

## CIAA Annual Report Executive Summary 2070-71

The Interim Constitution of Nepal 2006 has established the Commission for the Investigation of Abuse of Authority (CIAA) as an independent agency to control corruption and improper conduct by prescribing various functions, duties and authorities.

The Commission has been performing in accordance with the functions, duties and authorities prescribed in the Interim Constitution, CIAA Act 1992, Corruption Prevention Act 2002 and other relevant laws and regulations. In order to contribute towards achieving the government's overarching goal of guaranteeing rule of law in the country by controlling corrupt activities and abuse of authority, the Commission has adopted various preventive, promotional and curative anti-corruption measures. As a part of fulfilling its obligations mentioned in Article 121 of the Interim Constitution, this 24<sup>th</sup> Annual Report has been prepared covering the works of the Commission for the fiscal year 2013/14.

From 17 September 2013 onwards the structure of the Commission hitherto limited at the centre has been expanded by establishing the Commission's regional offices in all of the five development regions of the country. Similarly, with a view to give citizens a simple and an easy access to the Commission and to enhance quality and effective public service delivery at the local level, five liaison offices of the Commission have been established and made operational. Therefore, this report contains the summary of work performed by the central, regional and liaison offices of the Commission during the fiscal year 2013/14. Primarily, the report contains the activities performed by the Commission during the year in line with the strategy adopted by the Commission. In addition to these, the report also contains the description of annual complaints registered at the Commission and the actions taken against those complaints. The description of the actions included complaints kept under *tameli* and *multabi* (disposition and pending), admonishment letters issued, recommendations made to the concerned agencies for departmental actions and cases filed at the Special Court. Similarly, the report contains initiatives and achievements made by the Commission in the field of corruption prevention, promotion of good governance and suggestions for reformative actions to be taken in coming days.

In the year 2013/14, out of the total number of 22,602 complaints received by the Commission, 12,982 were resolved. Out of those complaints resolved, the preliminary investigations of 6,185 complaints were kept under *tameli* (disposition), 890 complaints were sent for detailed investigation and various actions were taken over 5,817 complaints. Comparing complaints registered at the Commission, if in the fiscal year 2012/13 a total of 11,298 complaints were registered and 6,672 were resolved than in the fiscal year 2013/14, the total number of complaints resolved exceeds the total number of complaints registered in the fiscal year 2012/13 and the performance achievement of the central office is around 68 per cent of the complaints registered.

Though delays were observed in work performance of the regional offices at the initial stage as only on 17 September 2013 it was decided to establish regional offices and, moreover, some time has to be spent for finding buildings, physical infrastructure and managing manpower, however, at later stage, the regional offices have started performing at a satisfactory level. In the fiscal year 2013/14, out of 1,358 complaints received by the Eastern Regional Office, 285 complaints were resolved. Similarly, out of 2,103 complaints received by the Central Regional Office, 818 complaints were resolved. In the Western Regional Office, out of 817 complaints received, 262 were resolved. In the Mid-Western Regional Office, out of 1064 complaints received, 280 complaints were resolved and, in the Far Western Regional Office, out of 749 complaints received, 233 complaints were resolved.

A total of 168 corruption cases, involving 652 defendants have been filed in the Special Court. Gender wise, out of 652 defendants, 600 were males and 52 females. Subject-wise, the cases filed in the court included: fake documents and academic certificates 80, land management 10, outright bribery and corruption 21 and public

procurement and construction 12. Similarly, securing illegal benefits constituted 39, illegal acquisition of property 2, embezzlement of government revenue 2, and fake passports 2.

In terms of sector wise composition of the corruption complaints received by the Commission, the highest numbers of complaints of 2300 were from the Ministry of Education (13%). The remaining complaints included: Ministry for Federal Affairs and Local Development 1,857 (8%), Ministry of Land Reform and Management 1,292 (6%), Ministry of Home 1,010(4%), Ministry of Finance (890) and Ministry of Health and Population 768(3%). In addition to these, there were 2,469 complaints (11%) related to property valuations and special investigation and 1,190 complaints (5%) related to fake academic certificates.

In the fiscal year 2013/14, a total of Rs 1,662,490,789 (rupees one billion six hundred sixty two million, four hundred and ninety thousand and seven hundred and eighty nine) were claimed to be recovered from the defendants. In the fiscal year 2012/13, a total of Rs 537,009,366.44 was claimed from 93 corruption cases filed in the Special Court.

In the current fiscal year, the Commission has claimed a total of Rs 62,640,734.51 from the public officials for the damage made to public institutions or property because of their improper conducts. Similarly, an action has been initiated for the total recovery of Rs 394,832,579.71 comprising of Rs 256,106,795.96 recovered during the process of investigation and Rs 76,008,549.24 under process of recovery. In addition to this, during the fiscal year 2013/14, as a result of supervision of the Commission and the special surveillance of Inland Revenue Department and its offices an action has been taken to recover a total of Rs 6.07 billion in the form of income tax and VAT arrears. Earlier in the fiscal year 2012/13, an action has been taken to recover a total of Rs 43,700,074.77.

In the current fiscal year, the Commission decided that a total of 212-15-1-0 *ropani* of land consisting of 52-4-2-2 *ropani* inside Kathmandu Valley and 160-10-2-2 *ropani* outside Kathmandu Valley to be owned by the Government of Nepal. In the current fiscal year, the Commission was able to register a total of 46-2-1-2 *ropani* of land consisting of 33-1-1-1 *ropani* inside Kathmandu Valley and 13-1-0-1 *ropani* outside Kathmandu Valley under the ownership title of the Government of Nepal.

In the fiscal year 2013/14, among the corruption cases filed by the Commission in the Special Court, verdicts on 98 cases have been made available. The Commission has achieved a successful conviction rate of 80 per cent and for 19 cases lost in the Special Court, a review process is underway at the Supreme Court.

### **1. The nature and character of corruption prone activities as revealed during the course of investigation**

During the time period covered by this report, the study, investigation and follow-up by the Commission has revealed various types of irregularities and weaknesses in the work performance by the public agencies. In this context, following nature and character of corruption and improper conducts were observed in the process of public service delivery and important works of development construction.

