicate an encouraging trend in the integrity levels, benefiting in particular from the various technological efforts, with improvements in transparency, accountability, and corruption control measures. The scores denote that service users have encountered an improved quality of public service delivery compared to previous years. However, a deep dive into the data reveals an increasing trend in the incidences of experienced corruption. Further, the worrying level of perceived corruption, which exacts a heavy toll on public trust, is of particular concern.

SCAN NOW TO REPORT CORRUPTION







# SECTION 06

## CHALLENGES

- 
- a) Empowering Law Enforcement and Regulatory Agencies as Gatekeepers of Integrity & Anti-Corruption Efforts
  - b) Sustaining the Momentum of Monitoring & Evaluation Framework for Integrity and Anti-Corruption Initiatives
  - c) Reinforcing Accountability & Oversight Mechanisms
  - d) Preventing Corruption Risks in the Revenue Mobilization



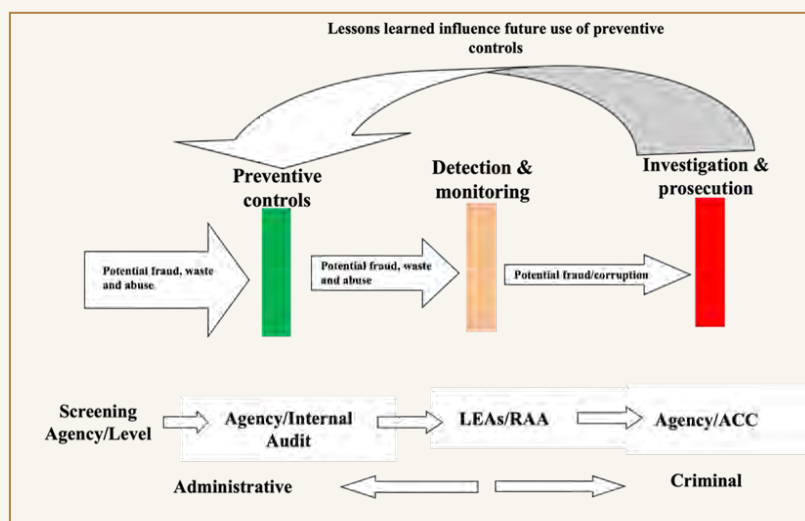
## CHALLENGES AND RECOMMENDATIONS

### a) Empowering Law Enforcement and Regulatory Agencies as Gatekeepers of Integrity and Anti-Corruption Efforts

A key strategy to prevent fraud and corruption involves several layers of checks and balances as depicted in **Figure 6.1**. It begins at the agency level with initial screening for potential fraud and systemic issues, followed by an internal audit to detect and address irregularities and systemic loopholes. Cases that cannot be detected at this level should be discovered by the higher oversight bodies, such as the RAA, and by the time they reach the ACC, they are criminal in

nature, often involving complex schemes.

This system of multi-layered accountability highlights how law enforcement and regulatory agencies can play a critical role in preventing fraud and corruption. Tasked with enforcing laws, regulations, and standards across various sectors, these agencies can act as the first line of defense against corruption. Their vigilant scrutiny of processes and adherence to high regulatory standards ensure that potential corrupt practices are intercepted early, preventing escalation into more significant and complex cases that would otherwise require intervention from the ACC.



**Figure 6.1:** Multi-Layered Approach to Fraud and Corruption Prevention



However, their ability to fulfill these critical roles is frequently undermined by several challenges, including financial vulnerabilities, limited resources, and capacity. These issues not only compromise their effectiveness but also expose law enforcement and regulatory agencies to a higher risk of corruption, especially in sectors that have more public interface.

- Financial Vulnerabilities:** The AD for the year 2023 revealed that out of 25,417 declarants, 7,709 (30.33%) reported liabilities, including bank loans and private borrowings as shown in **Table 6.1**. The sectors with the highest number of liabilities, including banking services (997 declarants), administration and support services (704 declarants), and engineering services (623 declarants), are particularly concerning due to their inherent vulnerability to corruption. If individuals in these sectors, who generally earn higher salaries and have easier access to financing, are vulnerable to corrupt practices, the situation is even more precarious for officials in law enforcement and regulatory agencies. From the total liabilities declared across all sectors, 20.54% (1,584) pertained to law enforcement and regulatory officials, with an average liability of Nu.0.898 million and a median of Nu.0.500 million. This indicates that a significant portion of borrowing among these officials is for personal consumption rather than investment or wealth creation.

**Table 6.1:** Descriptive Statistics for Liabilities Declared

Declarant Category	Total Covered Persons	Liability Count	Liability Amount in Nu. (Mean)	Max	Min	SD	Median
Schedule I	679	180	9,712,567	735,021,189	100,000	62,047,747	1,000,000
Schedule II	24,738	7,529	1,309,226	375,849,500	25,288	6,492,900	500,000
<b>Overall</b>	<b>25,417</b>	<b>7,709</b>	<b>1,505,438</b>	<b>375,849,500</b>	<b>25,288</b>	<b>11,497,353</b>	<b>500,000</b>

For officials in these roles, who are expected to uphold the highest standards of integrity, this financial instability, combined with relatively modest salaries, creates a heightened vulnerability to corrupt practices. With liabilities ranging from Nu.0.050 million to as high as Nu.84.000 million, the financial pressures on these officials are apparent, increasing the temptation to seek illegal financial gains and posing a critical risk to the integrity of the institutions they serve.



- **Corruption Risks:** Recent data on complaints qualified for investigation further underscores the vulnerabilities within law enforcement and regulatory agencies. In the last three FYs, 10.2% of corruption reports qualified for investigation from the total 118 pertained to law enforcement and regulatory agencies. These numbers, though relatively small, highlight that when law enforcement and regulatory agencies are themselves susceptible to financial pressures or corruption, it compromises their ability to effectively regulate and enforce laws. Further compounding the risk, out of more than 1,200 individuals charge-sheeted in Courts for various corruption offenses, approximately 10.0% pertained to law enforcement and regulatory agencies. This concern is amplified by the fact that over 40.0% of corruption reports received by the ACC are related to administrative lapses and systemic weaknesses, demonstrating how failures at the regulatory level increase the ACC's burden in managing reports of preventable administrative nature. The Annual Audit Reports of the past two years corroborates these findings, with 27.4% of total audit irregularities involving fraud, corruption, and embezzlement being attributed to law enforcement agencies.

- **Institutional and Regulatory Quality:** Regulatory quality is a cornerstone of effective governance, significantly shaping the success of public policies and the integrity of institutions. Weak regulatory quality can have profound impacts on economic growth, institutional trust, and anti-corruption efforts. According to the World Bank's Worldwide Governance Indicators (WGI), Bhutan's performance in regulatory quality has remained consistently low, with percentile ranking still below 50%, compared to other governance dimensions. This stagnation points to substantial gaps between policy formulation and implementation. While laws and regulations may be well-established on paper, their effectiveness is undermined by weak enforcement, fragmented regulatory frameworks, and outdated legal structures. This disconnect not only reduces the ability of law enforcement and regulatory agencies to uphold standards but also intensifies corruption risks in critical sectors like finance and business, where regulatory loopholes allow corrupt individuals and entities to manipulate the system.

