



ROYAL NORWEGIAN EMBASSY

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# ANTI-CORRUPTION INTERVENTIONS IN NEPAL

*Policy, Practices  
and Possible  
Collective Interventions*

April 2015



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## Policy, Practices and Possible Collective Interventions

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#### Disclaimer

This report is the output of a study commissioned by the Royal Norwegian Embassy (RNE) in Kathmandu as chair of the Anti-Corruption Working Group (ACWG) of International Development Partners in Nepal. The study was undertaken in the period October 2014 - January 2015. The review team has background and experience from the public system, civil society and media. Some editing (restructuring, cutting, formatting) has been done by RNE in understanding with the team leader. Views and opinions expressed in the report do not necessarily correspond with those of the Embassy.

## **ABBREVIATIONS**

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ACC	Anti-corruption Commission
ADB	Asian Development Bank
AG	Attorney General
AIN	Association of International NGO
ALAC	Advocacy & Legal Advice Centre
APG	Asia Pacific Group on Money Laundering
APTP	Approach Paper to the Thirteenth Plan
ATI	Accountability, transparency, and integrity
BoG	Basic Operating Guidelines
BS	Bikram Sambat
CA	Constituent Assembly
CCTV	Close Circuit Television
CDO	Chief District Officer
CEDA	Centre for Development & Administration
CIAA	Commission for the Investigation of Abuse of Authority
CPAA	Commission for the Prevention of Abuse of Authority
CPI	Corruption Perception Index
CSO	Civil Society Organization
DDC	District Development Committee
DFID	Department for International Development
DLGSP	Decentralization and Local Governance Support Program
DMLI	Department of Money Laundering Investigation
DP	Development Partners
DRI	Department of Revenue Investigation
ESP	Enabling States Program
EU	European Union
FATF	Financial Action Task Force
FCGO	Financial Comptroller General Office
FIU	Financial Investigation Unit
FNCCI	Federation of Nepalese Chamber of Commerce and Industries
FY	Fiscal Year
GDP	Gross domestic product
GGA	Good Governance Act
GGMC	Good Governance & Monitoring Committee (Legislature Parliament)
GIPSA	Global Partners on Social Accountability
GNTBR	Government of Nepal (Transaction of Business) Rules
GoGo	Good Governance (Foundation)
GOPAC	Global Organization of Parliamentarians against Corruption

*Anti-Corruption  
Interventions in Nepal*

ICAC	Independent Commission against Corruption (Hong Kong and Australia)
ICT	Information Communication Technology
INLOGUS	Institute of Local Governance Studies
JC	Judicial Council
KI	Key Informants
LDO	Local Development Officer
LGCDP	Local Governance and Community Development Program
M&E	Monitoring & Evaluation
MCPM	Minimum Condition and Performance Measure
MDG	Millennium Development Goal
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoGA	Ministry of General Administration
NCaC	National Coalition against Corruption
NGO	Non-governmental Organization
NIC	National Information Commission
NORAD	Norwegian Aid Agency
NPC	National Planning Commission
NVC	National Vigilance Center
OAG	Office of the Attorney General
OAG	Office of the Auditor General
OPMCM	Office of the Prime Minister and Council of Minister
PAC	Public Account Committee (Legislature Parliament)
PEFA	Public Expenditure and Financial Accountability
PETS	Public Expenditure Tracking Survey
PPMO	Public Procurement Monitoring Office
PSC	Public Service Commission
RCCC	Royal Commission for Corruption Control
RCIW	Rural Community Infrastructure Works
RTI	Right to Information
SAARC	South Asia Association of Regional Cooperation
SAI	Supreme Audit Institution
SC	Supreme Court
SDC	Swiss Development Cooperation
SPD	Special Police Department
TI	Transparency International
TIN	Transparency International Nepal
ToR	Terms of Reference
UNCAC	United National Convention against Corruption
UNDP	United National Development Program
USAID	United States of American International Development
VAT	Value-Added Tax

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## Executive Summary

Globally, corruption is identified as a major obstacle for fighting poverty and promoting good governance and human rights. Corruption is a challenge to development that affects the poor population in particular.

Nepal has taken a policy of “zero tolerance” against corruption. State legal provisions have criminalized corruption and its various forms including bribery, money laundering and fraud. Government authorities routinely speak out against corruption. A number of anti-corruption related laws have been enacted, and a range of anti-corruption agencies have been put in place. In 2011, Nepal ratified the United Nations Convention against Corruption (UNCAC).

Unfortunately, the attempts to check corruption have been ineffective, and impunity is widespread. Large segments of the public believe that no official work can be undertaken without paying a bribe<sup>2</sup>. Transparency International's (TI) corruption barometer report of 2013 revealed that 57% of respondents found that corruption had increased a lot in Nepal over the past two years, while 69% indicated corruption as a very serious issue in the public sector of Nepal. TI's corruption perception index 2014 gave Nepal a score of 29 out of 100 (a scale in which ‘0’ stands for highly corrupt and ‘100’ for very clean) and placed the country in 126th position in the rank list of 175 countries.

This study aims to assess the current context in which corruption occurs and look into the role of government, civil society and development partners (DPs) in anti-corruption measures, as well as good practices and gaps. Chapter 1 discusses the context, and presents the objectives and methodology of the study. Chapter 2 reviews the legal

framework and functionalities of anti-corruption agencies. Chapter 3 presents some anti-corruption interventions and good practices. Chapter 4 includes the main findings based on desk study, interviews and focus group discussions, and chapter 5 provides recommendations for individual and collective engagement of different stakeholders.

The legacy of corruption in Nepal derives from the rent-seeking behavior that was inherited from the state controlled economy before 1990. In the protracted transition after 2006, governance was based on compromises rather than the rule of law, which escalated corruption. The political stride that the country is aiming for, like departure from unitarian to federal state, active monarchy to republic, and monocultural to multi-cultural state, is ambitious, and the agenda of corruption has lagged behind.

Anti-corruption laws have been in existence in Nepal for a long period of time. The law enforcement agencies have been putting their efforts to detect and investigate corruption cases in various ways. However, they have not been able to address the corruption problem at the high level where it is prevalent and institutionalized. The number of pending cases and swelling complaints indicate the weaknesses of these agencies. The limited jurisdiction with political interference does not allow them to investigate and prosecute independently.

Around 19 agencies have been established to work on corruption control in Nepal. Of these, the Commission for the Investigation of Abuse of Authority (CIAA) has the constitutional authority for investigation and prosecution. However, although CIAA is a constitutional body with mandate to control corruption, its functions are controlled

<sup>2</sup> The Global Corruption Barometer, 2013, Transparency International, Berlin, Germany, <http://www.transparency.org/gcb2013/country/?country=nepal>

by the government in the form of budget and human resources. Moreover, CIAA has restrictive jurisdiction that excludes private sector, army, judiciary and other constitutional organs. Its enactments do not allow

looking after policy corruption (by the cabinet) and policy decisions of the parliament. The judiciary is also committed to curbing corruption. However, impunity is widespread in Nepal, and the public feels the courts do not give impartial judgment on corruption cases.

Earlier studies on anti-corruption in Nepal have revealed that proliferation of anti-graft agencies has resulted in conflict of interest and dilemmas in terms of roles and responsibilities. For example, jurisdiction of CIAA and the National Vigilance Center (NVC) is unclear, posing problems in coordination. The executive functions of three others; Department of Revenue Investigation (DRI), Department of Money Laundering Investigation (DMLI) and Public Procurement Monitoring Office (PPMO) are overlapping. With the supervising ministry of DRI and DMLI being the Ministry of Finance, these agencies are not as effective as they should have been.

Nepalese anti-corruption laws are sufficient in numbers but not adequately provisioned for corruption control. The gaps in perception among different agencies on anti-corruption laws have weakened the action against corruption.

Many development partners have been supporting anti-corruption initiatives in various ways, including supporting anti-corruption agencies and the government in managing fiduciary risks and financial accountability, and backing them with research studies and logistics. However, these initiatives have been episodic or projectized, limiting the work on anti-corruption to sectoral awareness and capacity development.

A number of civil society organizations (CSOs) are involved in anti-corruption activities. While the performance of CSOs is appreciable, there is need for more concerted action to exert pressure on anti-corruption agencies to act effectively. Media has been playing a positive role in anti-corruption, including the exposure of corruption cases to the general public and follow-up for speedy procedures. Further attempts to equip media to extend its role towards investigative journalism are needed.

The government has the prime role in preventing and controlling corruption. However, the government should garner support from civil society and media to move more effectively in curtailing corruption. Government should also seek support from DPs in needy areas. Corruption has to be tackled both top-down and bottom-up. In view that every policy intervention has both intended and unintended consequences, research and understanding of the problem is required to back up anti-corruption interventions.

# Chapter I

## Introduction

### 1.1 Context Analysis

Nepalese people are becoming increasingly concerned about corruption. Transparency International's "*Global Corruption Barometer for 2013*" indicated that 57% of respondents believe corruption has increased over the last two years.<sup>3</sup> Government authorities and public representatives have routinely promised to fight

corruption, and several anti-corruption initiatives have been launched. Yet abuse of power for private gain, and impunity is widespread. Different global governance related studies have depicted that Nepal's challenges related to governance are alarming (see Table 1):

Table 1				
Global governance related studies and their findings regarding Nepal				
Corruption Perception Index (100)	Rule of Law Index (simple average of the 8 variables)* (1.00)	Control of corruption (100)	Global Competitiveness Index* (7)	Doing Business Index (global Ranking)
Scored 29 in 2014 and 31 in 2013 Transparency International	498 (2012-13) World Justice Project	23.4 (2012) World Bank	3.66 (2013-14) World Economic Forum	105 (2014) World Bank

\*Corruption constitutes one variable in the composite measure.

Source: Strategic Plan, 2014-2019 of CIAA

A number of past studies reveal that corruption is widespread, affecting the societal structure and many political and economic institutions in Nepal. Transparency International Nepal states that "Corruption has failed successive governments, raised development costs, eroded the work ethos, and promoted materialistic, inhuman attitude based on money. This has deepened poverty, impeded social and economic development, eroded public services and undermined democratic values".<sup>4</sup> A study conducted by Norad in 2011, states that "corruption limits the country's ability to achieve the MDGs,

when funds intended to provide basic services and critical infrastructure and development do not reach the intended beneficiaries in time and in their totality".<sup>5</sup>

The Paris Declaration 2005, Accra Declaration 2008 and Busan Declaration 2011 on aid effectiveness have brought consensus on five principles for smart aid: alignment, ownership, harmonization, managing for results and mutual accountability. These global declarations have brought changes in the aid structure from project to program and sector. Donors working in Nepal have been raising serious

<sup>3</sup> TI, *Global Corruption Barometer, 2013*, [http://files.transparency.org/content/download/604/2549/file/2013\\_globalcorruptionbarometer\\_EN.pdf](http://files.transparency.org/content/download/604/2549/file/2013_globalcorruptionbarometer_EN.pdf)

<sup>4</sup> Project Document, 2002-2005, Transparency International Nepal.