#### **• Immigration and Foreign Employment**

Though 50 per cent of the total population of the country is found to be economically active, due to lack of appropriate employment opportunity, such manpower has not been able to be mobilized and utilized inside the country. If in the one hand, the productive manpower in the country has to migrate abroad for performing extreme forms of employment than, in the other hand, due to lack of systematic management of overseas employment business, there is less support to the goals of achieving social justice and economic prosperity. In

the absence of policy to increase the efficiency and capacity, the overseas migrant workers had to risk their lives and employed for minimum wages.

A large number of Nepali migrant workers have been found to be stranded off in foreign countries due to practice of sending off overseas migrant workers by the recruitment agencies preparing fake demand letters. There is a practice of extracting more money than what is actually required from the migrant workers, preparing fake contract papers and securing improper benefits by not following predetermined legal terms and conditions. Similarly, in collusion with the officials and the recruitment agencies, using Nepali citizenship and passport, foreigners have been sent for overseas employment. The concerned agencies have in the name of issuing individual work permits, the permits have been issued in an irregular manner and there is also a practice of hiding, concealing and destroying of documents related to adverse decisions.

In the immigration aspect, migrant workers without valid visa and with fake travel documents were being allowed to travel through “setting” arrangements and employees were found taking wrongful advantages. Similarly, in collusion with businessmen doing illegal businesses and trade, employees were found to be facilitating their travels taking wrongful advantages and financial benefits.

- **Water Resources**

In spite of immense potentiality for multiple uses of water resources and generation of hydropower, due to lack of formulation and effective implementation of long term policy on water resources there has been slackness in the development of water resources in the country. There is no adequate mobilization of internal and external investments in hydropower generation, distribution and transmission. If consumers have been forced to bear the burden of load-shedding for many years than due to lack of electrical energy there is problem in the process of industrialization. There is a tendency to hold license for a long period of time and not to follow the terms and conditions of the agreement. By installing low quality transformers affecting secured transmission and distribution of electricity, a limited number of people are taking undue advantages from this mal practices. There is a general tendency of not following existing laws on hydropower generation and the practice of hiding irregularities.

- **Tourism and Air Services**

Due to lack of proper development of infrastructure, in spite of immense potentiality for tourism development in the country, the tourism sector has not been able to contribute as expected. There is lack of infrastructures in the field of mountaineering, trekking, eco-tourism, adventure tourism and rural tourism. Similarly, there is not enough conservation and protection of religious, historical tourism sites and monuments. In addition to these, there is no adequate effort to commercialize tourism potentiality at the international level. Irregularities and anomalies have been found among the agencies established to develop tourism sector leading to the crisis in the tourism sector as a whole. Due to lack of coordination between the government agencies, there has been difficulty in providing secured tourist services.

Due to weaknesses and poor facilities at the Tribhuvan International Airport, it has not been able to cope with the existing air traffic and extension of air services. This has made air services in Nepal to be risky. Due to diminution in the institutional capacity of the Nepal Air lines Corporation its competitive capacity is on decline. Nepal Airlines Corporation is in financial crisis at a time when private sector airlines are earning big profits. If the existing challenges and problems of the Corporation are not timely addressed, there is a danger of the Corporation getting into liquidation.

- **Forest and Mineral Resources**

Encroachment of public forest, deforestation and encroachment of forest in *chure* region have become a major problem. There has been continuous decline in production of forest products as enough attention has not been paid to the utilization of forest resources classified as national, leased and community forests. Illegal logging, smuggling of timber, wild birds and animals and export and importation of banned logwoods and logwood related products are some other malpractices observed in this sector. The other malpractices include unauthorized revision of quantity of timbers to be logged from the forest, drawing out fake inventory for unauthorized loggings and issuing licenses to operate brick kilns, saw mills, and furniture industries in and near around forest land than what is being allowed by the law. It is found that employees, working for the forest sector and Community Forest Users Group, are found to be involved in these malpractices.

Similarly, malpractices have been observed, without license or authority, to extract an excessive quantity of sands and boulders from river beds for exportations; and in some instances, this has been done disregarding government decisions and directives. In the case of hydro-power, there is tendency to extract commissions in granting licenses; and the license holders were found holding licenses, without undertaking any construction works, with an expectation to extract commissions from the sale of the license.

- **Land Administration**

There are anomalies and deformities observed in the conservation and use of private and public land resulting from the lack of clear and up to date records of different categories of land in the Land Administration. There is a practice of changing ownership title of the land from a real owner to a fake one by tampering land ownership documents; deliberately certifying the land whose ownership title has been frozen as a freehold property or undertaking acts of releasing the land without making appropriate checks and, based on this, registering the lands under different ownership title. In addition to this, practices were also observed like registering public lands (barren land, forest land and public garden) as private property, registering lands belonging to the government, public or guthi (public trust) under specific individuals; registering lands under one specific beneficiary (inheritor) without informing all of the co-heirs or affecting their ownership claims; instead of registering under government ownership title, registering the unclaimed lands under unauthorized individuals; considerably undervaluing the lands during registration process thereby employees securing financial benefits and draining government revenues.

In addition to these, due to lack of clear and transparent procedures related to distribution of land to the squatters by the Landless Problem Settlement Commissions established periodically by the government, the real landless squatters have not been able to get benefits from the government's land distribution program.

The employees working in the offices of Survey are seen taking bribes from the service recipients even for making or tracing maps. In addition to this, maps can be found tampered to get undue financial advantages. Due to lack of proper management of guthi land and land belonging to religious organizations, they have been encroached and their management is not proper. Similarly, the recommendations made by Rawal Commission and other commissions and committees periodically formed by the government for the proper management of land in Dhobikhola and Manohara have not been implemented effectively.

- **Physical Infrastructure Development, Construction and Repair & Maintenance**

It is revealed that the feasibility study, detailed drawing and design of many development and physical infrastructure construction works carried out either under internal resources of the Government of Nepal or resources received as grants and loans from external development partners were not realistic. The construction works have been carried out without regard to the quantity and quality specified in the detail project report (DPR); use of the substandard construction materials/raw materials and use of less quantity of material than what was determined beforehand. It is found that the agency responsible for checks on quality standards or

technical personnel were verifying work completion reports without undertaking field investigations. In some instances, to complete a single physical structure, financial resources have been double dipped from different agencies with the submission of payment vouchers. Besides these, in many instances physical construction works have been completed on paper but they were found to be non-existent during the course of field investigation.