A striking example is the recent financial scandals involving over Nu.818.000 million in fraudulent activities. Without



stronger oversight and modernized regulatory frameworks, such large-scale corruption cases will likely persist, further eroding public trust and negatively impacting Bhutan's business environment and investment climate.

**Study Findings and Best Practices:**

A study on economic crime, using the fraud diamond framework, found that 18.0% of economic crime was driven by opportunity, 68.0% by incentive or pressure, and 14.0% by attitude or rationalization. In line with these findings, one of Singapore's key anti-corruption strategies was to reduce corruption incentives by raising salaries to ensure 'high standards of probity' thus reducing the temptation for corrupt acts. Similarly, in the context of Bhutan, while the internal

integrity score in the NIA 2022 was relatively high at 8.34, specific weaknesses such as insufficient pay and allowances (23.44%) and weak internal control systems (18.57%) were identified as some of the contributing factors to corruption, including manipulation of budget execution. The persistence of weak internal controls, despite rigorous interventions, is evidenced by the recurrence of corruption cases within agencies, indicating that the proclaimed zero-tolerance stance remains more rhetorical than reality, thus risking the normalization of corruption. This concern regarding the manipulation of budget execution points to the fourth dimension of the fraud diamond i.e. capability, highlighting the presence of individuals equipped with the necessary skills and traits to exploit systemic vulnerabilities.

Hence, these statistics demonstrate the need to mitigate these risks and empower law enforcement and regulatory agencies to effectively serve as gatekeepers of integrity. By addressing the financial and operational vulnerabilities that increase their susceptibility to corruption, Bhutan can ensure that corruption is intercepted at the earliest stages, thereby enhancing the overall integrity of its governance system. Following are few interventions that is imperative to empower law enforcement and regulatory agencies:

1

**Enhanced Compensation:** Public servants tasked with law enforcement and regulatory roles should be provided with competitive salaries and financial security. As demonstrated by Singapore's success, better financial compensation reduces corruption vulnerabilities by removing the temptation to exploit official positions for personal gain. Besides this, incentives, including merit-based talent retention and recognition, can motivate law enforcement and regulatory officials to maintain high ethical standards of integrity.



2

**Regulatory Reform:** Comprehensive reforms are needed to update and streamline Bhutan's regulatory frameworks, ensuring they are not only robust on paper but also enforceable in practice. This will include reviewing outdated regulations, closing loopholes, and improving coordination between regulatory agencies.

3

**Enhanced Investigative, Intelligence, & Technological Capacity:** Continuous professional development programs should be prioritized, focusing on financial investigations and ethical decision-making. Additionally, law enforcement and regulatory officials must be equipped with advanced investigative & intelligence tools to detect and address corruption efficiently, including access to the state-of-the-art resources and technology.



## b) Sustaining the Momentum of Monitoring and Evaluation Framework for Integrity and Anti-Corruption Initiatives

Bhutan has made remarkable progress in a short period by effectively integrating integrity and anti-corruption measures as integral aspects of overall governance system. A key milestone towards this was the inclusion of '*Corruption Reduced*' as the 14<sup>th</sup> National Key Result Area (NKRA) in the 11<sup>th</sup> FYP and the adoption of the NIACS 2014-2018 across all sectors, providing greater impetus to the effort. This commitment was further strengthened by making '*Corruption Reduced*' a mandatory NKRA for budgetary agencies and incorporating it into the Government Performance Management System (GPMS). Building on these achievements, the NKRA on '*Corruption Reduced*' was retained in the 12<sup>th</sup> FYP, reinforcing Bhutan's dedication to advancing the anti-corruption agenda in its national development plans and programs.

One of the key strengths of this approach was the mandatory implementation of integrity and anti-corruption measures in

the form of OIP by all budgetary agencies in their respective Annual Performance Agreement/Target (APA/APT). This system allowed the ACC to not only monitor integrity and anti-corruption measures but also provide technical assistance in developing sector-specific anti-corruption initiatives. Notably, there is the significant increase in the agencies implementing integrity and anti-corruption tools such as Code of Conduct, Conflicts of Interests, AD, Gifts, CRM, among others in the form of OIP, from 24 agencies in FY 2016-2017 to 92 agencies in FY 2023-2024. The average score for the implementation of OIP currently stands at 83.9%. This upward trend is further corroborated by the NIA 2022, wherein there is increase in the Internal Integrity Score from 7.89 in 2012 to 8.34 in 2022.

However, with the GPMS no more being implemented in the 13<sup>th</sup> FYP raises concerns about the sustainability of the progress achieved thus far. Without a robust national monitoring system, there is a real risk of losing the momentum in mainstreaming integrity and anti-corruption measures across agencies. Therefore, it is imperative that anti-corruption and integrity initiatives remain integral components as follows:

1

**Integration of anti-corruption as a key dimension of the National M&E Framework:** As Bhutan revises its National M&E framework, anti-corruption should be integrated as a core dimension. This will ensure that the progress achieved in the 11<sup>th</sup> and 12<sup>th</sup> FYPs is not only sustained but also strengthened. The inclusion of anti-corruption as a mandatory element will help keep integrity and anti-corruption agenda at the forefront of governance across agencies.



2

***Incorporating anti-corruption in performance-based budgeting:*** Should the MoF introduce performance-based budgeting, anti-corruption should be one of the key parameters for assessing budgetary agencies' performance. By linking budgetary allocations to the effectiveness of anti-corruption initiatives, Bhutan would ensure that agencies are incentivized to prioritize integrity and deliver measurable outcomes. International best practices, such as those seen in South Korea and New Zealand, have successfully used this approach to reinforce accountability.

3

***Embedding anti-corruption indicators in the RCSC's Performance Dashboard:*** The RCSC's recently introduced Performance Dashboard under the MaX system includes mandatory KPIs on HRM and financial prudence under Section B on Agency Strategic Plan/APA/APT but lacks a specific focus on anti-corruption. Including anti-corruption as a mandatory performance target for Executives under the Business Delivery Objective would further strengthen Bhutan's commitment to integrity and ensure that Head of the Agencies remains accountable for promoting and maintaining ethical standards.

By implementing these recommendations, Bhutan can build on its existing achievements, ensuring that integrity and anti-corruption measures remain an essential part of its governance framework for years to come.



### c) Reinforcing Accountability and Oversight Mechanisms

Effective accountability and oversight are cornerstones of progressive governance, ensuring that public institutions operate transparently, ethically, and in the best interest of citizens. According to the World Bank's WGI, countries with strong accountability mechanisms tend to exhibit higher levels of government effectiveness, regulatory quality, and control of corruption. For example, nations like Denmark, New Zealand, and Finland consistently rank at the top of Transparency International's CPI, reflecting presence of independent oversight bodies free from political influence, enforceable recommendations with legal backing, public transparency through public engagement, robust monitoring and reporting systems, and mechanisms for sanctions and corrective actions against non-compliance.

With the ambitious development goals under the 13<sup>th</sup> FYP, strengthening oversight and accountability is no more a choice but a development imperative. The NIA 2022 highlights this urgency, revealing gaps in Bhutan's oversight mechanisms, particularly in parliamentary oversight, which scored 5.86, the lowest among seven key governance indicators. Equally concerning is the state of public sector accountability, with a score of 7.36, signaling substantial gaps in embedding a culture of accountability within government institutions.