<sup>5</sup> *Corruption and Anti-corruption in Nepal (Lessons Learned and Possible Future Initiatives (2011))*, Norad

concerns about the fiduciary risk arising from the absence of coordinated action and transparency in allocation and operation by the Government of Nepal.

Nepal has long been suffering through conflict and post-conflict challenges. During the conflict days the state-people interface was poor, and governance based on compromises rather than the rule of law characterized the post-conflict transition. This protracted transition misled the governance system and pushed the state further into uncertainty, impunity and absence of rule of law. This disorder created fertile ground for corruption.

Nepal is now amid sweeping political changes. The departure from unitarian to federal state, active monarchy to republic, and monoculture to multi-cultural state is a painful stride. Moreover, making the state inclusive is also a daunting political task. These challenges have made it necessary to prioritize other agendas of development, and the agenda of corruption could not occupy the centre stage.

Frequent changes in government has created instability in the country, which in turn bred corruption. The second Constituent Assembly (CA) election held in November 2013 has opened the door of opportunity for the elected legislatures to work on stability and prioritize development. The media and civil society have been exerting pressure on the government to effectively move forward to curb corruption. The majority of the respondents in this study have opined that the newly elected government has not been as effective as expected.

A number of publications on corruption and anti-corruption reform have identified that rampant corruption has eroded the confidence of investors and degraded the

business climate in Nepal, and also undermined the rule of law. These reports conclude that the corruption risk is high within Nepal's current administrative and political set-up. Likewise, a study carried out by UNDP on Illicit Financial Flows from Eight Developing Countries revealed a capital flight worthy of US\$ 347 per capita of Nepal in 2010. The capital flight was mostly from import misinvoicing (77.8%) and Total Trade misinvoicing (85.7%).<sup>6</sup>

A DFID report assessing national fiduciary risk<sup>7</sup> revealed that the “lack of objective parameters for prioritization of programs at national level is leading to allocation of funds on subjective criteria”. Financial Comptroller General Office (FCGO) is not able to provide adequate information in consolidated accounts for public sector spending as direct donor funding and technical assistance is outside the purview of FCGO monitoring. This report also highlighted the high risk factors in Public Expenditure and Financial Accountability (PEFA) indicators (see Table 2).

Table 2	
Fiduciary Risk Factor Analysis	
PEFA Indicators	Risk Factors
Credibility of the Budget	High
Comprehensive and transparency (Indicator 5-10)	High
Policy-based Budgeting (Indicators 11-12)	High
Predictability and controlling budget execution ((Indicator 13-21)	High
Accounting, recording and reporting (Indicator 20-25)	High
External scrutiny and audit (Indicator 26-28)	High

Source: National Fiduciary Risk Assessment (2013), DFID, Nepal, Ernst & Young

<sup>6</sup> A Snapshot of Illicit Financial Flows from 8 Development Countries (Results and Issues for Investigation), UNDP Issue Brief, [www.undp.org](http://www.undp.org), New York, NY 10017, USA.

<sup>7</sup> National Fiduciary Risk Assessment (2013), DFID, Nepal, Ernst & Young

## 1.2 Study Objective

- i) To update and assess the current context in which corruption occurs in Nepal;
- ii) To update on who is doing what on anti-corruption measures at all levels and all sectors (governmental, non-governmental actors AND donors) and identify gaps;
- iii) To identify good practices of the ongoing anti-corruption measures and mechanisms from government, donors and CSOs; and
- iv) To identify and recommend possible prioritized intervention areas (short, medium and long term) and potential partners for donors in their collective engagement.

## 1.3 Study Methodology

**Data Collection and Analysis:** The study applied the following methods of data collection and analysis to review national anti-corruption policies and strategies of the government of Nepal and anti-graft agencies:

- Desk study of anti-corruption related national policies, strategies and studies. The data was gathered mainly through a review of current anti-corruption laws, policies, strategies and studies carried out by the various agencies.
- Key Interviews (KIs) with the authorities of constitutional bodies, government oversight agencies and parliamentary committee members, government secretaries, department heads, former government officials, development partners and CSO members were conducted between 10 and 22 November 2014.

The analysis was framed with the responses of different respondent categories, literature (reports, articles, newspapers) and observations. The study team also briefly looked into the SAARC region's anti-corruption initiatives (see Annex I).

**Study Limitation:** During the data collection, getting access to government officials was challenging as they were occupied with their scheduled tasks. There was limited time available for the data collection. Because of poor record keeping in the oversight agencies, the team experienced difficulties in collecting the desired information on time.

**Study Location:** The work of the study team was carried out in Kathmandu.

**Technique used for Data Collection:** After determining categories of concerned stakeholders, the respondents were selected through non-random sampling techniques. Interviewees were selected because they were relevant, reliable and authentic sources of information to meet the objectives of the study (see list of interviewed persons in Annex IV).

**Tool used for KIs:** A framework was developed in consultation with the anti-corruption agencies to gather information from KIs. Respondent specific checklists were used to structure the interviews, and follow-up questions were asked to different categories of KIs. Respondents were briefly informed in advance about the purpose of the study.



## Chapter 2

# Legal Framework And Functionalities Of Anti-Corruption Agencies

### 2.1 Existing legal framework and strategies

Anti-corruption law has been in existence in Nepal for a long time. The first National Code (Muluki Ain) was enacted in 1854. In 1863 new national codes were issued which contained a chapter on anti-bribery. This law provided a legal mandate to readdress public officials' bribing cases.

Reviewing the various anti-corruption laws in Nepal indicates that the enactments of the laws have been carrying political turning points. With the advent of the first multi-party democratic system in 1951. The Corruption Prevention Act (1952) and Corruption Prevention Rules (1953) were enacted. These laws institutionalized the anti-corruption drive in Nepal. The Corruption Control Act was introduced in 1961. It repealed earlier anti-corruption acts and rules and was more comprehensive. This law has been amended 10 times within 42 years of operation. Following that, no significant changes could be seen till 1990.

The Government of Nepal amended the Corruption Prevention Act in 2002, and the first National Anti-corruption Strategy was adopted in 2008 with the agency-wise Action Plan in 2010. The Corruption Prevention Act has considered progressive steps in creating a competent anti-corruption legal regime in Nepal. This law defines more than a dozen types of corrupt behaviors and makes certain actions punishable by law. Increasing severity of the penalties and mandatory imprisonment are some features of the Corruption Prevention Act. In addition, it provided for the establishment of the National Vigilance Center (NVC) and made compulsory provision to declare property by public service holders.

The Nepal government have also enacted CIAA Act (1991, amended in 2002), Special Court Act (2002), Organization and Regulation of Political Parties Act (2002), and Impeachment Act (2002) to control corruption. Enactment of Special Court Act and subsequently establishing the Special Court in 2002 is a milestone of anti-corruption reform in Nepal, which made a clear demarcation between investigation, prosecution, adjudication and appeal procedures related to corruption cases.

The Government of Nepal has also enacted the Right to Information Act, 2007 and Good Governance Act, 2008. The Right to Information Act has become a very powerful tool in the emerging democracy. However, the use of this tool has been limited to certain cases, and only those who know about its provisions and the procedures to obtain information from different sectors have used it. Similarly, Good Governance Act, 2008 has numerous provisions to improve public service delivery in maintaining the chain of commands. It has also institutionalized the citizen charter, public hearing, public audit and social audit tools.

On 24 February 2011, Nepal ratified the United Nations Convention against Corruption (UNCAC), and the government adopted the second National Anti-corruption Strategy in 2012 to address the UNCAC obligations.

The development of anti-corruption laws indicate that successive governments since 1952 have shown some level of commitment to curb corruption in Nepal. Anti-

corruption legislations have been widening the scope and coverage in its development.

## 2.2 Anti-corruption agencies

Historically Nepal has taken a single agency approach to control corruption from 1952 to 1977 through Department of Corruption Control and later by the Special Police Department. However, it has been slowly taking a multi-agency approach. Establishing multiple agencies to look after corruption cases is a distinct feature of the Nepalese anti-corruption drive.

Nepal has 19 anti-corruption and oversight agencies, which are working directly or indirectly in curbing corruption. Of these, the major agencies are the Commission for the Investigation of Abuse of Authority (CIAA), National Vigilance Center (NVC), Department of Revenue Investigation (DRI), Department of Money Laundering Investigation (DMLI) and Public Procurement Monitoring Office (PPMO). The agencies are backed by relevant laws, regulations and strategies. Government assures to strengthen these agencies through the annual program and budget.

CIAA, NVC, DMLI, DRI, Special Court, Supreme Court, Judicial Council etc. are directly involved in combating corruption, and others are indirectly involved in the oversight functions. DMLI is established to investigate money laundering and financial crime and file the case at the Special Court. The Foreign Employment Tribunal is involved in adjudicating frauds, cheating and corruption in overseas employment business. There are also two more tribunals namely Dept Recovery Tribunal and Revenue Tribunal. The government has established a specialized Financial Investigation Unit (FIU) within Nepal Rastra Bank, which provides financial intelligence information to the DMLI as well as Nepal Rastra Bank. CIAA, NVC and Special Court are prominent specialized anti-corruption agencies for investigation and prosecution of corruption cases. Both CIAA and NVC have mandate to conduct preventional and promotional activities against corruption.

The proliferation of oversight agencies seems to be ineffective in dealing with corruption. The public are also facing problems in understanding the procedures regarding filing corruption cases.

Table 3 depicts the different functional agencies established to curb corruption in Nepal:

Table 3 Existing anti-corruption and oversight agencies in Nepal		
Nature of the agencies	Name of the organization	Assigned Tasks
Constitutional bodies	Commission for the Investigation of Abuse of Authority	Investigation and prosecution of corruption cases and improper conducts. CIAA also recommends for departmental action. <b>Main focus:</b> Mandated on punitive, preventive and promotion. Its main strengths lies on punitive and prevention action.
	Officer of Auditor General	Auditing of the books of accounts of the government agencies. Main focus: Preventive side but recently it has developed CSO engagement in auditing process, which will provide space for promotion activities.
	Office of the Attorney General	Government prosecutor who perform on ruling government's directives. <b>Main focus:</b> Punitive action.
	Judicial Council	Combating corruption in judiciary <b>Main focus:</b> Punitive and preventive action.

Contd...