- **Transport Service**

The public have been facing problems due to lack of simple, easy and effective services from the transport offices. The service recipients are facing problems due to the maximum involvement of middlemen. The employees are extracting additional payments while registering vehicles, renewing licenses and in the distribution of driving licenses. There are practices of issuing driving licenses without examining the qualification and effectiveness of the drivers or selling fake driving licenses. Even to date, the syndicate system in the transport sector has not been pulled down and this has eroded the competitive capacity of the transport sector and affected the general passengers. There is no appropriate inspection of vehicles and road quality in long distance travel. The use of old vehicles has affected transport security and pollution in the urban areas. Thousands of people have to lose their lives as a result of stuffing passengers in the public transport beyond the capacity and also due to lack of proper monitoring system.

- **Revenue Administration**

Under revenue administration, the following major malpractices have been observed: operation of non-registered businesses, supposed to be registered are evading tax liabilities, non-inclusion of taxable transactions, system of keeping double accounts, issuing fake VAT bills, invoices and letters of consignment, under-invoicing, and leakage or avoidance of government revenue in collusion with employees. There are also practices of exporting contraband items in collusion with employees from the revenue service and with mobile revenue policing. To avoid tax liabilities, often businesses registered as tax free in one sector are found operating in different sectors, employees have a tendency to not to deposit collected tax revenues on time in the banks, as required by the law, thereby abusing government revenue.

- **Local Bodies**

Although a huge sum of money is being allocated to and expended by the local bodies so that local citizens avail with ease, simplicity and promptness, different services affecting their daily lives, in the absence of effective performance evaluation of the bodies, citizens found to be facing unnecessary pain and hardships. Development construction works carried out by Users' Group have been found to be captured by local elites, than by the real beneficiaries, for corruption and improper conduct. The lack of capacity development of the local bodies commensurate with their increased budget allocation has directly affected delivery of services. It is observed that social security benefits have been distributed using fake log books and estimates, instead of distributing benefits to the right person; they have been distributed, using fake thumbprints, to under-aged persons. VDC secretaries were found drawing social security benefits, using fake receipts, on behalf of deceased or migrating persons without updating entitlement records. There were also tendencies not to settle advances taken from local bodies on time.

Similarly, financial resources have been spent on projects not approved by district, municipality and village councils, funds have been embezzled by local bodies, disbursing funds in a duplicating manner on projects expected to be funded by some other agencies, no quality standards are maintained on construction projects but technicians were found to be taking bribes and pecuniary benefits by approving low quality construction works. While distributing financial assistance, donations and others, appropriate legal procedures have not been followed; and while recommending for citizenship certificates or relationship verifications or change of

ownership titles, specified legal procedures have not been followed and employees were found taking extra fees for these works. In addition to these, tendencies to embezzle revenues deposited in local bodies including destruction of records thereto were also observed. Absenteeism of VDC secretaries were observed and they could be seen moving around with their bags containing stamped letter pads making possible for them to issue recommendation letters, as and when necessary, by demanding bribe money from the service recipients.

- **Health**

A sensitive issue like citizens' health has been affected by the prevalence of irregularities and acts of corruption in the health sector. The regulatory agencies established to supervise and monitor health services have not been able to perform effectively. Some of the anomalies in this sector included: medical doctors selling drugs, distributed free of cost, from private clinics; low quality drugs being distributed; purchase of date expired drugs; lack of efforts to distribute drugs on time to the outside health centres; and distribution of drugs to the health institutions after expiry dates.

There were cases of bypassing procurement law while procuring drugs and medical equipments, the interplay of irregularities and commissions was observed and the practice of showing large quantity of drugs purchased on paper but not found to be stored. Licenses have been granted to operate medical college, nursing home and hospitals without having pre-determined standards and availability of physical infrastructures; and medical colleges charging excessive fees not in conformity to the quality of services offered. Health institutions were also found to be inflating the number of delivery cases to cheat on delivery allowances provided by the government; payments were made, using fake bills, for fictitious health related promotional and informative programs; and securing funds from multiple sources to organize a single event that too only on paper.

- **Public Construction and Procurement**

As the issue of public procurement is related to the majority of the sectors, a large portion of the complaints, received by the Commission, were related to public procurement. The agencies related to public procurement have not strictly followed financial rules, procedures and provisions made in the public procurement law. To evade legal procedures, a single procurement decision has been split into several numbers of procurement, and, in some instances, public procurements have been made directly without seeking quotations and issuing tender notices. Similarly, public construction works, procurement, and repairs and maintenance have been found to be accepted from individual, firm or company bidding higher rates than what was being quoted; and in case of physical infrastructure projects, sub-standard construction works have been found to be completed or even fake bills and vouchers have been submitted for securing payments without undertaking actual construction works. Some construction works have been carried out without following requisite maps, drawings and designs as per pre-determined objectives but by simply estimating and approving the works based on allocated budget of the project. Procurements have been made without following the procedures mentioned in the Public Procurement Act and practices such as making direct procurement at the end of the year without tender calls were observed. In some cases, payments have been made after revising expenditure liabilities without furnishing reasons for their increments or legitimacy for revising cost estimates of the plans, programs or projects; or without undertaking technical audits of the works completed as per pre-determined norms and standards or, after verifying the sub-standard works as completed ones. Similarly, cases have been found where quotations and tender calls have been approved by unauthorized employees under the prevailing laws, misuse of verification order against the spirit and intention of the law; goods have been procured and construction works carried out through an unhealthy process. In addition to this, there were also cases where procured materials have not been stored as per bills and receipts. Absence of proper inventory and records management was also noted.

- **Education**

Within the education sector irregularities and acts of corruption have been found to be prevalent from school to university levels. Specially, at the university level, while granting affiliation to the colleges or accreditation to the academic faculty, no supervisions have been made over required infrastructures or academic institutions; institutions without adequate infrastructures were found to be granted affiliation in an *ad hoc* manner. There were cases of employees receiving bribe money or extra benefits while granting license to run colleges from the Higher Secondary Education Council. In addition to these, irregularities have been observed in the maintenance of secrecy of the question papers, marking of the answer sheets, and unauthorized reviewing of the answer sheets and so on.