The Good Governance Committees (GGC) of both Houses of the Parliament review the Annual Reports of various agencies, including the ACC, and present their findings to the Parliament for deliberation. As an essential oversight standing committee, the GGC plays a critical role in ensuring that resolutions passed by Parliament are implemented. While agencies like the ACC have diligently implemented resolutions that directly concern its core mandates, the ACC often face challenges when resolutions require collaboration or input from other stakeholders. For instance, resolutions that require ministries or agencies to support in implementing the resolutions are often met with delays or incomplete implementation. The issue is likely due to the ambiguity surrounding the enforceability of parliamentary resolutions, raising concerns about the overall effectiveness and credibility of the existing oversight and accountability mechanisms.

Beyond the Parliament, law enforcement and regulatory agencies, including the ACC, play a critical role in enforcing legal accountability. However, due to some coordination issues between these agencies, accountability remains a missed opportunity. The CSOs have the potential to promote social accountability by engaging citizens, monitoring government performance, and advocating for transparency. However, many CSOs in the country are still struggling to establish themselves in the broader governance ecosystem.



Likewise, while the media could serve as an effective watchdog, operational challenges hamper its ability to fully stimulate public debate on governance issues. These gaps collectively weaken the oversight and accountability framework. To address these challenges, the following interventions are essential:

1

**Strengthening Parliamentary Oversight Functions:** Establish clear guidelines on the enforceability of parliamentary resolutions, alongside mechanisms to monitor and ensure implementation. Public hearings can serve as an effective tool to increase transparency and accountability.

2

**Engaging Citizens and Civil Society:** Greater efforts must be made to foster public participation in governance processes. This will enhance social accountability and ensure that public agencies' actions align with the needs and expectations of people.

3

**Enhancing Information Disclosure:** With the adoption of the Model Public Service Code of Conduct, public agencies must seize the opportunity to establish robust mechanisms for timely information sharing with both the media and the public, thereby ensuring greater transparency and accountability across the public sector.



## d) Preventing Corruption Risks in the Revenue Mobilization

Bhutan's recent graduation to a Lower Middle-Income Country on 13 December 2023 represents a pivotal milestone in its development trajectory. Looking ahead, the nation has set an ambitious target of transitioning into a High-Income GNH Economy by 2034. Anchored on the pillars of Prosperity, People, and Progress (3Ps), this vision aims to elevate Bhutan's GDP to USD 5 billion and GDP per capita to USD 6,174 by 2029. Additionally, Bhutan aspires to achieve full employment (97.5%) with quality jobs by 2027 and quadruple the income of the bottom 40% by 2029.

To achieve these milestones, Bhutan requires robust revenue mobilization to finance essential public services, infrastructure, and social programs. However, following challenges in the current revenue system pose significant risks, including tax evasion, smuggling, and corruption, which collectively undermine the country's ability to finance its ambitious development goals:

- **Tax Evasion through Misclassification and Underreporting:** According to the World Bank's CPIA, Bhutan's revenue mobilization score declined from 4.0 to 3.5. This drop reflects inefficiencies in the current tax system, where a complex structure with varying rates across goods creates loopholes, leading to significant revenue losses that hamper the government's ability

to fund key development initiatives, including infrastructure projects and social programs. Differential tax rates allow businesses to misclassify goods or under report quantities to avoid paying higher taxes. For example, tobacco products, taxed at 100%, are often misclassified as pan masala, which is taxed at just 10.0%. Following the reintroduction of the 100% tax on tobacco products in November 2022, imports of pan masala surged, suggesting deliberate misclassification. Similarly, the import quantities of betel leaves (taxed at 10.0%) far exceed those of betel nuts (taxed at 50.0%), even though both are consumed together. This discrepancy points to potential underreporting to evade higher taxes. Such practices reflect weaknesses in tax enforcement and lead to substantial revenue losses.

- **Smuggling and Goods Deflection:** Bhutan's zero-tax policy on smartphones, combined with India's 18.0% GST on the same products, has resulted in the smuggling of smartphones across borders. Investigations reveal a significant mismatch between the number of phones imported into Bhutan and those used domestically, indicating illegal deflection of goods into India. These smuggling practices not only erode Bhutan's revenue base but also facilitate money laundering and other financial crimes. Strengthening border control and monitoring systems is crucial to addressing these issues.



- **Corruption in Tax Administration:** The complexity of Bhutan's tax system, with its varying rates, creates opportunities for corruption within tax administration. Tax officials may be bribed to overlook underreporting, misclassification, or smuggling operations. This undermines public trust in government institutions, weakens the rule of law, and hinders efforts to improve governance effectiveness. If left unaddressed, corruption could further erode Bhutan's ability to meet its revenue targets and development goals.

Given the complexity of these challenges, a multi-faceted approach is necessary to strengthen Bhutan's revenue mobilization efforts and align its tax system with international best practices. The following interventions are some of the essential interventions:

1

**Legislative and Policy Reforms:** Systemic reforms are urgently needed to standardize tax policies, enhance transparency, and strengthen monitoring mechanisms. Regular policy reviews can help close the loopholes that allow for tax evasion, while aligning Bhutan's tax policies with international standards can prevent further exploitation. Countries like Singapore have successfully overhauled their tax systems to simplify structures and reduce corruption opportunities, providing valuable lessons for Bhutan.

2

**Strengthen Enforcement and Monitoring:** Customs enforcement needs further reinforcement and support in modernizing through the use of real-time data tracking, automated risk management systems, and electronic filing mechanisms. These technologies will improve the monitoring of imports and exports, enabling quicker detection of underreporting and misclassification.

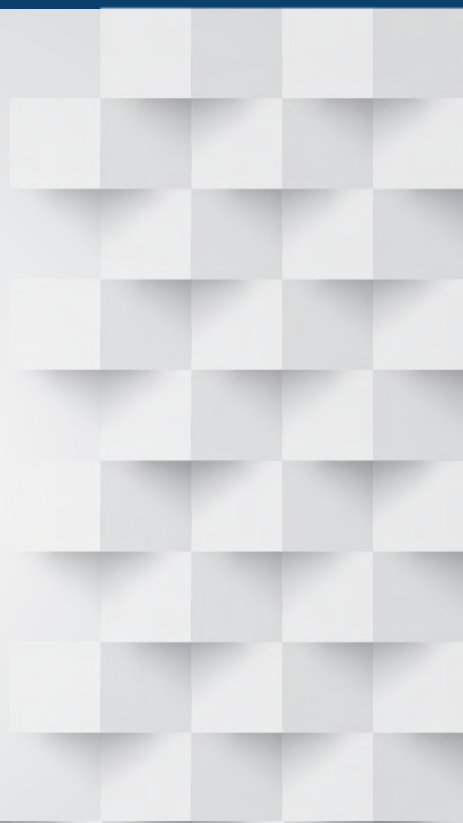
3

**Enhance Business Regulatory Environment:** Simplifying business regulations will reduce bureaucratic hurdles and minimize opportunities for corrupt behavior. Additionally, promoting ethical business practices through corporate governance standards and awareness campaigns will support fair competition and attract investment. Bhutan can look to countries like New Zealand, which have simplified business regulations to foster transparency and reduce corruption in the private sector.