Table 3 Existing anti-corruption and oversight agencies in Nepal		
Nature of the agencies	Name of the organization	Assigned Tasks
Judiciary	Supreme Court	Adjudication of corruption cases <b>Main focus:</b> Punitive action.
	Special Court	Adjudication of corruption and money laundering cases filed by the CIAA and DMLI <b>Main focus:</b> Punitive action.
	Administrative Court	Issue verdicts particularly on departmental actions against government employees <b>Main focus:</b> Punitive action.
	Revenue Tribunal	Adjudicate corruption in revenue sector <b>Main focus:</b> Punitive action.
	Foreign Employment Tribunal	Adjudicate corruption in overseas employments. Deals with irregularities in oversea employment cases. <b>Main focus:</b> Punitive action.
Parliamentary Oversight Committees	Good Governance and Monitoring Committee	Parliamentary oversight committees are mandated to focus on corruption and bad governance. GGMC table and review CIAA's annual report. Similarly, PAC table and review the OAG's annual report. <b>Main focus:</b> Preventive action.
	Public Account Committee	
Government's corruption prevention agencies	National Vigilance Center	NVC has preventive and promotional role (technical audit and maintenance of asset records) without power to take departmental action. <b>Main focus:</b> Preventive. Less in promotional action.
	CIAA's 5 regional offices and 5 Liaison offices)	Investigation on corruptions cases and improper conducts. <b>Main focus:</b> Punitive, preventive and promotional. Its main strengths lies on punitive and prevention.
	Army Court (under Army Act, 2007)	Adjudicate by a three-member Special Military Court, which is headed by an Appellate Court Judge. So far, no army personnel have been found taken action under this provision. <b>Main focus:</b> Punitive cases
	National Information Commission	NIC is an executive body to promotion, protection and implementation of right to information.

**Table 3**  
**Existing anti-corruption and oversight agencies in Nepal**

Nature of the agencies	Name of the organization	Assigned Tasks
Specialized wing of the Finance Ministry & Nepal Rastra Bank	Department of Revenue Investigation	Detection of revenue leakages. Main focus: Prevention and promotional action.
	Department of Money Laundering Investigation	Investigate the offence of the money laundering and filing cases at the Special Court. Mandated to collect data from Financial Information Unit, which is established in the Nepal Rastra Bank for collection and analysis of information relating to money laundering. Main focus: Punitive and preventive action.
	Financial Comptroller General Office	Government budgetary control and financial accountability assessment. Main focus: Preventive action.
	Financial Information Unit	Custodian of money laundering and financial crimes. Main focus: Preventive action.
	Central Arrear Collection Office	Provisioned under Financial Comptroller/MoF to Collect government dues and arrears. Main focus: Preventive action.

## Development of the CIAA

In the 1990s, the CIAA was established as an independent constitutional body, and empowered to inquire and investigate any abuse of authority committed through improper conduct or corruption by the public officials. The Interim Constitution of 2007 has entrusted to continue CIAA's constitutional mandate. The CIAA (Second Amendment) Act, 2002, Corruption Prevention Act, 2002 and Special Court Act, 2002 have widened the power and authority of the CIAA. The amendments have incorporated recommendations of various studies and reports including recommendations of the Parliamentary Committee, CIAA and OAG annual reports. The amendment of the Corruption Prevention Act in 2002 has helped the CIAA to move at a faster pace in investigating and filing corruption cases at the Special Court. To facilitate CIAA's internal procedure, it has developed the Enquiry and Investigation Guidelines, 2002 and the Investigation and Prosecution Guidelines, 2002.

Two CIAA commissioners were appointed in May 2013, after almost 7 years of vacancy. After the appointments, the anti-

corruption activities have been scaled up and become more visible. Since its establishment, the CIAA has passed through ups and downs in different contexts. With the appointment of new leadership, it started reengineering the anti-corruption movement in Nepal. Respondents in this study have opined that CIAA's recent initiatives has generated hope among the larger segment of people who have suffered from corruption at the frontline service providers. CIAA has recently issued its third Strategic Plan (2014-2019).

## 2.3 Gaps, challenges and bottlenecks of the anti-corruption agencies

Despite the government's and DPs' initiatives in fighting corruption, respondents in this study believe anti-corruption actions are not effective so far. A majority of the respondents opined that corruption has been increasing over the years and that corruption control agencies are ineffective. They not only blame the modus operandi of investigation, but also ask why the case fails when it reaches the court.

There is an incremental trend of filing complaint to the CIAA<sup>8</sup>. The statistics of 2012/13 shows 6,672 complaints resolved out of 11,289 received, and only 93 cases were prosecuted and 14 were recommended for departmental action. In fact, the prosecution rate has dropped down from 1.1% in 2008/09 to 0.8% in 2012/13. Table 4 provides an example of how corruption cases have been delayed to issue final verdict from the court.

Table 4 CIAA's high profile case prosecution and conviction				
Corruption Cases	No. of years to settle the case	Initial Charge (NRs in millions)	Final conviction (NRs in millions)	Final conviction (In %)
<b>Completed prison punishment</b>				
Minister-Wagle	11	33.0	20.3	61.52
Minister – Gupta	10	20.8	8.41	40.43
Minister – Khadka	9	23.7	9.47	39.96
Joint Secretary - Chaturbedi	9	77.1	13.9	18.02
<b>Under Supreme Court review for final verdict</b>				
IGP - Bohara,	8	23.8	2.68	11.26
Minister – Joshi	9	39.4	21.6	54.82

Source: CIAA Annual Reports

Similarly, the National Vigilance Center (NVC) is also receiving complaints from the general public regarding corruption and service delivery. The NVC's complaint solving ratio is higher (Table 5).

Although the number of complaints is merely an indication, the increasing number shows that public grievance is increasing.

<sup>8</sup> Public complaints filed at the CIAA increased from 4,149 in 2008/9 to +22,000 complaints in 2014.

Table 5 NVC's Complaint Registered and Solved		
Year	Complaints Registered	Complaints Solved
2009/10	474	205
2010/11	587	465
2011/12	787	570
2012/13	1159	1218
2013/14	1269	1452

Source: NVC Report

Due to political instability, the appointment of court judges has been delayed and positions remained vacant for a long time, resulting in piling up of the cases. So far, the Supreme Court has more than 16,000 cases waiting for final verdicts. The above table shows how Supreme Court spent 8 to 11 years to give their final verdict against six high-level government officials on corruption charges. A judiciary reform process was started in early 2000 with the help of UNDP, USAID and EU among others, through rule of law initiatives. However, the judiciary is still hard-pressed with lengthy evidence collection processes and internal lengthy procedural bottlenecks. The majority of informants also opined that the Nepalese judiciary is not sensitive towards dealing with corruption cases.

In many instances, there has been duplication caused by weak coordination in fighting corruption. Successive governments have been inclined to establish and experiment with new agencies but giving less priority to strengthen existing agencies. The effectiveness of the anti-corruption agencies has not been as expected. Cooperation among the various agencies with shared interests is an effective means to achieve goals as they combine resources, expertise and knowledge to mount an effort that is more powerful than can be achieved by one agency acting alone.

Table 6 depicts gaps in the existing situation of anti-corruption agencies and laws. The key informants' opinion and comments have been incorporated while analyzing these gaps.

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<b>ANTI-CORRUPTION AGENCIES</b>	
<b>Commission for the Investigation of Authority (CIAA)</b>	
<ul style="list-style-type: none"> <li>Only lead anti-corruption agency (constitutional) and has mandate to conduct inquiries, investigation and prosecute on corruption and improper action of public officials. Focused on “<i>punitive, preventive &amp; promotional</i>” activities.</li> <li>Commissioners are appointed by the President in recommendation from constitutional council are removed from their position only through 2/3 majority of parliamentary impeachment process (so far it has not happened in Nepal).</li> <li>Annual reporting to the President and accountable to the Legislature Parliamentary GGM Committee where its reports are tabled.</li> <li>Sound organizational structure with outreach offices in five regional and five liaison offices.</li> <li>Mandate to give direction to the concerned authority to take departmental action.</li> <li>It has more than 800 staffs (civil and police), legal enabling environment (including six year strategic plan 2014-19) with modest physical facilities.</li> <li>Incentive in the form of “<i>Lachak Bhatta</i>” (flexible motivational allowances) to staff.</li> </ul>	<ul style="list-style-type: none"> <li>CIAA has been authorized as an independent constitutional body but in reality it does not have “<i>functional independence</i>” i.e. judges, military, constitutional body personnel and private sector are outside the purview of CIAA. Also, it does not have mandate to impose “<i>penalties</i>” against offenders other than for “<i>refusal to submit asset disclosures</i>”.</li> <li>CIAA has popular mandate to “<i>investigate and prosecute</i>” the corruption cases, but it does not have its own core staff and is dependent on “<i>human resources and budget</i>” with the government.</li> <li>Lack of skilled human resources hiring, retaining problem of qualified investigators and staff turnout is heavy. Staff works in deputation from government.</li> <li>Existing laws are not adequate to pressing anti-corruption issues. For example, weak witness protection and inadequate punishment system and absence of “<i>whistleblower protection law</i>”, CIAA has resulted in most complaints being filed anonymously.</li> <li>Weak law enforcement of its departmental action (only 40% enforced)<sup>9</sup>. Global Integrity Report has indicated that Nepalese anti-graft bodies are “<i>weak law enforcement</i>” agencies<sup>10</sup>.</li> <li>Nepal has taken a multi-agency approach to curb corruption causing “<i>overlapping problems</i>” in investigation and in law enforcement.</li> <li>Lack of forensic lab, drilling technology, including signature and letter verification for investigation and modern equipments. Traditional recording keeping system.</li> <li>Mismatch between CIAA Act and Civil Service Act.</li> <li>Lacks in research and develop process to prevent corruption and to strengthen its investigation and prosecution activities.</li> </ul>
<b>Office of the Auditor General (OAG)</b>	
<ul style="list-style-type: none"> <li>Supreme Audit Institution (constitutional body) of Nepal. Auditor General is appointed by the President in recommendation of constitutional council and removed only through 2/3 majority of parliamentary impeachment process (so far it has not happened in Nepal).</li> </ul>	<ul style="list-style-type: none"> <li>OAG does not have “<i>functional independence</i>”, it is dependent with GoN for its human resources and budget. OAG submit its budget to Ministry of Finance, which is one of its client entities.</li> <li>Staff recruitment along with performance appraisal, promotion &amp; dismissal is under the interference of executive bodies especially from Ministry of Finance.</li> </ul>

<sup>9</sup> Study on Implementation and Effectiveness of Departmental Action made by CIAA (2006), Institute of Local Governance Studies (INLOGOS), Kathmandu, Nepal

<sup>10</sup> 2010 Global Integrity Report for Nepal (integrity indicators scorecard, overall implementation gap: 34), Annex III, [www.globalintegrity.org](http://www.globalintegrity.org)