Similarly, cases found during investigation included: submission of fake academic certificates to get jobs in academic professions; to secure promotions or to secure the position of the chair in the School Management Committee. The permanent teachers of the public schools and campus were found to be holding full time jobs in other academic institutions sans prior approval. The lack of regular auditing of books of accounts and irregularities in teachers' appointments were also observed during inquiry and investigation.

Likewise, there were cases where teachers have been appointed against the regulations and "ghost schools" (*jhole bidyalaya*) established to embezzle annual subsidy granted by the government in the form of teachers' salaries and allowances, administrative expenses, student scholarships and physical construction works. District Education Officer, School Supervisor, Resource Person, Head teachers including Chairperson of the School Management Committee have all been found to be involved in the operation of ghost schools.

- **Miscellaneous**

In addition to above mentioned sectors, corrupt and irregular practices have been observed in other sectors and issues. There is a tendency among public servants not to take responsibility and be accountable and take decisions in time. Recently, citing assertiveness of the Commission, it is being informed of the tendency among public servants to remain indolent by not fulfilling predetermined responsibilities. No improvement has been seen over the practice of non-approval of budget in time and to spend money at the end of the year. In addition to these, the recommendations and suggestions made by the Commission to the government on the promotion of good governance and improvement in the delivery of public services have not been effectively implemented.

If in the one hand, there is no effective utilization of foreign aid money in the construction of infrastructure than in the other corruption and irregularities are observed in implementation of such projects. Some foreign aided projects have been implemented separately using different financial system than what is being followed at present by the government. Similarly, huge portion of foreign aid is being spent through NGOs; but expected benefits have not been achieved. Due to lack of effectiveness of NGO monitoring agencies, the activities of NGOs working in the field of national priority are not found to be transparent and accountable.

The management of public sector has not been competitive. The public management has always lagged behind in the maximum use of new technology. The public management has neither able to deliver quality services and development nor effectively mobilize the private sector in economic and social development. The concept of public private partnership for development has not been implemented.

The adulteration of daily consumption goods is on rise affecting public health due to non-fulfilment of responsibilities by the agencies and authorities establish to monitor markets and control quality. There is tendency to reap additional benefits by the employees of the public enterprises running at losses. There are practices of irregular employee deputations, submission of fake bills and vouchers related to DSA and transport allowances and taking undue advantages thereby bankrupting one's own enterprises.

In some instances, there are practices of personal use of public property, non-deposit of revenues into public accounts and the practices of non-settlement of irregularities in time. During the process of investigation and follow ups, practices like bargaining over the scrutiny of examination papers, signing of contract against the law, and issue of citizenship certificates to foreign citizens were also found.

## **2. Some achievements made as a result of actions taken by the Commission**

The Commission is committed to make public officials accountable for the simple and easy delivery of services to the public. There cannot be two opinions over the issue that corruption has a detrimental effect on development and the rights of the citizens. Therefore, the Commission has been performing its activities effectively concentrating on development and human rights. The activities of the Commission are concentrated on the supply of inherent rights of the citizen over the issue of basic services like the availability of food, shelter, clothing, education and health. The activities of the Commission have directly or indirectly impacted positively on the delivery of basic services affecting daily lives of the people and development in general.

Based on the number of complaints, their gravity and possible impacts, the Commission has been active particularly in the field of education, health, local governance and land administration. Similarly, the Commission has prioritized its investigation and follow up actions in forestry, water resources, and issues like citizenship, passport and foreign employment affecting the daily lives of the people.

The actions taken by the Commission in controlling irregularities in the distribution of social security allowances are expected to improve the distribution of social security allowances in future. Due to actions taken by the Commission against the *jhole* (ghost) schools or brief case schools, the concerned agencies have closed 305 schools and 90 more schools are going to be merged or absorbed with other schools. This has prevented billions of rupees being embezzled from the government treasury. These actions have created awareness among the investors to invest in education sectors and guaranteed the rights of the children to have quality education. Similarly, the actions taken against the university, higher secondary education council, technical education and vocational training council have led to controlling policy level, administrative level and economic anomalies thereby helping to relieve the whole education sector from the anomalies and reform the education sector of the country as a whole.

The investigations into the academic qualifications of the public officials have helped to control the use of fake certificates and this has led to the creation of employment opportunities for the qualified, capable and productive people in the public service.

The actions against government hospitals procuring and distributing low quantity, quality or date expired medicines thereby affecting human health and medical colleges following no rules are expected to help control these anomalies in the future. The actions by the Commission in the field of health sector are expected to guarantee the basic health rights of the citizens.

The government officials and recruitment agents cheating Nepali youths who, in the absence of job opportunities at home, are forced to seek overseas employment have been brought under actions of the Commission. The actions have relieved Nepali youths due to reduction in the cheating. The initiatives taken by the Commission through local embassies to help overseas migrant workers in the Gulf countries who have not been able to receive their salaries, allowances and compensations on time or tangled into various legal complications or rescue of those who have died in the course of foreign employment are expected to help mitigate the weaknesses in foreign employment.

In order to maintain quality standards in the construction, repair maintenance and management, to control anomalies in public procurement, the Commission has been constantly monitoring from the point of project



proposal. In the process, a focal officer has been fixed in each of the projects of national pride for proper coordination. Similarly, the Commission has continuously organizing discussion, meetings and interaction programs with the concerned agencies to speed up road construction and expansion inside the Kathmandu Valley and in other parts of the country. Such activities are expected to maintain quality standards and timely completion of the projects.

The follow up and monitoring of public enterprise reform programs of the government is expected to have a positive impact in reducing anomalies and deformities in public enterprises. Similarly, the actions of the Commission are expected to prevent unnecessary wastage claims in the transportation of the petroleum products. In addition to this, the actions against Nepal Oil Corporation and National Insurance Corporation for the distribution of bonuses and unreasonable facilities to the employees are expected to control such activities in the future.

Due to energy crisis, in spite of potentiality for hydropower development, the industrial and domestic sectors have to face problems. In such a situation, the actions taken by the Commission against those license holders who have failed to renew their licenses and implement the projects are expected to help the real investors in hydropower sector and help to contribute towards relieving the problems of energy crisis in the country.