# CONCLUSION







## CONCLUSION

As Bhutan accelerates its journey toward *Developed Nation* status, new challenges are emerging that threaten to undermine our progress. One of the most pressing concerns is the evolving nature of corruption. The dynamics of corruption are poised to change, and the capacity, systems, and insights we currently possess will no longer be sufficient to effectively combat these new threats. If we do not adapt, corruption could find new avenues to infiltrate our institutions, destabilize our economy, and derail our development.

The private sector, once relatively small and domestically focused, is expanding rapidly, with foreign investments playing an increasingly central role in Bhutan's growth strategy. While this development is essential for our economic progress, it also opens the door to more sophisticated forms of corruption – corporate collusion, complex financial crimes, and regulatory capture. Bhutan's institutions, designed to manage domestic challenges, will need to evolve to meet the heightened risks that come with global integration. This requires more than just reactive measures; it demands a proactive, forward-thinking approach to anti-corruption efforts, incorporating global best practices, technological solutions, and stronger regulatory frameworks.

The urgency of this challenge is evident. The NIA 2022 data reveals that 38.3% of Bhutanese citizens believe corruption is on the rise. Our Transparency International's CPI score has remained static at 68 for over six years, and the progress on the National Integrity Score has been minimal. These indicators demonstrate that we are at a critical juncture. The methods we have relied upon in the past are no longer sufficient to meet the complexities of a rapidly evolving economy.

As new sectors grow and foreign investments diversifies, Bhutan must brace for the inevitable shift in corruption dynamics. Without a significant upgrade in our anti-corruption capacity and insight, we risk falling behind. The strategies and tools we use today must be enhanced with greater specialization, advanced technology, and stronger cross-border cooperation. We must ensure that our law enforcement and regulatory agencies are well-equipped to detect, investigate, and prosecute more complex forms of corruption that may emerge.

The ACC remains unwavering in its commitment to lead the fight against corruption, yet it faces persistent capacity challenges even after 19 years of operation. Currently, 46.1% of its staff have less than two years of experience,



and only 18.8% have more than a decade of experience. Despite these limitations, the dedication and resolve of the staff remain strong and unwavering. However, the ACC cannot tackle this fight alone. As noted in international assessments such as the CPI, CPIA, and WGI, combating corruption requires multifaceted and sustained efforts. A single intervention is not sufficient; small, coordinated, and continuous actions are necessary to build lasting resilience.

His Majesty's guiding principle, "***I will not be corrupt, and I will not tolerate corruption in others***" must now extend beyond the public sector and permeate the private sector. Our success as a nation depends not only on eliminating corruption but also on ensuring that Bhutan's future business environment is one where integrity and transparency are non-negotiable standards.

The path to *Developed Nation* status is one that requires vigilance, resilience, and unwavering commitment to integrity. Corruption, in all its evolving forms, must be met with equally sophisticated and evolving countermeasures. We must

invest in capacity building, strengthen our institutions, and continuously adapt our systems to ensure that Bhutan remains a beacon of DAMTSI. The future we envision, one of prosperity and sustainability, depends on our ability to anticipate and overcome these challenges.

With integrity as our foundation, we will not only reach developed nation status but also ensure that the benefits of this progress are enjoyed by all, free from the scourge of corruption.



# 6 | General Corruption Perception



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Issue 6 of 8

While the earlier (fifth) issue of the NIA Series presented the findings of the NIA 2022 against the context of the NIAs 2009, 2012, 2016 and 2019, this **sixth issue** discusses about perceptions on the trend of corruption and the effectiveness of the ACC in preventing and combatting corruption.

As per the NIA 2022, **58.8%** respondents were of the view that the corruption situation in the country is **"Quite Serious"** and **24.6%** **"Very Serious"**. Going by the profile of the respondents, **32.7% of service providers considered corruption "Very Serious"** as compared to 25.0% of the voters, 21.6% of service users and 19.2% of parliamentarians. Conversely, **12.8% of parliamentarians perceived corruption as "Not Serious"** which was higher than the service users (9.0%), voters (8.6%) and service providers (6.6%).

The seriousness of corruption issues in the country is further supported by the increasing trend in the proportion of overall respondents expressing that **corruption has increased** over the last five years i.e. from **14.0% in 2012 to 38.3% in 2022**. Specifically in the NIA 2022, **41.6% of service providers** believed that corruption has increased followed by voters (37.8%), service users (37.5%) and parliamentarians (36.2%). This rising perception on corruption severity and trend only reiterates the need to enhance overall anti-corruption regime in the country.

With regard to the prevalence of the various **forms of corruption**, respondents identified 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%) as the most prevalent forms. These

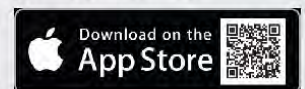
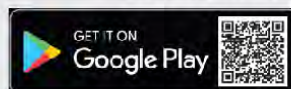
findings are consistent with the highest number of complaints received by the ACC over the years which pertain to abuse of function, followed by embezzlement and bribery.

Nevertheless, the **perception of ACC's efforts in combating corruption** was generally positive with 55.8% of respondents rating that ACC was *"Doing fairly well"* and 28.9% *"Doing very well"*. However, when compared to past NIAs (from 2012 to 2022), there is a **decline** in the perception of **ACC's effectiveness** i.e., 15.2% of service users, 6.6% of service providers, 4.3% of parliamentarians, and 13.2% of the general citizen were unaware of ACC's efforts in combating corruption thus, calling for ACC to further review its strategies, including communication and advocacy.

In terms of **anti-corruption strategy**, respondents recommended a **balanced approach**, with focus on investigation, education and prevention. Parliamentarians (51.06%) inclined more towards prioritizing **advocacy and education**, while voters (51.66%) and service users (44.61%) felt that the ACC's primary focus should be on **investigation**. It underscores the importance of employing a multifaceted approach, particularly in view of the increasing complexity of corruption issues. In keeping with the emerging corruption trend, the ACC has transfigured its functional and operational focus with the **shift from complaint-based to proactive, research and intelligence-based investigations**. Further, a comprehensive **"whole-of-systems"** approach is being adopted in the prevention of corruption to ultimately **foster a society characterized by integrity and trust**.