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<ul style="list-style-type: none"> <li>■ A great deal of authority is vested in Auditor General with all rights, power and responsibilities to run the OAG.</li> <li>■ Provision of all time access to auditee documents. And also introduced “<i>performance audit</i>” system.</li> <li>■ Internal enabling environment (audit standards, guidelines, code of conduct, five years strategy)<sup>11</sup></li> <li>■ OAG’s report is used as reference by the CIAA.</li> <li>■ It has more than 449 staffs with legal enabling environment with moderate physical facilities.</li> </ul>	<ul style="list-style-type: none"> <li>■ All public funds are not in purview of OAG (&lt;70% of total government budget including donor funded budget) auditing, i.e. local bodies are not in its purview.</li> <li>■ Lack of discussion on OAG’s annual reports at the PAC<sup>12</sup>. And, lack of trained human resources to conduct all types of audit. Weak follow-up on audited findings.</li> <li>■ Lack of dissemination of the OAG’s annual report.</li> <li>■ It does not have power to sanction if entity fails to provide required documents.</li> <li>■ Existing legislation does not provide OAG to conduct audit of specific request by legislature or GoN.</li> <li>■ All rights and power given to the Auditor General, which may be a risk of abuse of authority.</li> <li>■ In absence of CSO involvement in audit process it lacks capacity to conduct “<i>performance audit</i>”.</li> <li>■ Due to civil service rules apply to OAG staffs, it does not have authority to formulate its rules.</li> </ul>
<b>National Vigilance Center (NVC)</b>	
<ul style="list-style-type: none"> <li>■ NVC is led by the secretary and works in direct supervision and control of Prime Minister, which conducts prevention and promotional activities on anti-corruption to ensure good governance.</li> <li>■ Mandated to conduct surprise checks of the government offices and public institutions and prepare reports, conduct technical audit, monitor citizen charter and also follow-up on annual property declaration of public officials.</li> <li>■ Provide guidance to concerned public bodies on corruption prevention.</li> </ul>	<ul style="list-style-type: none"> <li>■ An oversight agency without “<i>adequate clarity of authority</i>”. Unstable leadership (14 Chiefs turned out within 12 years of its existence).</li> <li>■ Overlapping of jurisdiction and competing interest between NVC and CIAA.</li> <li>■ Inadequate budgetary resources. Lack of forensic lab along with trained human resources.</li> <li>■ Relatively young organization and yet to establish norms and practices. Centrally located and internal capacity is weak to achieve its objectives.</li> <li>■ NVC produces suggestions to the GoN but implementation of those recommendations has been insignificant. It may be the reason that NVC does not have power to take departmental action or any punishable authority.</li> <li>■ It does not have mandate to verify the property of the public officials with income.</li> </ul>

<sup>11</sup> Strategic Plan, 2013-15, Office of the Auditor General, January 2013.

<sup>12</sup> Backlog of the OAG’s last four years annual reports has not been discussed in the PAC which hindered the progress in arrear clearance.

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<b>Special Court</b>	
<ul style="list-style-type: none"> <li>Special Court has special jurisdiction of a permanent nature to adjudication of “<i>corruption and money laundering cases</i>” filed by the CIAA and DMLI.</li> </ul>	<ul style="list-style-type: none"> <li>It is considered as a “<i>trial and temporary court</i>” and dependent to Supreme Court for human resources and budget.</li> <li>Lack of judges and judicial bench to hear corruption cases causing long time to decide on corruption cases.</li> <li>It does not have suitable court facilities to render service by the special court effectively.</li> <li>The judges have limited exposure on anti-corruption and employers are not trained.</li> <li>Has not disposed cases within 3 months as provisioned in section 16 of the Special Court Act, 2002. Appointment of judges in SC frequently delayed which directly affects the disposal of corruption cases.</li> </ul>
<b>Good Governance and Monitoring Committee (GGMC)</b>	
<ul style="list-style-type: none"> <li>Legislature Parliamentary Committee to vigilant on good governance and monitoring of the government and anti-corruption agency like CIAA.</li> <li>GGMC examines the CIAA's annual reports, activities and provide direction as required.</li> <li>Also seeks experts' opinion on various governance and anti-corruption related issues.</li> </ul>	<ul style="list-style-type: none"> <li>GGMC is newly formed “<i>parliamentary committee</i>” and has not yet been fully functional.</li> <li>It is newly constituted and has not yet tabled and discussed on CIAA's annual report.</li> <li>It can recommend for corrective action but not implement on its own.</li> <li>Committee members have not been capacitated to understand the CIAA's reports and tackle accordingly.</li> </ul>
<b>Public Account Committee (PAC)</b>	
<ul style="list-style-type: none"> <li>PAC is chaired by the Legislature Parliamentarian (led by opposition party, and prime minister is ex-officio member).</li> <li>It is a parliamentary oversight agency to examine government expenditures. It can examine irregularities reported in OAG's annual report and clear them.</li> <li>It has mandate to initiate discussion on the annual audit report submitted by the OAG.</li> <li>Can also seek experts' opinion on audit reports</li> <li>Its meeting is open for the media.</li> </ul>	<ul style="list-style-type: none"> <li>PAC has a “<i>mini parliamentary mandate</i>” but due to long absence of its chairperson and members, OAG report has not been discussed as mandated.</li> <li>The reports produced by the OAG are not simple and understandable to all parliamentarians, media persons as well as general public.</li> <li>OAG's reports are circulated minimally. General public does not have access to the reports.</li> <li>Due to lack of law-abiding culture, responsible government officers are not giving their priorities to reduce the arrears shown in the OAG report</li> </ul>
<b>Department of Revenue Investigation (DRI)</b>	
<ul style="list-style-type: none"> <li>Specialized agency to detect and investigate on suspected revenue leakages and foreign currency deflection.</li> </ul>	<ul style="list-style-type: none"> <li>Due to multi laws handling by the one agency, potential misuse of discretionary power.</li> </ul>

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<ul style="list-style-type: none"> <li>Four outlet offices in the region with police as a flying squad to raid and check papers.</li> <li>In addition to Revenue Leakages (Investigation &amp; control) Act, 1995, it is also mandated to use Income Tax, VAT and Custom Law through executive order.</li> <li>Mandate to look into areas of custom duty, value-added tax, excise duty, non-tax revenue, and misuse of foreign exchange and file case at the court.</li> </ul>	<ul style="list-style-type: none"> <li>DRI's staffs are deputed from Ministry of Finance, so there is a high chance of "conflict of interest."</li> <li>Has limited institutional capacity to handle all the complaints received.</li> <li>Dillydallies in investigation and prosecution.<sup>13</sup> So far, DRI has not won a single revenue leakage case from the court.</li> <li>DRI lies under the Finance Ministry, and staffs are transferred within the ministry's jurisdictions. Therefore, DRI staffs are reluctant to take action against other department's revenue service staffs those who are involved in mal-administration. It is happening because staffs are "deputation on rotation basis". Therefore, no one dares to take action against any official who is involved in revenue leakage. So, it cannot function independently being a department of MoF.</li> <li>Lack of trained human resources and modern equipments. Less motivated and lack of training on the investigation, analysis of information and mobilization of squad.</li> <li>Overlapping of investigation function between DRI and DMLI especially on foreign exchange related cases.</li> <li>Frequent transfer of DRI leadership, which directly affects performance of the department.</li> <li>High possibility of political interference in the DRI activities because it is under the supervision of Ministry of Finance.</li> <li>Due to limited budget, DRI unable to hire revenue experts to investigate the revenue leakage cases.</li> </ul>
<b>Department of Money Laundering Investigation (DMLI)</b>	
<ul style="list-style-type: none"> <li>Key investigating agency for money laundering and terrorist financing in Nepal.<sup>14</sup></li> <li>Operates according to the Prevention of Money Laundering Act, 2007, regulations and codes of conducts.</li> <li>DMLI has developed its Long Term Strategy (2011-2016) with action plan.</li> </ul>	<ul style="list-style-type: none"> <li>DMLI is under the Finance Ministry, which does not have structured and set of skill human resources to investigate on money laundering and terrorist financing issues.</li> <li>Money laundering and terrorist financing investigation require highly skilled human resources. However, DMLI lacks such human resources.</li> <li>Nature of DMLI and MoF as supervising agency does not portray the logical combination.</li> <li>Due to the falling under the Finance Ministry, DMLI may face leaking of information and chance of conflict of interest while implementing the decision. It is difficult to function independently being a department of MoF.</li> <li>Relatively young organization and yet to establish norms and practices.</li> </ul>

<sup>13</sup> 25 years long revenue leakage case filed by the DRI at the district court has not yet been cleared.

<sup>14</sup> DMLI operates according to the Prevention of Money Laundering Act, 2008, regulations and code of conducts.

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<b>National Information Commission (NIC)</b>	
<ul style="list-style-type: none"> <li>Nepalese Constitution of 2007 has guaranteed the right to information. Under this constitutional provision, NIC has been mandated to facilitate citizen's get public information from government agencies.</li> <li>NIC is an executive body to promotion, protection and implementation of Right to Information Act, 2007.</li> </ul>	<ul style="list-style-type: none"> <li>Due to "executive nature of NIC", there is high chance of conflict of interest with government agencies.</li> <li>Lack of incentive to promote right to information mission.</li> <li>Lack of adequate human and budgetary resources.</li> <li>Relatively young organization and yet to establish norms and practices.</li> <li>NIC is a small set up to implement RTI law.</li> </ul>
<b>Public Procurement &amp; Monitoring Office (PPMO)</b>	
<ul style="list-style-type: none"> <li>Specialized agency to bring uniformity in public procurement procedure, lead by Secretary level</li> <li>It provides "unsolicited advice" to the government agencies on public procurement issues.</li> <li>It forwards revenue leakages cases to the Public Procurement Tribunal established within its compound.</li> <li>Constituted "Procurement Monitoring Unit" in the 15 government offices (DDC, municipalities, district forest, higher secondary education, district public health offices, drinking water and sanitation offices etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Duplication of work between PPMO and NVC.</li> <li>Lack of workload for a separate entity.</li> <li>PPMO's recommendations are not "mandatory".</li> <li>Declining filed cases from eight in 2011/12 and four in 2012/13.</li> </ul>
<b>ANTI-CORRUPTION LAWS</b>	
<b>CIAA Act, 2002</b>	
<p>This law defines a person holding public position under the jurisdiction of CIAA. It provides CIAA for investigation and prosecution power on "improper conduct &amp; corruption". Under improper conduct, CIAA takes departmental action against public position holders. Under the "corruption" provision CIAA investigate and prosecute cases at the special court. CIAA also uses power to arrest a person who does not appear before CIAA within given time frame. It also can raid public offices and suspend public office holders if there is enough ground to believe that the accused may destroy evidence. It can acquire bank statements or freeze accounts. It is also mandated to update statement of public officials within stipulated timeframe.</p>	<ul style="list-style-type: none"> <li>It has made limited scope, which does not include judiciary, army, constitutional bodies, private sector and non-governmental agencies.</li> <li>Law also do not provide mandate to CIAA intervene policy decision of parliament, cabinet and judicial action of a court of law.</li> <li>Law does not provide mandate to take departmental action, it can only send a recommendation for departmental action.</li> <li>Law does not allow raising question on discretionary power. However, it can take action if decisions are taken in arbitrary manner.</li> </ul>