The signs of improvement could be seen in the front of tourism sector as a result of the actions taken by the Commission to control irregularities in this sector. After intervention by the Commission, the Nepal Tourism Board, literally at the stage of closure due to employee disputes, started to come into operation. Similarly, the Commission also took measures to ensure the flight operations of Nepal Airlines Corporation. In addition to this, as a result of the actions by the Commission, it is expected that the speed of development in the tourism sector will take place as result of control of irregularities in this sector.

Though a number of agencies are engaged in protection and conservation of forest and other natural resources, the illegal encroachments of land inside forest, river banks, and lakes are on rise. The Commission has recommended measures after consulting with the stakeholders. The study report on the situation lakes in Pokhara Valley has been submitted by the Commission. The report is expected to contribute towards conservation of lakes in the Pokhara Valley. In addition to these, the initiatives taken by the Commission to prevent the encroachment on forest, mines, public land, lakes and other resources are expected to contribute towards the conservation of these resources.

The Commission has launched a program along with the cooperation of Inland Revenue Department and its offices to bring business firms and companies, professional individuals and organizations and new tax payers under the fold of tax administration and controlling under invoicing. The actions have helped to increase government revenue and improve tax administration. Due to monitoring by the Commission and further actions by the concerned agencies, there has been increased in 187,017 tax payers comprising of 135,394 income tax payers, 11,039 VAT tax payers, and 40,584 excise duty payers. The investigations into tax evasions by 1199 tax payers related to VAT, income tax, and excise duty has resulted in Rs 2.45 billion tax arrears. This amount is in the process of recovery. Similarly, due to the actions of the Commission, a total of Rs 3.63 billion composed of VAT and income tax and Rs1.5 billion excise duties on tobacco products have been collected.

### **3. The Challenges of the Commission**

Corruption is one of the primary causes of poverty in Nepal and this has constrained on the inherent basic rights of the citizens. Therefore, it is essential to control corruption so that all aspects of development can be speeded up and a system be guaranteed where the fruits of development can be distributed on a socially justifiable manner. With a fundamental belief in this principle, the Commission has been actively involved in

fighting corruption recently and though the activities of the Commission has helped to attain some progress and reform, the Commission is no less free from the challenges.

Recently, there has been an increase in the expectation of the general citizens with the Commission. The increase in corruption complaints registered at the Commission is an indication of this increased public expectation. The main challenge confronted by the Commission is to address increased public expectations through increasing institutional and professional capacity of the staff members so that the activities of the Commission can be performed in a scientific, evidenced based, objective and trustworthy manner.

In view of the ratification of UNCAC by Nepal, there is a need to reform existing laws to implement UNCAC obligations. The ratification of UNCAC has expanded the mandate, responsibilities and accountabilities of the Commission. Meeting these new roles and responsibilities through drafting of new laws and amendments in the existing laws has become another challenge of the Commission.

In order to control corruption and irregularities in different sectors of the society, besides assertiveness on the part of the Commission, it is indispensable to have cooperation and partnership with government and private sector anti corruption agencies and institutions. Therefore, in coming days, it will be a challenge for the Commission to increase creative and collaborative partnership with different government and private sector agencies to control corruption and irregularities and using the means of good governance increase the effectiveness of development works and guarantee the system of equitable distribution of fruits of development based on social justice.

Though one can estimate the amount of illicit enrichment by the public officials, such illicit enrichments are often hidden away in the foreign lands thereby hampering the effectiveness of investigative works. It has become a challenge to the Commission to make such investigations effective and result oriented through increasing the effectiveness of the staff members, use of modern technology in investigation and extension of information networks.

The staff members in the Commission can be retained and their area of specialization improved by having a separate service group to work in the Commission. In addition to this, the professional capacity of the staff members can be increased, investigative works can be made result oriented and additional incentives can be made available to increase the morale of the staff members working inside the Commission. These are also some of the challenges of the Commission.

In some instances, to influence the works of the Commission, there is tendency amongst the vested interest groups to create organized resistance to the works of the Commission. It has become a challenge to the Commission to confront these oppositional groups. Besides this, there is also a need to change public attitude that controlling corruption to be the responsibility of the Commission only. Instead, there is a need to build trust and confidence to have a shared responsibility in the control of corruption and establishment of good governance.

There also exist criticism that the Commission has been able to take actions only against junior or petty corruption and big corruption cases have remained outside the purview of the Commission. The Commission is pursuing its actions on the ground that the very indulge towards corruption is basically harmful and not on the ground of petty or grand corruptions. The Commission is committed to earn public trust by taking actions against corruptions, no matter whether they are petty or grand. Yet the speedy actions against corruption are based on the availability of factual information and evidences. However, there is a challenge to the Commission to have truthful, factual and objective information.

The prolonged absence of elected representatives in the local bodies has affected the work performance of public officials. The lack of responsibility and accountability of the public officials in local bodies have led to increased public expectations on the Commission that it will dispense justice to them. Though the Commission has been showing its concerns and actions with regards to issues like rule of law, respect for human rights, promotion of social justice and other issues of public concerns, it will be much more challenging for the Commission in the coming days to work in these areas.

It is indispensable to have cooperation from the stakeholders, civil society and media to have effective work performance of the Commission. In line with this thinking, the Commission has been collaborating with various anti corruption agencies and the media. However, it has become a challenge to the Commission to make these efforts result oriented and objective oriented. Similarly, there is another challenge to the Commission, that is, how to mobilize youths, students and conscious class of the society so that they can contribute towards effective implementation of preventive and promotional strategies pursued by the Commission.

#### **4. Reformative suggestions to control corruption**

Based on the experiences gained from the receipt of complaints against corruption and improper conduct by the public officials, study, investigation and prosecution of cases, following suggestions are made to the Government of Nepal to control corruption and improper conduct in the days to come.