SCAN NOW TO REPORT CORRUPTION








# ANNEXURE

**Annex I:** Cases forwarded to the OAG for prosecution from July 2023 – June 2024

**Annex II:** Cases under review by the OAG as of June 2024

**Annex III:** Cases with Courts as of June 2024

**Annex IV:** Judgments rendered from July 2023 – June 2024





## ANNEX I: CASES FORWARDED TO THE OAG FOR PROSECUTION FROM JULY 2023 – JUNE 2024

SN	Case No	Case Title	Referral Date	Probable Charges
1	02/2022	Corruption and mismanagement in Northern-East-West Highway Construction, Trongsa	10-08-2023	1. Deceptive Practice. 2. Forgery. 3. Abuse of Function.
2	23/2022	Embezzlement by an In-Charge from Telecom Staff Welfare Fund	06-07-2023	1. Embezzlement of funds or securities by Public Servant.
3	37/2022	Issuance of forged and unauthorized bank guarantee & Letter of Credit by an Assistant Development Officer & Assistant Engineer, RICBL, Thimphu	03-07-2023	1. Active Bribery of Public Servant 2. Passive Bribery of Public Servant 3. Forgery 4. Fronting 5. Participation in an Offence
4	02/2023	Embezzlement of Government Fund by an Accountant, Regional Immigration Office, Gelephu	12-07-2023	1. Embezzlement of funds or securities by Public Servant. 2. Forgery.
5	07/2023	Embezzlement of fund by a former Salesman, Bhutan Oil Corporation, Trongsa	12-07-2023	1. Embezzlement of funds or securities by Public Servant. 2. Participation in an Offence.
6	02/2021	Corrupt activities in the erstwhile Regional Livestock Development Centre, Tshimasham, Chhukha	27-03-2024	1. Passive Bribery of Public Servant. 2. Active Commercial Bribery. 3. False Claim by Public Servant. 4. Commission Amounting to Abuse of Function. 5. Embezzlement of Funds or Securities by Public Servant. 6. Participation in an offence. 7. Active Bribery of Public Servant.
7	33/2022	Corrupt practices in the loan fraud scheme of Phajo Nidup, P/ling, Chhukha	17-08-2023	1. Deceptive Practice. 2. Official Misconduct. 3. Forgery. 4. Solicitation to Forgery.
8	01/2023	Collusion in the procurement of DI pipes and fittings involving M/s Nima Construction	08-01-2024	1. Omission Amounting to Abuse of Function. 2. Failure to Protect Public Property and Revenue. 3. Deceptive Practice.



9	03/2023	Corruption and fraudulent commercial activities by an Indian National in collusion with few Bhutanese individuals	31-10-2023	1. Active Commercial Bribery. 2. Deceptive Practice. 3. Participation in an Offence. 4. Fronting.
10	05/2023	Bribery of officials of BDBL, Branch Office, P/ling in the loan fraud scheme of Phajo Nidup	18-08-2023	1. Commission amounting to Abuse of Functions. 2. Passive Bribery of Public Servants. 3. Deceptive Practice. 4. Aiding and Abetting.
11	06/2023	Loan fraud scheme of Phajo Nidup in T Bank Ltd., Pling, Chhukha	17-08-2023	1. Deceptive Practice 2. Official Misconduct 3. Forgery.
12	08/2023	Corruption in the contract award of the Regional Revenue & Custom's Base office and its staff quarters involving Gewog Administration Officer, Contractor and Accountant Assistant in Samtse Dzongkhag	02-11-2023	1. Passive Bribery of Public Servant 2. Commission Amounting to Abuse of Function. 3. False Claim by Public Servant.
13	12/2023	Embezzlement and deception by a Sales Representative at BTL, Haa	11-08-2023	1. Embezzlement of Funds or Securities by Public Servant. 2. Deceptive Practice.
14	03/2023-24	Embezzlement of government fund by an Accounts Assistant, Sarpang	01-04-2024	1. Embezzlement of Funds or Securities by Public Servant.
15	04/2023-24	Embezzlement of funds involving former Assistant Accountant, BICMA	28-12-2023	1. Embezzlement of Funds or Securities by Public Servant.
16	10/2023-24	Embezzlement of government revenue and manipulation of officials records by a Land Registration Assistant, Dagana	18-06-2024	1. Embezzlement of Funds or Securities by Public Servant. 2. Commission Amounting to Abuse of Function.
17	12/2023-24	Embezzlement by a RBP accountant, Phuentsholing	01-01-2024	1. Embezzlement of Funds or Securities by Public Servant.
18	13/2023-24	Embezzlement of revenue generated from the sales of paper vouchers by the employees of Lhamoizhingkha Cost Center, BTL	10-11-2023	1. Embezzlement of Funds or Securities by Public Servant.
19	14/2023-24	Embezzlement of revenue by an Accountant in Centenary Farmer Market	10-04-2024	1. Embezzlement of Funds or Securities by Public Servant.



20	15/2023-24	Embezzlement of sales revenue by a Sales Representative, Profit Centre of BTL, Mongar	11-01-2024	1. Embezzlement of Funds or Securities by Public Servant.
21	16/2023-24	Deceptive practice by an official of Bhutan Insurance Ltd pertaining to the loan fraud scheme of Phajo Nidup	19-12-2023	1. Deceptive Practice 2. Solicitation to Deceptive Practice
22	17/2023-24	Abuse of function by an employee of Druk Punjab National Bank	01-01-2024	1. Commission Amounting to Abuse of Function. 2. Aiding and Abetting. 3. Deceptive Practice.
23	18/2023-24	Embezzlement of government revenue by a Sales Representative, BTL, Samdrup Jongkhar	01-03-2024	1. Embezzlement of Funds or Securities by Public Servant.
24	19/2023-24	Embezzlement at Royal Bhutan Helicopter Services Ltd by an Account Assistant	11-04-2024	1. Embezzlement of Funds or Securities by Public Servant.
25	20/2023-24	Embezzlement of Government funds by an Accounts Assistant, Dagana	04-03-2024	1. Embezzlement of Funds or Securities by Public Servant.
26	23/2023-24	Misappropriation of government project funds by an Accounts Assistant under erstwhile MoLHR	24-06-2024	1. Embezzlement of Funds or Securities by Public Servant.
27	28/2023-24	Embezzlement of Government funds by an Accounts Assistant, Dagana	11-04-2024	1. Embezzlement of Funds or Securities by Public Servant.

**Note:** From the total 26 cases merited for prosecution, 22 cases were forwarded to the OAG by 30 June 2024 while remaining four cases have been forwarded after July 2024. The first five cases as reflected in the table above were forwarded after July 2023 as reported in the Annual Report 2022-2023.



## ANNEX II: CASES UNDER REVIEW BY THE OAG AS OF JUNE 2024

SN	Case No.	Case Title	Referral Date
1	05/2018	Land Fraud at Taba involving Former Finance Minister	03-01-2019
2	09/2019	False allegation against public official (erstwhile MoWHS Official) in relation to import of Wire Mesh	28-11-2019
3	04/2022	Embezzlement by former Gewog Accountant, Bidung, Trashigang	29-11-2022
4	05/2022	Embezzlement by former Gewog Accountant, Radhi, Trashigang	29-11-2022
5	06/2022	Embezzlement by former Gewog Accountant, Phongmey, Trashigang	29-11-2022
6	07/2022	Embezzlement by former Gewog Accountant, Shongphu, Trashigang	29-11-2022
7	22/2022	Bribery and abuse of function by the then Regional Coordinator, DGM, Samtse	17-02-2023
8	41/2022	Bribery, abuse of function, and false insurance claim by private individuals and RICBL officials	10-03-2023
9	21/2022	Embezzlement of funds by Accountant, Dagana Dzongkhag in the FY 2020-2021	13-04-2023
10	17/2022	Abuse of function in the appointment of Board of Directors of NCSIDBL	14-04-2023
11	08/2023	Alleged corruption in the contract award of the Regional Revenue & Custom's Base office and its staff quarters at Pugli, Phuntshopelri Gewog under Samtse Dzongkhag	02-11-2023
12	23/2022	Embezzlement by an In-Charge from Telecom Staff Welfare Fund, BTL	06-07-2023
13	37/2022	Issuance of forged and unauthorized bank guarantee & Letter of Credit by Assistant Development Officer & Assistant Engineer, RICBL, Thimphu	03-07-2023
14	2/2021	Corrupt activities in the erstwhile Regional Livestock Development Centre, Tshimasham, Chhukha	26-03-2024



