

Media Release

Allegation pertaining to the Economic Stimulus Program (ESP)

01 October 2025

The Anti-Corruption Commission (ACC) would like to update the public on the preliminary findings from the investigation into corruption allegations related to the ESP. The allegations broadly pointed to abuse of function, diversion of loan proceeds, favoritism towards politically connected individuals and businesses, and approval of projects with questionable viability.

Given the importance of the ESP, the ACC had started studying the program prior to the recent flux of allegations in the social media and formal communications received on 10 September 2025. The matter is being pursued in line with the established Standard Operating Procedures (SOP).

To operationalize the ESP Credit Lines, the Royal Monetary Authority (RMA) issued the *Guidelines on the Implementation of the ESP 2024 Credit Lines*, reinforced by SOPs of Participating Financial Institutions (PFIs).

Based on the latest information from BDBL, out of 3,969 applications received under Window I – Credit Concession Line (CCL), 2,304 projects (Nu. 3,011.913 million) were approved, 1,617 (Nu. 129.474 million) were not approved and 48 are pending.

In terms of loan distribution, Trashigang has the highest number of 256 beneficiaries (total Nu. 164.521 million), followed by Chhukha with 242 (Nu. 203.586 million) and Wangdue Phodrang with 166 (Nu. 211.644 million). By amount, Thimphu recorded the highest approved amount of Nu. 419.848 million for 142 applicants, followed by Wangdue Phodrang with Nu. 211.644 million for 166 applicants and Chhukha with Nu. 203.586 million for 242 applicants.

As outlined in the annexures of the ESP Guidelines, the allocation of funds were done in accordance with sectoral classifications as follows:

- Primary Agriculture and Livestock (small) sector - Nu. 500.000 million
- Production and Manufacturing (small) sector - Nu. 1,000.000 million
- Production and Manufacturing (medium) sector - Nu. 1,800.000 million

Of the total allocation of Nu. 3,300.000 million under the CCL, 13.11% was earmarked for the medium-scale Production and Manufacturing sector. Notably, the top five loan recipients (1.53%) from the 325 approved within this sector are allocated Nu. 454.499 million, accounting for approximately 25.27 % of the total funds earmarked for the sector.

Following are some of the key preliminary findings:

- PFIs have generally complied with the ESP Guidelines in the appraisal and approval of loans. Like any other loans under the ESP, the records for the alleged entities, M/S Norwang Polyfab Pvt. Ltd., M/S T&K Concrete Products, and M/S Wangchuk Blocks, indicate that the application and approval processes followed the prescribed criteria, including proper due diligence on financial projections and project viability. The loan issued to M/s Druko Feeds Private Limited was processed as a standard commercial loan, outside the scope of the ESP.
- At this stage, the investigation has not found any compelling *prima facie* evidence indicating abuse of function or preferential treatment toward politically connected parties or businesses.

- However, the veracity of underlying documents filed by those applicants which the bank relied upon in sanctioning the loan remains to be verified. Based on its analysis, the ACC is not ruling out possible elements of fraud and deception in diverting the funds for purposes other than those specified in the loan agreements. The ACC will have to conduct further investigation into this area in order to substantiate its conclusion.
- The Implementation SoP for ESP (CCL) stipulates that if the bank finds evidence of loan diversion or the borrower fails to commence the project within three months from the date of disbursement, it can freeze further disbursements while compelling the borrower to liquidate or refund the loan through negotiation including court proceedings.

Based on these findings, the ACC notes that ESP stakeholders, including PFIs and regulatory agencies, are responsible for ensuring that loan utilization in practice is consistent with approved project deliverables. The following recommendations will be shared for immediate intervention as the investigation continues to establish the facts:

- The RMA, PFIs, and other relevant oversight bodies, strengthen monitoring of loan implementation, including regular field verification, to ensure that approved projects and business initiatives are duly operationalized.
- The Government and RMA review the existing guidelines to incorporate robust safeguards against fund diversion at the source of disbursement.

Bhutan has always enjoyed unprecedented peace, progress, and prosperity with Enlightened Leadership and unwavering support from the citizens in denouncing corruption unambiguously. Social media provides valuable space for opinion, discussion, and constructive engagement and it is equally important to exercise these fundamental rights responsibly. Public trust in institutions is essential, and these institutions must discharge their responsibilities effectively and professionally so that together we continue to build a just, fair, and corruption-free society.