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<b>Corruption Prevention Act, 2002</b>	
This is a main law for corruption control. This Act covers only public sector corruption and public servants. It does not cover private and NGO sectors. Yet to criminalize corruption and bribery in private sector and bribery of foreign public officials and INGOs. It covers the disproportionate property and unusual life-style has to prove source of income. If fails to produce sources of income is subject to punishment up to 2 years imprisonment.	<ul style="list-style-type: none"> <li>Nepal has adopted a multi-agency approach to fight against corruption. Therefore, this law is exercised by different agencies, which have given mandate to investigate public sector corruption.</li> <li>Lack of uniformity in exercising this law provision varied in using by oversight agencies. However, CIAA has been active in filing corruption cases at the special court within its jurisdiction.</li> </ul>
<b>Audit Act, 1991</b>	
This Act empowers the OAG to conduct final audit of the Nepal government under its jurisdiction. It also empowers OAG to issue directives to the government offices on regularity, economy, efficiency, effectiveness and propriety.	<ul style="list-style-type: none"> <li>OAG has jurisdiction to audit only up to 70% of total annual budget. The local bodies are not in the purview of the OAG.</li> <li>OAG is dependent for its human resources and annual budget. There is visible conflict of interest i.e. Ministry of Finance is in ambit of OAG, and the same ministry controls its budget.</li> </ul>
<b>NVC Related Laws</b>	
NVC does not have a separate law to operate. It is established under the Corruption Prevention Act, 2002. However, it has mandate to work on preventive part of anti-corruption law and also to work on Good Governance (Mgt. & Operational) Act, 2008 and Rule 2008 and National Anti-corruption Strategy 2008 Sectoral Action Plan, 2010.	<ul style="list-style-type: none"> <li>NVC has been overshadowed by the CIAA activities.</li> <li>NVC needs to “strengthen” by promulgating its own umbrella act</li> <li>Make NVC accessible to general public.</li> <li>Intensify capacity building of its human resources.</li> </ul>
<b>Special Court Act, 2002</b>	
This law is specially enacted to look into corruption and money laundering cases. This is a single bench court with three judges and mandated to give their verdicts within 6 months from the date of filling the cases.	<ul style="list-style-type: none"> <li>Special Court does not have its own rule to fulfill its objective as expected, it follow the district court regulations.</li> <li>In the provision of the judges and bench, it has not been able to clear the corruption and money laundering cases.</li> <li>As a temporary nature of special court, government may dissolve by publicizing a notice in Nepal Gazette.</li> </ul>
<b>Revenue Leakages (Investigation &amp; Control) Act, 1995</b>	
DRI exercises this act along with half a dozen revenue related acts. These laws have given wide range of power to DRI. Revenue Leakage Act, 2005 provides DRI to investigate, prosecute and file case in the district court with prior approval from district attorney office against the economic crime and revenue leakages.	<ul style="list-style-type: none"> <li>Due to multi laws handling by the one agency may invite “misuse of the discretionary power” by the DRI authorities.</li> </ul>

**Table 6**  
**Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws**

Adopted approach to fight against corruption	Possible Gaps
<b>Prevention of Money Laundering Act, 2008</b>	
This law has been especially enacted to prevent and control the economic crimes, which include illicit traffics in narcotic drugs, illicit transaction of arms and ammunitions, extortion, financial support to the terrorist and terrorist organizations and human trafficking.	<ul style="list-style-type: none"> <li>■ This law is source of DMLI and Financial Information Unit.</li> <li>■ This is newly introduced law in Nepal has not yet been used widely.</li> </ul>
<b>Right to Information (RTI) Act, 2007</b>	
RTI act was formally acknowledged since the constitution of 1990, followed by RTI Act in 2007. This law has guaranteed to access information held by public bodies including all government organizations. It is a powerful tool to hold public bodies accountable, transparent, and to combat corruption and minimize irregularities in public bodies.	<ul style="list-style-type: none"> <li>■ This law is under utilization.</li> <li>■ Lack resources to promote RTI mission.</li> </ul>
<b>National Anti-Corruption Strategy and Work Plan, 2008</b>	
For the first time the government of Nepal adopted the anti-corruption strategy with action plan. It has 13 strategies with 38 work policies and 168 activities. Again, government adopted a comprehensive work plan of 34 government agencies with 483 activities to curb corruption.	<ul style="list-style-type: none"> <li>■ There is “<i>distinctive confusion</i>” on existing two different strategies in fighting corruption issued by the Government of Nepal: (1) Anti-corruption Strategy, 2008 with agencies-wise action Plan, 2010; (2) National Anti-corruption Strategy with Action Plan, 2012 monitoring by the Chief Secretary of Council of Minister.</li> <li>■ The first anti-corruption strategy issued by the cabinet in 2008 is focused on “<i>service delivery and prevention</i>” which does not directly reflect the corruption issues. So, first strategy may be named as “<i>Good Governance Strategy of Nepal Government</i>” and anti-corruption components may be transferred in the second strategy.</li> </ul>
<b>United Nation Convention against Corruption (UNCAC)</b>	
Nepal has ratified the UNCAC by legislature parliament in February 2011. This is an only law instrument to fight corruption globally. Corruption Prevention Act, 2002, Public Procurement Act, 2007 and Money Laundering Act, 2008 incorporates some of UNCAC provisions. The National Anti-corruption Strategy has envisaged amending 30 laws and formulating 6 new laws.	<ul style="list-style-type: none"> <li>■ To comply with the UNCAC, it has huge budgetary implication to amend 30 laws as well as draft six new laws and its implementations.</li> <li>■ “Nepalese laws have covered many issues related to prevention and criminalization of corruption. However, other issues like bribery of foreign public officials, INGO officials and private sector are missing in the laws”<sup>15</sup>.</li> </ul>

<sup>15</sup> Shrestha, M., et al. (2012), Gap Analysis UNCAC and its implementation in Nepal, Transparency International Nepal.

Table 6 Gap Analysis of the Nepalese Anti-corruption and Oversight Agencies and Laws	
Adopted approach to fight against corruption	Possible Gaps
<b>National Anti-corruption Strategy with Action Plan, 2012</b>	
GoN has adopted this strategy to address UNCAC. It consists of 15 strategies inclusive of 99 working activities out of which 34 tasks have to be worked out by CIAA.	<ul style="list-style-type: none"> <li>Has not yet been speeded up to comply with anti-corruption provisions in 30 existing laws and formulating 6 new laws (conflict of interest, whistleblower protection, international organized crime, mutual legal assistance, victim, witness &amp; expert protection, expatriation laws).</li> <li>Adopted in 2012 but government has not yet issued the progress updates.</li> <li>Due to the absence of effective “implementing, coordinating, monitoring and evaluating mechanism” in place, it has not been taken ownership by the government stakeholders.</li> </ul>

In summary: Weak program implementation, unpredictable budgeting, confusing jurisdiction, ineffective oversight function, imbalanced oversight structure, poor linkage with oversight agencies and weak institutional capacity are major problems in fighting corruption.

## 2.4 Stocktaking of Studies on Anti-corruption

This study has reviewed past studies related to corruption and anti-corruption in Nepal (Annex III). Most of the studies highlighted that proliferation of anti-corruption laws and agencies has resulted in lack of coordination, and duplication in fighting corruption. Overlapping functions and unclear jurisdiction caused poor performance of the anti-corruption and oversight agencies. Nepal has practiced multiple agency approach to fight corruption without putting proper coordination mechanisms in place.

Commonalities of previous findings are given in Table 7.

Table 7	
Sr. No.	Commonalities of Previous Study Findings on Corruption
1	Proliferation of anti-corruption laws and agencies
2	Limited mandate CIAA (excl. Judiciary, Military, Constitutional Bodies, Private Sector, NGOs)
3	Welcomed ratification of UNCAC which created space for reform
4	Revisit existing anti-corruption laws. Amend existing 30 laws and strengthen legal regime.
5	Merge "overlapping" oversight agencies
6	Enact new laws to comply with UNCAC
7	Strengthen oversight agencies (especially CIAA, NVC and Special Court), including enhance capacity of the oversight agency personnel
8	Strengthen motoring mechanism
9	Re-visit existing two "National Anti-corruption Strategies" issued by the OPMCM
10	DP support should be based on "need and demand" of anti-corruption agencies.

Source: Author's analysis.



# Chapter 3

## Major Anti-Corruption Interventions

### 3.1 National initiatives

In the past, successive Governments of Nepal established several high-level commissions and committees on administrative reform, judicial property investigation and corruption control. These have offered a number of proposals to tackle corruption, mainly institutional reform, preventive and corrective measures, strengthening CIAA etc. For example, the

Administration Reform Recommendation Committee has strongly advised a single institution to deal directly with corruption. The Judicial Property Investigation Commission has submitted a list of public officials who were found with unlawful properties. Some critical recommendations given by the respective commission/committee are presented in Table 8:

**Table 8**  
**National Anti-corruption Studies and Recommendations**

**Report on Recommendations given by "Administration Reform Recommendation Committee, 2071" (2014) for good governance (Some excerpts)**

1. By expanding the working areas of CIAA, corruption and unlawful acts happen in the private and NGO sectors should be incorporated in the working area;
2. Additional rights to be given to Department of Revenue Investigation and Department of Money Laundering Investigation by excluding these from the ambit of Ministry of Finance;
3. NVC should be managed through separate acts by maintaining its rights;
4. The corruption complaints should be investigated and dealt from a single place for proper management and economic utility of the complaints; and
5. Software based complaints management system should be adopted at all departments, where corruption cases are dealt.<sup>16</sup>

**CIAA's Annual Report, 2069/70 (2012/13)**

"Even though there is existence of National Anti-corruption Strategy 2008 and Plan of Action, Department-wise Plan of Action 2010 and UN Convention against Corruption (UNCAC), the implementation part is not effective. In the context of Nepal being the signatory of UNCAC, the existing strategy and plan of action should be reviewed by formulating new strategy and plan of action. The CIAA should take a lead in "Evaluation and Monitoring" process for the formation of Anti-corruption National Strategy and Plan of Action."<sup>17</sup>

"The concerned departments should take an attempt to end corruption for maintaining good behavior of the government officials by executing the policy of preventive endorsing the actions against corruption".<sup>18</sup>

<sup>16</sup> Report on "Administration Reform Recommendation Committee, 2071", Government of Nepal

<sup>17</sup> 23rd CIAA Annual Report, 2069/70, Ch.16, recommendation to control corruption; under Policy Design, part No.3, p486-87

<sup>18</sup> 23rd CIAA's Annual Report, Chapter 16, under Promotional program No. 2, pp492