15	1/2023	Collusion in the procurement of DI pipes and fittings involving M/s Nima Construction	08-01-2024
16	2/2023	Embezzlement of Government Fund by an Accountant, Regional Immigration Office, Gelephu	12-07-2023
17	3/2023	Corruption and fraudulent commercial activities by an Indian National in collusion with few Bhutanese individuals	31-10-2023
18	7/2023	Embezzlement of fund by former Salesman, Bhutan Oil Corporation, Trongsa	12-07-2023
19	12/2023	Embezzlement and deception by Sales Representative at BTL, Haa	11-08-2023
20	03/2023-24	Embezzlement of government fund by Account Assistant, Sarpang Dzongkhag Administration	29-03-2024
21	04/2023-24	Embezzlement of funds involving former Assistant Accountant, BICMA	28-12-2023
22	05/2023-24	Misconduct by former GM of Eicher Division, STCBL	27-11-2023
23	10/2023-24	Embezzlement of government revenue and manipulation of officials records by Land Registration Assistant of Lhamoizingkha Dungkhag, Dagana	18-06-2024
24	12/2023-24	Embezzlement by RBP accountant, Phuentsholing	03-01-2024
25	14/2023-24	Embezzlement of Public Revenue by an Accountant in Centenary Farmer Market	10-04-2024
26	15/2023-24	Embezzlement of sales revenue by a Sales Representative, Profit Centre of BTL, Mongar	10-01-2024
27	17/2023-24	Abuse of function by an employee of Druk Punjab National Bank	01-01-2024
28	18/2023-24	Embezzlement of government revenue by a Sales Representative, Jomotsangkha, BTL, Samdrup Jongkhar	01-03-2024
29	20/2023-24	Embezzlement of Government funds by Accounts Assistant, Dagana	01-03-2024
30	23/2023-24	Misappropriation of government project funds by an Accounts Assistant under the erstwhile MoLHR	24-06-2024
31	28/2023-24	Embezzlement of Government funds by an Accounts Assistant, Dagana	11-04-2024
32	33/2023-24	Fraudulent of company funds by Regional Manager, Bhutan Industrial Gas, Phuentsholing	15-07-2024



## ANNEX III: CASES WITH COURTS AS OF JUNE 2024

SN	Case No.	Case Title	Referral Date	Jurisdiction	Initial Registration with Court	Status
1	26/2017	Fraud and corruption in Gol funded construction project in CST, Phuntsholing	01-12-2017	Phuentsholing Drungkhag Court	14-12-2020	Under trial
2	12/2021	Tax Evasion & Bribery involving importer & Customs Official (Part I)	19-08-2022	Phuentsholing Drungkhag Court	14-06-2023	Under trial
3	12/2021	Bribery & Tax Evasion involving Customs Official (Part II)	19-08-2022	Phuentsholing Drungkhag Court	06-02-2024	Under trial
4	12/2021	Bribery involving Customs Inspector & Others (Part III)	19-08-2022	Phuentsholing Drungkhag Court	06-02-2024	Under trial
5	12/2021	Money Laundering by Custom Official & Others (Part IV)	19-08-2022	Phuentsholing Drungkhag Court	06-02-2024	Under trial
6	12/2021	Tax Evasion & Bribery of Custom Inspectors & Others (Part VI)	19-08-2022	Phuentsholing Drungkhag Court	10-04-2023	Under trial
7	12/2021	Tax Evasion & Bribery of Custom Officials & Importer (Part VII)	19-08-2022	Phuentsholing Drungkhag Court	10-04-2023	Under trial
8	16/2017	Encroachment of Government Land at Olakha by a businessman	18-09-2018	Thimphu	14-03-2023	Under Trial
9	18/2018	Corruption in the procurement of works at Thimphu Thromde (Manhole)	07-10-2019	Thimphu Dzongkhag Court	13-10-2021	Under Trial
10	07/2020	Tax Evasion by the Proprietor, Ugyen Auto, Thimphu	08-11-2021	Thimphu Dzongkhag Court	15-02-2022	Under Trial
11	14/2021	Foreign Worker Data Manipulation involving Senior ICT Officer, MoLHR	30-11-2021	Thimphu Dzongkhag Court	01-12-2023	Under Trial



12	15/2021	Embezzlement and other corrupt offense vis-a-vis Foreign Aid at National Environment Commission Secretariat, Thimphu	24-05-2022	Thimphu Dzongkhag Court	14-07-2023	Under Trial
13	16/2021	Illegal import of Navy Cut Cigarettes by former Gojay of Southern Border Duty, Samdrup Jongkhar.	21-04-2022	Samdrup Jongkhar Dzongkhag Court	16-06-2023	Under Trial
14	18/2021	Abuse of function by Deputy Chief Livestock Officer, Dagana	31-10-2022	Dagana Dzongkhag Court	03-06-2023	Under Trial
15	19/2021	Misuse of power by Shelnga Bjemi Gup, Punakha	09-07-2021	Punakha Dzongkhag Court	04-04-2022	Under Trial
16	03/2022	Embezzlement of public funds by the immigration officials at Regional Office, Phuentsholing	08-11-2022	Phuentsholing Court	-	Under Trial
17	09/2022	Embezzlement of government revenue by an Accounts Assistant, Dzongkhag Administration, Zhemgang	28-06-2022	Zhemgang Dzongkhag Court	19-07-2024	Under Trial
18	11/2022	Corruption in the procurement by a Procurement Officer, Dagana	29-09-2022	Dagana Dzongkhag Court	13-09-2023	Under Trial
19	12/2022	Corrupt practices by the Board Director, National Cottage and Small Industry Development Bank Ltd. (Part I)	05-08-2022	Paro Dzongkhag Court	28-04-2023	Under Trial
20	13/2022	Opening of private account by RCDC Staff in the name of agency	17-10-2022	Thimphu Dzongkhag Court	04-09-2023	Under Trial
21	14/2022	Bribery case involving Sr. Attorney, Office of the Attorney General, Thimphu	31-08-2022	Thimphu Dzongkhag Court	22-05-2023	Under Trial
22	34/2022	Embezzlement of Gewog Environment Conservation Committee Fund by Korphu Gup, Trongsa	27-12-2022	Trongsa Dzongkhag Court	27-04-2023	Under Trial



23	32/2019	Embezzlement of Government revenue at RSTA, Regional Office, Gelephu.	05-03-2020	High Court	04-03-2021	Deferred the judgment by Supreme Court
24	19/2017	Irregularities in the construction of Park Range Office involving Assistant Engineer, Gasa	09-07-2018	Larger Bench	26-02-2019	Case closed
25	40/2022	Corrupt practices in the loan fraud scheme of Phajo Nidup in BNBL, P/ling branch, Chhukha	18-05-2023	Phuentsholing Court	05-01-2024	Under Trial
26	19/2023-24	Embezzlement at Bhutan Helicopter Services Ltd.	09-04-2024	Paro Court	19-06-2024	Under Trial
27	13/2023-24	Embezzlement of revenues generated from the sales of paper vouchers by the employees of Lhamoizhingkha Cost Center, BTL	10-11-2023	Lhamoizhingkha Court	06-12-2023	Under Trial