1. Nepal is now a member state of UNCAC ratifying countries. As an UNCAC member state Nepal has to fulfil additional policy level, structural level and action level obligations. Although the country has to enact some new laws and amend existing anti-corruption laws, not much progress has been made towards this end. In the absence of adequate coordination and follow up mechanism, the UNCAC implementation strategy prepared by the government has not gained any momentum. To this end, the Commission is appropriate to take a lead role to coordinate and collaborate anti corruption activities, to monitor and coordinate the implementation of national anti corruption strategy.
2. It is necessary to protect the security of the informants to receive reliable and trustful information related to prevention of corruption and irregular activities. There has been no progress to date at this front. Therefore, it is necessary to enact a law on the protection of the informants or law for whistle blower protection and the information related to corruption.
3. There is a problem of overlapping jurisdictions and duplication of works due to existence of multiple state level anti corruption agencies. It is necessary to form an independent group of experts to undertake a study to recommend measures to avoid duplications and ambiguity arising out of the existence of multiple anti corruption agencies in the country.
4. In the past some attempts were made to publish business plans and service provision directives by the agencies to provide public services in a simple, quality and accessible manner. However, due to lack of continuity in these efforts have inhibited the effective delivery of public services. Therefore, it is necessary that all the service providing agencies to prepare guidelines and directives on service provisions, give continuity to previous efforts and effectively implement and monitor these efforts.
5. There is a growing tendency to avoid decisions or to relieve from the possible risks associated with the decision, in the name of policy level decisions, a practice of taking decisions from the Cabinet. Directly or indirectly such practices tends to create opportunities for corruption and improper conducts. In order to discourage and control these practices, it is necessary to have a specific guidelines and standards specifying policy, process and administrative decisions to be taken at the Cabinet level and effective implementation of the same.
6. The delivery of public services has been hampered by the indecisiveness or non-performance by the public officials. This has affected timely completion of development projects. Such tendencies have increased the cost of development work, harassment to general public and losses to the state. Therefore,

to discourage public officials from avoiding or delaying to take decisions by enacting laws making the public responsible for any losses created by their inactions or delays. Similarly, due to lack of introducing timely reforms in the laws designed to examine service quality standards and monitoring and evaluation of public service delivery, the laws have been found to be inappropriate and inadequate in view of required punishment measures. There is a need to reform these laws.

7. There is a tendency to approve projects not based on predetermined procedures and processes but through the influence and access to the power. In order to control these malpractices, it is necessary to end the practice of allocating large portion of funds through miscellaneous heads where there is no mentioning of the program and the name of the implementing agency. There is also a need for transparent standards on budget allocation or approving the projects. Where an approval from the Ministry of Finance and the National Planning Commission has already been granted for the formulation of the project, the present system of requiring further approval from the National Planning Commission has only created delays in project implementation. Such practices of having re-approval from the National Planning Commission should be put to an end.
8. Due to lack of long term policy and planning, the available water resources in the country have not been effectively used. From a long period of time, the general consumers have been bearing the problems of load shedding in spite of the fact that there is adequate possibility of generating hydropower. Due to shortage of electricity, the industrialists are facing the problem of operating their industries. Therefore, it is time to address the increasing problems of energy crisis through long term policy and planning on generation, distribution and transmission of hydropower. There is a need to simplify existing policy, institutional and strategic processes to attract internal and external investments in the hydropower development. In cooperation with the neighbouring countries priority should be given to the development of hydropower through the extension of transmission lines using modern technology and with high load bearing capacity. Due to weak institutional capacity of the Nepal Electricity Authority, the existing works of hydropower generation, transmission and distribution works performed by it have not been effective. Therefore, these three functions need to be unbundled to carry out by separate agencies. In the years to come when there is adequate supply of electric power and the problems of load shedding is put to an end, there should be a system of dual pricing of electricity during winter and rainy seasons.
9. Time has come now to improve the deterioration in the quality of physical infrastructure and development construction works and a system to guarantee the completion of development works in time. In order to have this situation, there is a need for having a system of fixing standards for construction, operation and quality assurance in the construction of roads, bridges, irrigation and other infrastructure works. In addition to this, there is a need for establishing a modern laboratory to test the quality of input materials in construction works.
10. Though many projects have been implemented from the central level to the local level, the beneficiaries of the project have not been able to get even the general information about the project being implemented. As a result of this, project conservation and sustainability is on wane due to lack of feeling of ownership and responsibility by the project beneficiaries. Therefore, it is necessary to inform project beneficiaries from the very start of construction works and the social audit should be installed into the system. In the process, in order to inform project beneficiaries a hoarding board containing information like name of the project, location of the project, project budget, starting and completion date of the project, number of beneficiaries from the project and a summary of expected results should be posted or beneficiaries be informed through any other means. In addition to these there should also be a system of undertaking public audit compulsorily after the completion of the project.
11. The accreditation system followed by the universities, Higher Secondary Education Council, Technical Education and Vocation Training Council to the affiliated colleges, schools and technical institutes is not transparent and objective. They should have a transparent system of implementing the accreditation with clear and objective criteria taking into account the needs of the country and maintaining geographical balance. In addition to this, there should be a system of maintaining roster with

qualifications and professional efficiency while appointing higher level officers in the universities. And in the case of appointing staff working in administration and finance, there should be a transparent system.