**Table 8**  
**National Anti-corruption Studies and Recommendations**

**Recommendations given by the Judicial Property Investigation Commission, 2060 (2002)**

In 2002, Government of Nepal formed a Judicial Property Investigation Commission led by Bhairab P. Lamsal, Former Supreme Court Judge, to investigate the property of all post – 1990 politicians, bureaucrats and officials of constitutional bodies and government corporations. The Commission submitted the government a list 30,500 public officials those who have submitted the property details. Out of which 80 political leaders including bureaucrats were found unlawful property. So the Commission recommended taking immediate further action against them. Similarly, it had also given additional name list of 602 whom to be investigated further.<sup>19</sup>

**Corruption Control Recommendation Committee, 2056 (2000)**

"In the history of Nepal, first ever High Level Recommendation Committee was formed under the leadership of CA Member, Mahadev Yadav. The committee submitted its recommendations to the GoN on Chaitra 9, 2056 BS for controlling corruption in terms of reforming some acts, organizational and procedurals improvements. The major recommendations were: Ignorance of national integrity; inadequate provisions in the legal acts of corruption control; passive implementation of existing laws; corrupts and criminals influence in politics; costly election and politics taken as economically beneficial professions; downgrading of moral values and ethics in the society; influence of vested interest; no care towards the need and status of society; attitudinal problems of the policy makers; politicization of administration; leadership apathy towards controlling corruption; no alertness of leaders towards corrupt tendency; no public pressure due to lack of awareness; no alternative of public service; expended roles of the government and no boycott of corruption by the society".<sup>20</sup>

**Recommendations given by Administration Reform Commission, 2048 (1992) to control corruption**

**Preventive measures:** The government procedures should be easy and transparent. The existing regulations should be made flexible in industry and commerce sectors. The salary, allowances and pension of the staffs should be reviewed in line with the price and economic recession. Non-residence officials on the duty station should be given residence facilities. The property details should be updated and its monitoring should be done.

**Corrective measures:** The concerned department head should take major responsibility to identify the corruption happen in his/her department. If he/she ignores it then they are also be eligible for actions. The actions should be given to the cases if found corruption in the audit reports and in supervision. Big tenders' selection and decision should be done in accordance with the basis of evaluation and the basis of evaluation should be transparent. It should come in public notice. Details of property: The actions should be taken to the staff if they have not filled the property detail forms and have updated their properties. The senior position hold staffs' property records should be updated by the secretary office of the cabinet.<sup>21</sup>

**Royal Justice Reform Commission, 2040 (1986)**

"The Royal Justice Reform Commission was formed to control the rampant corruption in the country. The recommendations given by the commission were: The corruption is prevailed from survey estimation to approval of the construction. The delay-daily in the process obliges the public and makes them compel to give bribes. Even the influence is there to effect judicial decisions. If the virus of corruption will be spread out then there will be the adverse relationship between people and state. It will directly hamper to the existing moral values of the society. Thus, such devastating – situation-produced corruption (a disease) should be made correct."<sup>22</sup>

<sup>19</sup> Kantipur Daily, 4 Jestha 2060.

<sup>20</sup> Thapa, H.B. (2060), *Bhrastracharko Sallyakriya*, (revised edition).

<sup>21</sup> Suggestion given to the Nepal Government by the Administration Reform Commission 1991 to control the corruption.

<sup>22</sup> Thapa, H.B. (2060), *Bhrastracharko Sallyakriya*, (revised edition).

**Table 8**  
**National Anti-corruption Studies and Recommendations**

**Recommendations given by Administration Reform Commission, 2032 (1976) to end corruption**

- 1) Those officials who do corruption should be fired from jobs. Besides, both giver and receiver in the corruption case should be brought into the action of the court.
- 2) There is a prevalence of black market, cheating, illegal supply, cheating in contractual conditions and economic crimes in the society. The impunity on such crimes is being fostered. The laws are also not pragmatically formulated. Thus, there is a need to formulate laws pragmatically in order to action against corruption and corrupt people. The compulsory imprisonment system should be developed to control the forms of corruption.
- 3) Corruption cannot be ended through the investigation of administration. From political level, “Return to Village National Campaign” should be initiated.
- 4) The appeal system is there in the case of corruption from special court to Supreme Court. This system has been supporting to make ineffectiveness of the corruption cases. There is a need of the provision where immediate action, single decision actions type of professional court should be ensured.<sup>23</sup>

A concern is that the commissions and committees are formed without considering proper implementation and monitoring mechanism. Recommendations are only partly implemented.

### 3.2 Good practices of Government Agencies

In the past, the Government of Nepal has introduced various initiatives to curb corruption. These initiatives involved issuing different policies, annual plans and programs to curtail corruption. The Approach Paper to the Thirteenth Plan (APTP) issued by the National

Planning Commission (NPC) has highlighted “*zero tolerance against corruption*” through integrated manner by coordinating with the responsible agencies. These institutions include private and NGO sectors under the corruption control measures. The Nepal Government Annual Policy and Program of 2071-72 (2014-15) has also highlighted ‘zero tolerance’ against corruption through preventive measures, which includes capacitating NVC and supporting CIAA with necessary measures.

Many respondents appreciated that Nepal has adopted a “*zero tolerance*” policy against corruption. The majority of the respondents have opined that poor public financial management and rampant corruption are bottlenecks for the rule of law and aid effectiveness. Respondents appreciated the strong commitment of the government to improve public financial management and procurement system with support from DPs.

Nepal's government signed the United Nation's Convention Against Corruption (UNCAC)<sup>24</sup> on 9 December 2003, and the Legislature Parliament ratified it on 24 February 2011. An anti-corruption strategy with special focus on UNCAC compliance was adopted in 2012. The Office of the Prime Minister and Council of Ministers (OPMCM) was designated to be the focal point in implementing the strategy. The review process of Nepal's implementation of UNCAC<sup>25</sup> is underway. It is expected that this process will provide a solid basis to address current challenges. The Public Expenditure and Financial Accountability (PEFA) assessment has provided important inputs to this task.

<sup>23</sup> Suggestion given to Nepal Government by the Administration Reform Commission 1975 to control the corruption

<sup>24</sup> UNCAC is the first legally binding international convention which aims to address global corruption. Ultimately, UNCAC aims to promote and strengthen measures to prevent and combat corruption more efficiently. It also aims to promote, facilitate and support international cooperation and technical assistance.

<sup>25</sup> Chapter 3 and 4.

OPMCM initiated “Hello Sarkar” (Hello Government) Unit in 2012 led by Joint Secretary with 17 staffs working around the clock to collect direct complaints from the general public. This initiative created hope among the general public and was taken as an alternative avenue to file complaints about corruption and poor service delivery from all over the country. More than 31 000 complaints were registered within a very short period of time. The unit installed a ‘Toll Free’ number to collect grievances, making it affordable and accessible. After appointment of the CIAA commissioners in early 2013, the complaints at the Hello Sarkar declined drastically.

In order to encourage a greater number of citizens to file corruption incidents, the CIAA also installed a ‘Toll Free’ number for complaints, along with engagement in social media, particularly Facebook. It is notable that recently the Office of the Auditor General of Nepal has developed guidelines to engage civil society organization in the auditing process to ensure transparency and accountability in the auditing function.

As part of the Good Governance Act 2008, every public agency was required to place a Citizen Charter and Complaints box at their institutions, and ensure they are visible and accessible to the public. However, the public was not interested in reading the citizen charter and dropping off written complaints. Hetauda Land Revenue Office took a different approach and introduced the “audio citizen charter”, while other similar offices introduced the “video citizen charter” to make the charters more user friendly. The impact of these initiatives have not been studied. The majority of respondents opined that people’s grievances are not properly heard or addressed by frontline service providers.

Ministry of Federal Affairs and Local Development (MoFALD) and Ministry of Education have conducted Public Expenditure Tracking Survey (PETS) to measure the impacts of their respective program interventions. The OPMCM along with MoFALD, Ministry of Education and Ministry of Health have issued public hearing, public

audit and social audit directives to promote transparency and accountability of the local bodies (VDC, DDC and municipalities) ultimately aiming to improve the frontline service delivery. However, several studies, along with the LGCDP’s impact and MCPM reports, have highlighted that the compliance level of those directives are not at a satisfactory level.

The Government has established CIAA outreach offices in five regions with five liaison offices to curb corruption. Recently the CIAA resumed its delegated authority to Chief District Officers and Regional Administrators to expand CIAA’s presence on the ground and improve citizen access. The PPMO has initiated e-bidding for construction contracts aiming to enhance transparency and accountability. The Government also formed a high level Civil Service Reform Recommendation Committee in early 2014 to advise the government on ways to initiate reform on overall governance shortfalls.

The Government has introduced comprehensive reform packages aimed at tackling corruption. In recent years, the Government and DPs have initiated some important steps to fight corruption in line with UNCAC and PEFA. Nepal has promulgated numerous anti-corruption related laws and established numerous anti-corruption and oversight agencies. Despite all these efforts, corruption is still widely accepted, and a major impediment in the development of Nepal. The effectiveness of anti-corruption activity is reflected in results. Unfortunately, the results up to now are disappointing.

### 3.3 Good practices of Development Partners

The development partners’ (DP) cooperation has been more effective and structured in the past few years. More than a dozen major DPs working in Nepal have issued Basic Operating Guidelines (BOG) as a memorandum of understanding document among DP agencies as well as INGOs. It has facilitated in building an image of neutrality and impartiality, working in a post-conflict context.

DPs have also declared their goal of aligning their policies towards GoN's 10th Plan and the Poverty Reduction Strategy.<sup>26</sup> The Association of International NGOs (AIN) has been a driving force for civil society coordination and networking. The initiation of the Local Governance and Community Development Program (LGCDP), Rural Community Infrastructure Works (RCIW), Decentralization and Local Governance Support Program (DLGSP) and Governance Facility are some notable initiatives of DPs to augment a coordinated approach.

DPs have also commenced in harmonizing Terms of Reference for their respective auditors. They promoted social accountability tools such as public hearing, public audit, social audit, public expenditure tracking, citizen report card, community scorecard and the right to information as means to enhance transparency and accountability. Initiatives have also been taken in order to improve their partner organizations' internal governance. DPs have made an effort to ensure transparency in selecting NGOs for funding, practice impartiality and declare conflict of interest as required.

Donor agencies working in Nepal have introduced a number of anti-corruption interventions through anti-corruption bodies, NGOs and media organizations. However, the interventions are sporadic in nature, and sustainability of the activities is always challenging.