## ANNEX IV: JUDGMENTS RENDERED FROM JULY 2023 – JUNE 2024

SN	Case No.	Case Title	Initial Registration	Judgement Date	Court of Adjudication	Status
1	09/2016	Tax Fraud involving M/s Lhaimetog Export and Import between 2009 to 2017.	16-02-2021	04-10-2023	Supreme Court	Enforcement ongoing
2	03/2018	Embezzlement of fund by an Accountant, Phuentsholing	18-12-2019	02-08-2023	Chhukha Dzongkhag Court	Restitution pending
3	05/2019	Illegal Encroachment of State Land, Punakha	05-04-2022	25-12-2023	Supreme Court	Case closed
4	32/2019	Embezzlement of Government revenue at RSTA, Regional Office, Gelephu.	04-03-2021	10-11-2023	Sarpang Dzongkhag Court	Case deferred by SC
5	33/2019	Embezzlement of Private Funds at Bhutan Oil Corporation, Gelephu	-	01-12-2023	Supreme Court	Tashi Group of companies took the case
6	35/2019	Price rigging in auction by BDBL Auction Committee Members	06-09-2021	06-10-2023	Supreme Court	
7	06/2021	Misappropriation of sales revenues by Former Sales Executive, TATA Unit, STCBL	16-07-2023	26-12-2023	High Court	Restitution pending
8	10/2022	Embezzlement of public funds by two Gewog Agriculture Extension Supervisors, Punakha	24-05-2023	29-09-2023	Punakha Dzongkhag Court	Completed
9	24/2022	Bribery involving Mr. Phajo Nidup & Thromde Officials	27-04-2024	14-03-2024	Special Bench	Appeal to HC



10	25/2022	Embezzlement of insurance by Former Gaydrung of Mongar Gewog, Mongar	13-04-2023	06-11-2023	Mongar Dzongkhag Court	Restitution Pending
11	27/2022	Bribery involving Mr.Phajo Nidup & NLCS Officials	20-12-2024	14-03-2024	Special Bench	Closed
12	28/2022	Bribery involving Mr.Phajo Nidup & RSTA Officials	03-05-2023	15-03-2024	Special Bench	Appeal to High Court
13	30/2022	Bribery involving Mr.Phajo Nidup & BoBL Officials, Pling (Part I)	07-07-2023	15-03-2024	Special Bench	Appeal to High Court
14	31/2022	Bribery involving Mr.Phajo Nidup & BoBL officials, Gedu branch	23-05-2023	15-03-2024	Special Bench	Appeal to High Court
15	32/2022	Bribery involving Mr.Phajo Nidup & Others	27-04-2023	14-03-2024	Special Bench	Appeal to High Court
16	33/2022	Corrupt practices in the loan fraud scheme of Phajo Nidup in RICBL, P/ling, Chhukha	31-10-2023	14-03-2024	Special Bench	Appeal to High Court
17	40/2022	Corrupt practices in the loan fraud scheme of Phajo Nidup in BNBL, P/ling branch, Chhukha	09-08-2023	14-03-2024	Special Bench	Appeal to High Court
18	42/2022	Deceptive practices & collusion involving Phajo Nidup & DPNBL officials	14-11-2023	15-03-2024	Special Bench	Appeal to High Court
19	43/2022	Abuse of functions and bribery of RBP officials by Phajo Nidup	09-08-2023	15-03-2024	Special Bench	Appeal to High Court
20	05/2023	Bribery of officials of BDBL, Branch Office, P/ling in the loan fraud scheme of Phajo Nidup	11-09-2023	14-03-2024	Special Bench	Appeal to High Court
21	06/2023	Corrupt practices in the loan fraud scheme of Phajo Nidup in T Bank Ltd., Chhukha	14-11-2023	14-03-2024	Special Bench	Appeal to High Court



# 7 Recommendations



The Ever-Flying Banner of Victory

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Issue 7 of 8

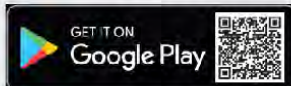
This **seventh issue** in the NIA 2022 Series features the recommendations for the **way forward**. These build upon the findings and analysis of the NIA 2022, as highlighted in the previous issues of the Series, and is crucial to ensure that the findings of the study inform decisions and lead to the reduction of corruption and improvement in public service delivery.

The broad areas of the potential solutions and strategies recommended are as follows:

1. **Enhance accountability culture:** The score for the **Accountability** component (7.36) in the 'Need Improvement' level is further corroborated by the complaints received by the ACC that highlight how accountability, especially with respect to abuse of power and unnecessary delay in service delivery, remain a concern. Therefore, it is recommended that the agencies implement robust **accountability measures** supported by rigorous **monitoring and oversight** and impartial **sanction mechanisms**.
2. **Manage perception of corruption:** Significant variation between the **experienced** corruption with an '**outstanding**' score and **perceived** corruption with a '**satisfactory**' score, highlights the need to manage the perception of corruption in public service delivery. The perceptions on the prevalence of corruption affected by personal relationships and authority emphasize the requirement for the following:
  - To prioritize the development of a **comprehensive e-government platform**, corroborated with **oversight mechanisms, regular audits, and user-friendly accessibility** to ensure transparency and accountability;
  - To actively **inform** service users about **service delivery standards** that they are entitled to, so that they are aware of what to expect and insist on in terms of public service delivery;
  - To require agencies to develop and implement agency and service-specific **Public Service Code of Conduct**, based on the Model Code issued by the ACC, to promote ethical behavior, accountability, professionalism and public trust;
  - To study and act towards putting in place an appropriate legal framework to ensure adequate **protection of whistleblowers and witnesses**;
  - To strengthen **internal control systems** by establishing and implementing clear policies and procedures; enhancing transparency in service delivery; promoting regular training and education on ethical behavior and accountability; strengthening monitoring and reporting systems to detect and prevent corruption in service delivery; enforcing consequences for misconduct including disciplinary actions and legal prosecution where required; and essentially cultivating an ethical and accountable culture in public service delivery.
  - To sustain the efforts towards **promoting ethics and integrity**, enhance the implementation as well as
3. **Strengthen parliamentary oversight:** In keeping with the 'Need Improvement' score for the Oversight component, the study recommends the parliamentary oversight mechanisms be strengthened through the conduct of **effective public hearings, economic and financial assessments**, and implementing **clear and transparent policies**. Additionally, **constant monitoring and evaluation of various oversight mechanisms** be ensured for efficiency and to prevent undue influence and foster accountability and public trust.
4. **Enhance engagement and consultation of citizens in legislative functions:** To enhance citizen engagement through a consultative processes in parliamentary functions, it is recommended to bolster the **involvement of CSOs and the media**. Further, the two Houses of Parliament to drive social and behavioral transformation at constituency, national, and international levels, with a specific focus on fostering a corruption-free society, enhancing good governance, and improving the efficiency of public service delivery.
5. **Ensure integrity of elections:** Lastly, to ensure the integrity of elections and combat corruption, it is recommended to promote anti-corruption advocacy and maintain vigilance, especially in monitoring electoral fraud and corrupt practices during elections. To this, it is recommended that the ACC and ECB take initiatives to educate and advocate aspiring candidates, constituents, and election officials on **Electoral Fraud and Corruption Prevention Framework** to curb electoral corruption and its associated consequences.