12. The quality of education in public schools is on decline day by day. In order to reform the quality of education in the public schools, there must be a guarantee of educational infrastructures. Similarly, clear and transparent criteria of establishment and operation of private boarding schools including fixation of fee structures should be made and implemented. In order to avoid indiscriminate imposing of fees in the privately operated schools, the fee structure of the private schools should be made public and the system of charging admission fees every year should be abandoned.
13. Due to negligible attendance of health workers in the remote areas and the concentration of skilled health workers in accessible places, the health services in remote areas have been greatly affected. The medicines supposed to be made available free of cost have not been accessible by the general public. Similarly, irregularities have been observed in the procurement of medical equipment and the quality of medicines procured is of low quality. Therefore, in order to control these anomalies, there should be transparent criteria with work plan being implemented over the issues like mobilization of health workers, procurement of medical equipment and medicines, their storage and distribution and efficient service delivery. There is also a need to develop criteria on the categorization of hospitals and their management operated under Hospital Development Committee. There should be regular monitoring of the medicines distributed by the pharmacies. A strong punitive action be taken over non-registered pharmacies. There should be regular monitoring on the quality of health services provided by the private sector health institutions along with their service charges, including overall regulation and monitoring of the private sector health institutions.
14. Youths seeking to join foreign employment are facing harassment and difficulties inside the country while fulfilling minimum criteria for foreign employment. The Department of Foreign Employment, currently located within the centre, has not been able to cope with the demand for services. Because of this, service seekers have not been able to access the services in an easy and simple manner. Therefore, in order to improve the effectiveness of foreign employment services, there should be necessary changes in the organization, legal and decentralization of services. Similarly, the practice of involvement of the middlemen in securing services should be abandoned. In order to secure foreign employment, MOU should be signed with the destination countries, labour attaches be established and the role of the embassies in the concerned destination countries should be made effective. Similarly, the concerned embassy and the Foreign Employment Promotion Board should be activated to bring home those stranded in foreign lands or the bodies of those who have died during the course of foreign employment.
15. The process of distributing passports, driving licenses and other public services are still complicated. People have to wait long hours to receive these services. In order to dispense these services quick, easy and effective manner, the concerned agencies should maintain computerized recording system and implement automatic electronic system including the e-networking among the agencies to simplify the procedures.
16. The immigration offices are the entry points for reflecting national image. Therefore, in order to make immigration system easy, accessible and attractive and the services to be made available from the immigration to be fast, qualitative and effective, there should be emphasis on the use of ultra-modern software of international standard. Similarly, while posting staff members in the immigration offices, they should have knowledge of English Language and professionally competent. Adequate efforts should be made to increase the capacity and skills of the existing staff members.
17. Tribhuvan International Airport is running under high pressure due to increase in internal and external passengers and air flights. Due to minimum necessary facilities of the passengers, lack of cleaning, parking space for aircrafts, single run way system, the airport is limited and insecure. In this context though there is a glaring need for an alternative international airport, the progress related to this has been slowed and almost come to a stage of standstill. As the construction of international airport is time

consuming and also involves huge financial liability, there is a need to speed up the process related to the construction of an alternative international airport. In addition to this, the fast track road connecting Kathmandu-Nijgadh and construction of regional airports in Bhairawa and Pokhara should be started immediately. There is also a need to develop institutional capacity of the Nepal Airlines Corporation to make it competitive to deliver quality services.

18. The social security fund allocated by the government for aged, disabled, dependent, *dalits* and socially and economically weaker sections has not been reached the targeted sections of the population. In order to make social security to reach targeted people and prevent it from being misused, it is necessary to make an inventory of beneficiaries and updated the information on a regular basis including making distribution system transparent, simple and effective.
19. Though citizen charters have been prepared and put in place by the public agencies, their implementation has been found to be less effective. If there is a need to review on the implementation of the citizen charters, it should be reviewed accordingly and a system be installed for the effective implementation of the citizen charters.
20. Due to weak internal management and control system of the public agencies, these agencies have not been able to perform in a result oriented manner. Therefore, in order to increase the responsibility and accountability of the officials working in public agencies, appropriate performance management system should be developed, internal controls system of the public agencies should be strengthened and a system be installed to make performance appraisal objective and effective.
21. The local bodies are being operated by the civil servants for long due to absence of elected representatives. In this context, there is a tremendous and uncommon work load of VDC secretaries. A single VDC secretary is made responsible to run more than one VDCs. There is lack of capacity and training opportunities for people working in local bodies. In order to reduce work load and increase performance effectiveness, the agencies should have enough manpower and positions.
22. The agencies established from the centre to the local level to provide public services still operate with their old organization structure. This has inhibited effective delivery of public services. There is a need to review the organizational structure in view of the increased population, increased concern for productivity in the delivery of public services, development of modern technology and growing empowerment of the citizens. The Ministry of General Administration and the Ministry of Finance should, in order to prevent shortages of manpower in the delivery of public services, opt for a flexible policy to undertake O&M studies so that new offices can be established or new positions can be created. It is also necessary to avail newly established organizations to have adequate resources. Similarly, within the existing administrative structure, the role of Departments, Regional Offices and Division Offices needs to be reviewed and appropriate measures to be taken to increase their effectiveness.
23. The citizens have been victimized by the involvement of middlemen in the agencies like cadastral survey, land revenue, district administration, transportation, foreign employment, custom and others which are directly concerned with the citizens. In the absence of proper regulation and management of the middlemen, the service seekers have to pay additional payments and an additional layer has been created thereby complicating the service delivery system. Therefore, there is a need to simply the work procedure of these agencies and to make these agencies sans middlemen.
24. There is practice of holding licenses without performing works in the sectors like hydro power, industry and mining, export of boulders, sand and concrete. In order to discourage this practice, there should be system of transparency in the distribution of licenses and bidding of contracts so that everyone can participate in a competitive manner. There is also a need to follow existing laws in an effective manner.
25. There is a need to have policy and procedural reforms so that domestic and foreign investments can be promoted in the competitive sectors and sectors with comparative advantage where exports can be promoted and imports can be substituted via industrial development. To achieve this end, there should be a system of registering industries as per their capacity and potentiality, simplification in the registration and renewal procedures, uniformity in the services to be delivered to the industrialists and

construction of industrial infrastructures in the industrial corridors and special economic zones. Similarly, the institutional capacity of Company Register Office should be increased and its work to be made entrepreneur-friendly, effective and result-oriented.