DANIDA/HUGOU, DFID, USAID and ADB have been providing support to the CIAA, NVC and some Government Ministries for their institutional capacity development. A number of anti-corruption initiatives were undertaken by DFID, such as the anti-corruption project from 2005-2008 in 10 districts of Nepal. The project aimed to reduce corruption by mobilizing civil society and helping the CIAA and the Government of Nepal. Likewise, SDC has funded for good governance

project to improve governance for almost 12 years. DANIDA/HUGOU has also funded a number of small initiatives. The Norwegian Embassy has funded Transparency International Nepal for anti-corruption awareness building and research work.

In April 2013, the Ministry of General Administration (MoGA) and UNDP launched a Project to Prepare the Public Administration for State Reforms (PREPARE) which aims to contribute towards building capacity of civil service to meet the needs of inclusive federal constitution and government structure. One of the key outputs of the project is to ensure accountability, transparency and responsiveness of the civil servants and the constitutional bodies.

Development partners have formed an "Anti-Corruption Working Group" under the International Development Partners Group (IDPG) to increase coordination and strengthen anti-corruption measures in Nepal. DPs are trying their level best to explore opportunities of working more jointly with government and civil society on anti-corruption issues.

Details of DP anti-corruption initiatives are given in Annex II.

### 3.4 Roles of non-state actors in combating corruption

#### CSOs as watchdog

Combating corruption is not a task for the government alone. CSOs must be thoroughly involved in anti-corruption awareness building, monitoring and reporting on standards of government. To ensure the effective use of public resources, civil society needs to play a key role in setting priorities, monitoring the use of resources, influencing government directives, policies, and demanding accountability and transparency to mitigate corruption. They must also be participating in this fight by refusing to pay bribe or collude with corrupt public officials. Individuals and CSOs need to stay alert, demanding the highest ethical standards and resolving

<sup>26</sup> Singh, Amina (2007), *A Discussion Paper on Donor Best Practice Towards NGO in Nepal*, NCG/ODC-IDMS

to reject corruption wherever it appears. Civil society can play a vital role in re-shaping attitudes, reverse public apathy and tolerance for corruption and monitoring social and ethical performance of the public and private sector officials. Overall, CSOs are useful in advocacy, awareness, capacity development and research.

Nepal has an active civil society. The Global Integrity Report, 2010 stated that Nepalese civil society, public information and media are categorized as strong, while CSO were rated as very strong. Public access to information is rated as moderate. General public have a legal right to access information, but the government has not yet developed proactive disclosure policies. Constitutional freedom of association and freedom of information legislation has played a tremendous role in CSO engagement in people centered advocacy work.

In particular, service delivery monitoring by CSOs has been found effective in enhancing accountability at the local level. The majority of the respondents in this study found that local citizens have been informed about the plans, programs and budgetary provisions of the frontline service providers. The citizens are also empowered to seek information and file grievances. The public hearing and public audit tools are found useful to provide a platform for the local citizens to have dialogue with public service providers.

Some example of CSO involvement in anti-corruption activities:

- NGO Federation Nepal (NFN) has a national level network in all 75 districts and 17 different federations are member of the NFN. It is also considered the largest umbrella organization of the NGOs. The working natures of NFN members are diverse. However, many NGOs have not taken the membership of the Federation. NFN has received funds from DFID and European Union. It has issued a nine point Code of Conduct for its members as a self-regulatory measure. However, mechanisms to ensure accountability and transparency of CSOs are weak.

- Transparency International Nepal: Transparency International Nepal (TIN) is a national chapter of the Berlin based Transparency International network working for a transparent and corruption-free society. TIN's Strategic Framework 2013-17 is a holistic plan designed to tackle corruption using a multi-pronged approach. TIN work with advocacy, intervention, and cooperation with constitutional and governmental anti-corruption agencies, while also focusing on internal governance and management; along with promoting values through a set Code of Conduct. It has a network of 22 affiliated organizations in different districts of Nepal.
- Forum for Protection of Public Interest: This organization has launched good governance and anti-corruption programs in the past. Its main involvements were in good governance advocacy, which produced a number of good governance related studies, TV and radio programs and bulletins. However, in recent years its involvement in anti-corruption and governance advocacy initiatives has declined.
- Good Governance Foundation: GoGo Foundation's ultimate aim is to promote good governance through fighting corruption in Nepal. It has district and regional level network with local media and CSOs, and works in collaboration with Good Governance Defender Clubs formed in various districts. The Foundation has adopted a number of internal governance related policies. It has worked with CIAA, NVC, OAG, NIC and DoA on anti-corruption promotion activities. It has also helped to form a National Coalition against Corruption (NCaC).
- The National Campaign against Corruption and Sishnupani Nepal are raising anti-corruption issues and occasionally organize anti-corruption demonstration activities in various parts of the country. Sishnupani Nepal has worked with NVC and CIAA.

### Media as watchdog

The freedom of expression has been enshrined in the Nepalese Interim Constitution Article 12.3(a) and other

laws. The legal framework has provided ample opportunity for the media to develop independently and in a diversified way over the past 22 years. There are no restrictions to broadcast radio, television and print media entities. More than 350 FM radio stations and 15 plus TV stations are in operation. Broadcasting media signal covers 86% of the population and 70% of the geographical areas. Around 6000 daily and weekly newspapers are registered in the country. The media produces reports and programs on a range of local languages.

The media is recognized as a strong mechanism to expose corruption and to build support on the efforts to combat corruption. Media has been keeping legislature, executive, judiciary, and private sector to account by monitoring corruption and all forms of corrupt practices.

Media related organizations have been contributing in fighting corruption both directly and indirectly. For example, the Center for Investigative Journalism and Nepal Press Institute has been involved in training, fellowships and production of materials on corruption, feature publication and investigative journalism in corruption. However, due to business motives of media organizations, journalists are not encouraged to practice journalist freedom. Media houses are not transparent and more tilted towards business than public services. So, Nepalese media provide limited space for corruption and governance issues.

### Private Sector

The independence of private companies is ensured in law. However, private sector has not given priority in combating corruption. They are weak in corporate governance in practice.<sup>27</sup>

The private sector is considered to be the '*supply side*' of corruption. Federation of Nepalese Chamber of Commerce and Industries (FNCCI), with the support of DFID, launched a project in 2003 with the intent of involving private sector in anti-corruption activities. However, the project ended before implementation and only the draft of 'Codes of Conduct' for the FNCCI was created. The majority of the interviewees have stated that the Government of Nepal needs to be engaged with the private sector to mitigate loan default, fraud in banking and money laundering, all of which are pressing issues in Nepal.

The private sector could potentially have a key role in tackling corruption. Though FNCCI has established a Corporate Ethic Forum, it has so far been ineffectual. There is a lack of corporate good governance in the country. The private sector also suffers from political and bureaucratic interferences and vested interest groups. The lack of anti-corruption policy implementation and the weak relation with civil society organization has also hampered the role of the private sector in the fight against corruption.

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<sup>27</sup> National Integrity System Assessment Nepal, 2014, TI Nepal



# Chapter 4

## Study Findings

The main findings of this report can be summarized as follows:

### 4.1 Proliferation of laws and agencies, and lack of coordination

Nepal has issued a number of anti-corruption related laws and strategies, and established several oversight agencies to implement them. However, the lack of collaboration and coordination between the agencies are major obstacles for the effectiveness of anti-corruption reform. The majority of the focus group discussants highlighted the immediate need of adopting multi-pronged comprehensive approaches with punitive, preventive and promotional interventions to tackle the problem.

Due to the nature of the “multi-agency approach” of the government in fighting corruption, there has been a major problem of coordinating among various oversight agencies. There seems to be weak organization amongst the agencies, as well as between the anti-graft bodies, media and CSOs. To fight corruption there is need to advance a constructive dialogue and collaboration between government partners, private sectors and civil society organizations to achieve a common goal. It is noteworthy that countries like Singapore, Hong Kong and South Korea have practiced a single agency approach in dealing with corruption.

A number of key interviewees have declared that CIAA is the primary investigation and prosecution agency, as it is heavily preoccupied in the investigation of the corruption cases. Hence, the prevention and promotion part of the activities may be shifted to the NVC while CIAA should focus on investigation and prosecution. As mandated by the Constitution, the CIAA needs to be strengthened

to deal with all kinds of corruption cases. The remaining agencies could be rearranged or merged by considering their relevance and cost effectiveness.

### 4.2 Lack of political will

Lack of stable government in the transition period, and wide social acceptance of corruption practices are big obstacles in the fight against corruption in Nepal. To tackle the issues, Nepal needs to move forward to end impunity and foster a comprehensive social movement in the country. Similarly, rationing of the oversight agencies and introducing high skilled prosecutors to investigate the complicated corruption cases is vital. Tackling petty corruption is important to improve public service at the frontline offices. Big scale corruption is often cross border, which demands international collaboration.

To reduce corruption, there must be strong political commitment. The respective political parties' manifestos, along with the successive governments have made ample promises to fight corruption, but when it comes to the implementation, the promises seem to be empty. The political will to control corruption must be reflected by making provisions in the new constitution, covering legislatures, political parties and the overall system of governance.

### 4.3 Independence of anti-corruption agencies

As constitutional bodies, the CIAA and Office of the Auditor General (OAG) have a clear mandate of its commissioner and auditor general's appointment, dismissal and tenure. However, these bodies are not given operational independence because

they have to rely on government for human resources and budget, which directly affects the institutional capacity of these bodies. These agencies need to have a predictable budget or a guarantee of budgetary stability.

OAG's employees are hired under special service cadre and they work at OAG on deputation of the Finance Ministry. Except for the Commissioners, the CIAA depends on employees working under the influence and posting of the government. The subordinate staffs have many practical difficulties in dealing with the senior officials involved in scam and corruption activities. Realizing the need to recruit its own staff, the CIAA has been demanding for a law to empower and hire its own cadres. Key interview respondents have voiced that having the Commission's own cadres will bring effectiveness to the CIAA. In order to establish corruption as offence in the court of law, the CIAA needs to have a separate panel of lawyers to deal with the complicated cases. The respondents underscored the need for action against policy level corruption. Respondents found that the CIAA has focused mostly on petty corruption. CIAA has been depicted as an independent constitutional body but lacks functional independence in terms of budget and human resources, and limited jurisdiction has hindered in potential use of its strengths.

The recent UNDP study<sup>28</sup> *Review of Policy Environment for Anti-corruption drive in Nepal*: Roles of CIAA recommends that DRI and DMLI should be eliminated from the ambit of Ministry of Finance in order to avoid conflict of interest. To ensure effectiveness of these two departments, the option of a merger may be applied in the ambit of CIAA.

#### 4.4 Resource Limitations and Retention of Human Resources

Constitutionally, the President of Nepal appoints the Chief Commissioner, Commissioners of CIAA and the Auditor

General upon the recommendation of the Constitutional Council. However, all personnel are part of various civil and special service cadres. These cadres belong to administrative, judicial, account, police and various other services. The employees are given a position in the CIAA for a certain period and are then transferred as per the general procedure (ref. Civil Service Act). It has been felt that the human resources deputation system has not created a sense of loyalty and belonging to the commission.