In addition to these recommendations, agency category reports will be shared with respective agency encompassing agency-specific scores to facilitate the agency concerned to further work on measures to enhance its level of integrity.

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# 8 | Prevalence of corruption in the country



Issue 8 of 8

This **Eighth Issue**, the final one in the NIA 2022 series, discusses the prevalence of corruption in Bhutan, based on the facts, findings and information from the NIA 2022, the ACC's Annual Report 2022-2023, Transparency International's Corruption Perceptions Index (TI-CPI) 2022 and the National Corruption Barometer Survey (NCBS) 2023.

In general, the national as well as international reports find the level of corruption in Bhutan relatively low. For instance, the NIA 2022 reported an improving trend in the level of national integrity and the TI-CPI 2022 ranked Bhutan as the 25th cleanest country out of the 180 countries/ territories surveyed. Nonetheless, there is **serious concerns on the prevalence of corruption** as highlighted below:

**Prevalence and magnitude:** Firstly, the national integrity score of 8.01, on a scale of 0 – 10, in NIA 2022 reveals only a "Good" level of integrity, indicating that there is much room for improvement and more needs to be done to achieve the "Outstanding" level. Such a midpoint stage is supported by the fact that Bhutan's position and score in the international arena has also remained more or less static, wherein Bhutan is among 124 countries that have stagnant scores as per the TI-CPI 2022. Further, as per the NIA 2022, 38.3% of respondents in 2022 and 2019 as compared to 24% in 2016 and 14% in 2012 believed that there is an increasing trend of corruption in the country. This trend in corruption perception corresponds with the increasing number of corruption reports received and being qualified for investigation by the ACC in the last decade. Likewise, the NCBS 2023 reveals growing concern about corruption in the country, with 38.7% of respondents perceiving it as a "serious problem" in the country. Bhutan is now at a critical juncture where it needs to make substantial efforts and investments to achieve noticeable improvement in the fight against corruption.

**Forms of corruption:** The NIA 2022 indicates 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%) as the most common forms of corruption in the country. This is corroborated by the fact that the highest number of corruption reports received in the Financial Year (FY) 2022-2023 pertained to Abuse of Function (106), Bribery (26) and Embezzlement (18). Individuals implicated and referred for prosecution during the FY 2022-2023 included Embezzlement (942), Bribery (686 counts) and Abuse of Function (262 counts). On the other hand, the NCBS 2023 found Trading in Influence (23%), Failure to declare conflict of interest (12%), Abuse of Function (11%), Concealment of corruption proceeds (9%), and Embezzlement, False claims, and Money laundering (8%) as the most prevalent forms of corruption. These underscore the need for comprehensive and extensive measures to address the emerging forms of corruption.

**Drivers of corruption:** The NCBS 2023 identifies people's desires as the primary driving force behind corruption, with factors such as lengthy bureaucratic procedures, weak leadership, and strong social networks aggravating the situation. These findings align with the NIA 2022, which emphasizes the importance of enhancing ethical behavior, strengthening internal controls, and fostering exemplary leadership as essential strategies to manage perception.

Further, NIA 2022 uncovered concerning trends wherein respondents admitted making payments or offering gratifications while availing public services. Notably, this pattern is particularly prevalent in walk-in services that require payments in cash. These findings align with the NCBS 2023, which emphasize that corruption perception is primarily concentrated among lower-level public officials, particularly those with supervisory, support, and operational roles. It suggests the imperative need to focus corruption prevention and awareness strategies at these levels to effectively combat corruption.

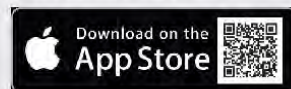
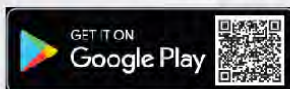
**Vulnerable Sectors:** Regarding the sectors susceptible to corruption, both NIA 2022 and NCBS 2023 indicates healthcare, construction, local government, licensing, banking services, and land transaction services as being most susceptible. ACC's Annual Report 2022-2023 pointed out that a majority of the complaints received were against the Ministries (33.9%), financial institutions (20.9%) and LG (9.7%), with those in areas such as public revenue, contracts and resources getting qualified for investigation. These consistently highlight the need of target these sectors for systemic interventions and thematic sessions.

**Stakeholder analysis:** The NIA 2022 highlights the critical significance of upholding integrity within government institutions, specifically emphasizing the need to enhance accountability, strengthen parliamentary oversight mechanisms, and actively involve citizens in legislative functions. This underscores the need for strong commitment to promote transparency and ethical conduct in the political arena. The NIA's Parliamentary Integrity Index score of 6.90 aligns with the recommendations by the NCBS 2023 wherein it underscores the importance of electing candidates with a clean track record of upholding ethical standards. This is further corroborated by TI-CPI's recommendation to focus on improving indexes related to Accountability, Diagonal Accountability, and Rule of Law.

Further, the NIA 2022 and NCBS 2023 both underscore the critical role of media in creating public awareness on integrity and anti-corruption measures. Television and social media are recognized as influential tools in shaping citizens' perceptions and raising awareness about issues related to corruption. These underscores the urgency for the government and stakeholders to intensify their efforts in bolstering integrity, accountability, and performance to enhance the foundations of democracy and good governance.

These findings reveal a disturbing picture of corruption trends in the country. While the national integrity score may indicate a "Good" level of integrity, the growing perception of corruption as a "serious problem" cannot be ignored. It is evident that corruption is not limited to one sector but infiltrates various aspects of our society. The responsibility falls on each of us to foster a culture of ethical behavior, strong leadership, and robust accountability by holding ourselves and others to high moral standards and collectively ensuring that corruption is a high cost, no benefit crime. Our actions must reflect the values of integrity that we uphold. As Commanded by His Majesty The King, *"It is not enough to be honest-there is no substitute to living by a simple rule – I will not be corrupt and I will not tolerate corruption in others."*

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**ACC**  
ANTI-CORRUPTION COMMISSION

# VISION

To strive towards building a happy, harmonious and corruption free society



# MISSION

To eliminate corruption through leading by example, achieving excellence in partnerships, and mainstreaming anti-corruption strategies/measures in public/private organizations



# VALUES

Leadership, teamwork, credibility, integrity, humility, transparency, fearlessness, impartiality, accountability, professionalism, expediency, creativity, tenacity of purpose and result-driven, empathy





If You Care, You Will Dare!

**CORRUPTION**  
Your **NO** counts

integrity Dedication transparency teamwork **Grit** Fortitude humility  
fearlessness professionalism  
expediency empathy **credibility**  
**Accountability**  
Values creativity **Courage**  
result-driven  
impartiality **Leadership**  
**Perseverance** tenacity of purpose

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