26. The pace of development in tourism sector has not improved to a desired extent in spite of the fact that there exist abundant opportunities for development and the sector has not been able to contribute much on national development. Tourism development is possible only after the development of infrastructures and when there exist coordinated approach between the concerned agencies. There is a special need to have a definite policy and programs in the promotion of religious areas like Pashupati, Lumbini, Janakpurdham, Ghadimai, Khaptad, Muktinath, Badimalika and other religious touristic places. Similarly, there is a need to formulate policies related to preservation of lakes and water reserves in the country including those in the Pokhara.
27. In the sphere of industry, trade and commerce, there exist domination by a selected few individuals or firms. This has created a monopolistic situation whereby the consumers are forced to pay high prices for low quality products and services. The systems of monopoly, syndicate and cartelling have constrained people's right to have competitive business operations. Therefore, the existing laws against these practices should be strictly observed to prevent negative impact of these systems on the economy.
28. It is not desirable to invest huge money in those public enterprises having weak commercial capacity to compete with the private sector or which have remained closed for longer period of time and whose equipments and machineries cannot come under use. These enterprises are to exert big financial burden on the government and will not contribute anything to the economy of the country. Therefore, it is better that these enterprises are privatized or operated under public private partnership.
29. A huge amount of money has been drained annually in the operation of independent regulatory and controlling agencies like Boards, Committees and Councils. These agencies are in operation with different standards and bylaws, at their convenience, without getting approval from the concerned regulatory agencies. Such practices have not helped to bring uniformity in their spending, economy and effectiveness in their operations. Therefore, there is a need to standardize their bylaws specifying the basic minimum requirements. The implementation of these provisions should strictly be monitored.
30. In the sphere of revenue mobilization, the problems of under invoicing, non-issue of VAT bills and invoices still persist; cheatings in revenue is still not under full control. Many tax liable entrepreneurs have not come under tax net. There is a need to have a separate office dealing with important issues like under invoicing, controlling custom and VAT cheatings and extension of tax net. Similarly, many tobacco related business are under operation without being registered and this has brought the problems of evading excise duty and other tax revenues. There is a need to reform taxation system and tax administration.
31. A huge amount of saving money of general population is being deposited in the large number of cooperatives. Due to lack of a long term and effective policy on the operation and management of cooperatives, monitoring of cooperatives has not been found to be effective and updated. This has created high risk to the money deposited by the common people. In this context, there is a regular publication of news related to cheating of general public by the cooperatives. In order to minimize the risk and to control anomalies, there should be regulation and monitoring of cooperative based on the long term policy related to establishment, management and operation of cooperatives. In the context of managing cooperatives, it is noteworthy to have a look on the recommendations made by the commission headed by Mr. Gauri Bahadur Karki for their proper implementation. In addition to this, there is a need to have high level task force to undertake a proper study on the establishment, operation, regulation and monitoring of cooperatives to secure the savings of the common people and to achieve the objectives of cooperatives.
32. While constructing urban infrastructures, due to lack of coordination between concerned agencies duplication of works and, in some cases, even work stoppages have been observed in the works of municipalities and VDCs upgraded to be municipalities. It is necessary to have construction works like roads, drinking water, sewage, electricity, telephone and transportation systems carried out in a

coordinated manner in urban areas and municipalities to be made quick, qualitative and sustainable. In this context, while undertaking construction works on infrastructure projects, there should be an integrated action plan among the concerned agencies.

33. There is parking problems inside the Kathmandu Valley due to increased number of vehicles. This has affected public transport system. The use of old vehicles both inside and outside the Kathmandu Valley has created the problems of air pollution and transportation risks to the passengers. Therefore, old vehicles operating inside the Kathmandu Valley should be displaced by providing some incentives and facilities to the vehicle owners at least for a single time. There should also be a policy of using big and environmental friendly transport system to ease the pressures of public transportation system in the Kathmandu Valley and in other major urban areas.
34. The works of monitoring, supervision and regulation of government agencies disbursed all over the country –from the centre to the local level – has not been effective. As a result of this, their performance has not been result oriented. The activities like monitoring and follow up of development programs have become a matter of less priority and there is no enough allocation of budget for this purpose. It seems that monitoring work is limited only in paper. In this context, in order to make monitoring and evaluation effective, the responsible agencies should make it a priority concern and be made effective by designing objective criteria of monitoring and evaluation.
35. As trade unions take more interest in transfer and posting rather than rights and welfare of the employees, in many contexts, there is growing complaints that this has inhibited on making and implementing administrative decisions. Therefore, in order to mobilize trade unions for professional orientation and business concerns and for reforming public administration and service delivery, the existing concept of multiple trade unions should be replaced by authorized single trade union through holding periodic trade union elections.
36. The bureaucracy – a primary agency for public service delivery – is regarded as permanent government. Due to lack of timely reform and implementation, it has not been result oriented. Similarly, in the absence of objective planning exercise to reform bureaucracy, there are complaints that Nepal's bureaucracy being unproductive. It is necessary to revise salary structure of the civil servants implementing the suggestions made by various Administrative Reform Commissions established by the government over a period of time. This is expected to make Nepal's bureaucracy responsible, smart and result-oriented.
37. The embassies established in different countries have not been effective from the point of view of economic diplomacy. They have only been fulfilling their traditional roles and responsibilities. The embassies have not been able to facilitate foreign direct investments and expand industrial activities by informing foreign investor on economic potentialities inside the country. In addition to this, the embassies have not been effective in finding out secured destinations and opening up these destinations for foreign employment to the Nepalese. Therefore, there is a need to review the roles and responsibilities of the embassies and orient them towards effective economic diplomacy.
38. Many of our social and cultural behaviours are promoting corruption and improper conduct. Therefore, in order to control corruption, it is necessary to introduce timely reform in our norms and values, behaviours and dispositions. Therefore, while retaining our traditional social and cultural norms and values, in order to improve social behaviours and attitudes, we need to introduce reforms in Social Behaviour Reform Act.
39. Day by day, the public lands belonging to temples, religious sites and Guthi are being encroached. To protect these lands it is necessary to maintain proper records. If these lands have been found to be encroached, the settlers should be evicted and necessary steps be taken to preserve these lands. Though many committees have been formed over the period of time to settle the problems of landless squatters, the problem has remained intact. There is a need to implement the suggestions made by the Rawal Commission. In addition to this, there should be a policy of not settling landless people in and near around forest areas. It is also recommended to establish a high level commission to identify real landless people and find out a long-term solution to this problem.



40. With a goal to have social and economic transformation in the country, there are many NGOs working inside the country and they have been mobilizing huge resources. However, due to lack of proper regulation and management of NGOs, they have not been able to deliver expected results. Therefore, there is a need for one-window policy on NGOs. In addition to this, the Social Welfare Council should be made independent of political influence; its institutional capacity should be developed so that it can perform an effective role to make NGOs transparent and responsible for their activities.

Lastly, the Commission express its gratitude to the Government of Nepal for providing necessary resources and for various other supports for making it able to fulfil its roles and responsibilities. Similarly, the Commission like to thank political leadership, civil servants, civil society, UNDP including international stakeholders, diplomatic agencies established in Nepal, national and international anti-corruption agencies, media, general populace for providing support and cooperation in achieving avid goal of establishing a society that is civilized and cultured through establishing good governance by controlling anomalies like corruption and abuse of authority. The Commission also expects similar and more support in the days to come.