The personnel turnover is very high. Due to frequent transfer, it becomes very challenging and expensive to develop long-term personnel development programs. Due to heavy work pressure, there is lack of peer learning, sharing of knowledge, challenges and experiences of case studies within different unit staffs. CIAA requires mandate, governing laws, and expertise in terms of handling complex corruption cases like banking frauds, money laundering, assets tracking and financial frauds etc. It does not have an in-house pool of expertise to prepare strong evidence-based corruption cases. It lacks attorneys to investigate and plead the cases in both the Special and the Supreme Court. CIAA staffs also face the challenge of inadequate lab facilities to carry out preliminary investigation. It does not have a strong forensic lab and required scientific equipments. If there is a serious corruption case to deal with, the Commission has to outsource the work to the professionals.

Coming from other disciplines, it takes time to adapt to CIAA's working nature. Most frequently, it turns out that employees have been transferred to CIAA without their interest and willingness. This results in problems with motivation, and hampers their work. CIAA has limited control over the transfer of these employees, and due to their short time in the organization they may not feel a great sense of commitment towards the CIAA. In many instances, the Commission faces technical problems in mature corruption cases against the high-level government officials as they lack stable investigating officers.

<sup>28</sup> Khadka, Kedar (2014), "Review of Policy Environment for Anti-corruption Drive in Nepal: Roles of CIAA", UNDP's PREPARE Project, Kathmandu, Nepal

#### 4.5 Ineffective Departmental Action

Due to the procedure laid down in the Civil Service Act, departmental action has been ineffective because without concurrence from Public Service Commission (PSC) departmental action against a civil servant cannot be taken. The PSC recruits the civil servants, and was conceived as a protector of the interest of civil servants. By nature, PSC is not an investigating agency, but there seems to be some dilemma regarding its principal issues. Civil Service Act has also provisioned a competent senior authority to take departmental action on charges of misconduct, which is not exactly an “*abuse of authority*” as defined in the law. Therefore, there remains a gap between “*misconduct*” and the “*abuse of authority*” in understanding the differences.

A study named the Implementation and Effectiveness of Departmental Action against Civil Servant conducted by the INLOGOS<sup>29</sup> revealed that only 40% of the departmental actions recommended by the CIAA were implemented by the senior authority of the civil servants. The report revealed that senior authorities hardly take departmental action against their junior due to their inter-personal relationship along with their high-level power connections.

#### 4.6 Civil society involvement

The civil society can play a catalyst role to fight corruption and mobilize pressure towards reform, which should not be underestimated. The majority of the interviewees stated that empowering the citizenry is greatly needed for efficient anti-corruption campaign. Anti-graft agencies and the government should work in partnership with civil society to tackle corrupt practices, strengthen public institutions and foster an anti-corruption culture in society.

The informants strongly stated that the strengths of the civil society organization have been underused in fighting corruption, and that this can be promoted to a greater scale. So far, government and oversight agencies have not optimized the potential use of their strengths to curb corruption. Nepalese CSOs are more visible and are seen to claim their space and express their views. A catalyst for this has been the role of independent media, which has provided a platform. However, CSOs that are engaged in advocacy and those who articulate positions that are critical of the government are often labeled as “*opposition supporters*” and therefore have limited space within which to operate their activities.

The government encourages the anti-corruption activities of CSOs but does not provide any direct funds to fight against corruption. Due to the inconsistent nature of funding available for CSOs in fighting corruption, strategic thinking and actions are limited. There is limited job security in CSOs, and heavy staff turnover. CSOs’ internal governance is also fragile which has affected its ability to hold the government accountable and contribute to policy reform.

The CIAA law is given mandate to maintain essential coordination with the national and international institutions established with the objectives of control, prevention or to enhance mutual relation and cooperation with such institutions. The CIAA’s rule also provides mandates to form a Coordination Committee comprising of representatives of NGOs and civil society in order to conduct studies research and other promotion activities on the subjects deemed to be appropriate.<sup>30</sup> It can be considered that the law has given legal mandate to the engagement of civil society in the fight against corruption. However, being an investigation and prosecution agency, there are limitations to CIAA partnering with CSOs.

<sup>29</sup> Study on Implementation and Effectiveness of Department Action (2006), Institute of Local Governance Studies (ILOGOS), Nepal.

<sup>30</sup> CIAA Rules, 2002 No.35 (1&2).



# Chapter 5

## Recommendations

Based on the review and analysis of anti-corruption initiatives, laws and agencies, focus group discussion and interviews with key informants, the following recommendations are drawn on possible collective entry points for development partners and government of Nepal (short, medium and long term):

Sr. No.	Collective Entry Points for Development Partners and Government to Curb Corruption in Nepal	
	Government of Nepal	Development Partners
<b>A</b>	<b>SHORT TERM INTERVENTIONS</b>	
1	Form a “Task Force to Review National Anti-corruption Strategies” to avoid duplication and confusion of its activities and indicators among the line ministries on two different strategies.	Support to revisit the existing two separate “National Anti-corruption Strategies” which were issued in 2008 and 2012 by the Council of Minister to avoid dualism and follow-up for action.
2	Form a “Task Force to Rationalize the Oversight Agencies” to discourage proliferation of the anti-corruption and oversight agencies to avoid further duplication and conflict of interest among agencies on corruption control. Develop and strengthen coordination and monitoring mechanism of anti-corruption and oversight agencies.	Support to encourage government of Nepal to initiate merging of NVC and PPMO to avoid duplication of work. And to bring DMLI and DRI under the ambit of the CIAA or form a separate body to end conflict of interest with Ministry of Finance.
3	Expedite to promulgate “Whistleblower Protection Bill” and amend exiting “Corruption Prevention Act and CIAA Act” along with the other corruption related laws to comply with the UNCAC.	Support to gear-up to promulgate “whistleblower protection bill” which is lying at the concerned ministry.
4	Explore possible cooperation from development partner organizations to “upgrade competence” of human resources to tackle the complex “money laundering and corruption cases”	Support to strengthen capacity of the human resources for quality investigation to prepare “charge sheet” of the oversight agencies to tackle the “modern crime”.
5	Form a “Task Force to Restructure CIAA” to improve investigation and prosecution function of the CIAA.	Support to “restructuring and prioritizing of CIAA’s punitive, preventive & promotional” function”
6	Upscale the “performance audit” initiatives of the OAG.	Support OAG to implement “Guideline on CSO Engagement in Auditing Process” to improve audit quality

Sr. No.	Collective Entry Points for Development Partners and Government to Curb Corruption in Nepal	
	Government of Nepal	Development Partners
7	Explore possible cooperation to identify “ <i>corruption prone zone</i> .”	Support to identify “ <i>corruption prone zone</i> ” to upscale anti-corruption prevention and advocacy activities.
8	Identify and develop relationship with change agents, such as NGOs, anti-corruption champions, private sectors and professional associations, and seek opportunities for collective actions to scale- up anti-corruption initiatives.	Support to anti-corruption groups, networks, and coalitions from grassroots to mainstream anti-corruption agenda at the national level.
9	Encourage citizen centric “ <i>anti-corruption initiatives</i> ” of the CSOs right from grassroot to policy level.	Support to citizen centric advocacy through educating the public to change values which encourage corrupt practices through transparency, accountability and right to information aiming to reduce corruption in the public and private sectors.
10	Simplyfy the anti-corruption laws (translating and paraphrasing) and distribute simplified laws through public forums to making aware of “ <i>knowing anti-corruption law provisions</i> ”.	Develop and implement “ <i>sensitisation programmes</i> ” for law enforcement agencies, judiciary, politicians and the public at large on the role of journalists.
11	Encourage and facilitate to publicize “ <i>Annual Anti-corruption Year Book</i> ” by the independent and credible organization dedicated to fighting corruption.	Support to publicize and disseminate “ <i>Annual Anti-corruption Year Book</i> ” for proper documentation and analysis of corruption cases, prevention initiatives and prosecution.
<b>B MEDIUM TERM INTERVENTIONS</b>		
1	Form institution-wise “ <i>Task Force to Strengthen Record System</i> ” of the CIAA, OAG and NVC respectively.	Support to enhance “ <i>monitoring and record keeping</i> ” system of the CIAA, OAG and NVC to update “ <i>offence and penalty records</i> ” in order to strengthen institutional memory.
2	Initiate to extend the CIAA's jurisdiction to bring judiciary, constitutional bodies, military, private sector and cabinet decision within the ambit of the Commission.	Support to advocate to expand ambit of CIAA to comply with UNCAC provision.
3	Initiate to bring total government budget along with the local bodies (DDC, VDC and Municipalities) in purview of the OAG auditing.	Support on creating monitoring mechanism of public expenditure and updating annually to create accountability of public funds by government, CSOs and development partners.
4	Initiate to address corruption at the public work place by institutionalization of anti-corruption measures such corruption prevention plans and corruption risk assessment. Initiate to introduce anti-corruption models in curricula in all educational and training institutions.	Support initiatives addressing issues that affect service delivery such as nepotism, laxity in the work place, irregular promotion and recruitment.

Sr. No.	Collective Entry Points for Development Partners and Government to Curb Corruption in Nepal	
	Government of Nepal	Development Partners
5	Encourage/facilitate CSOs in fighting corruption, and encourage private sector to take “disciplinary action” against their members who indulge in corruption and financial irregularities.	Continuation of supports to the civil society’s anti-corruption initiatives, media and investigative journalists to enhance constructive civic engagement in curbing corruption.
<b>C</b>	<b>LONG TERM INTERVENTIONS</b>	
1	Strengthen “national level monitoring mechanism” to ensure proper compliance of the anti-corruption and oversight related laws.	Support to strengthen oversight agencies to implement Corruption Prevention Act, Money Laundering Act, Good Governance Act and Right to Information Act as envisioned.
2	Form a “Special Task Force” to expedite to promulgate (i) witness protection, (ii) mutual legal assistance, (iii) assets recovery, (iv) party financing, (v) extradition, (vi) conflict of interest, (vii) whistleblower protection etc laws from legislature parliament to comply with UNCAC provision.	Support to create enabling environment to formulate/ promulgate new laws i.e. (i) witness protection, (ii) mutual legal assistance, (iii) assets recovery, (iv) party financing, (v) extradition, (vi) conflict of interest, (vii) whistleblower protection etc.
3	Form a “Special Task Force” to establish a “Constitutional Body Service Commission” as specialized agency to recruit staffs to ensure independent of commissions ultimate aiming to end the conflict of interest. Promulgate appropriate law to ensure budgetary independence of the oversight agencies through ensuring 0.1 to 0.2 percent of the annual budget.	Support to advocate “Independence of Anti-corruption and Oversight Commissions” i.e. CIAA and OAG.
4	Explore possible cooperation from development partners for technical support to strengthen asset recovery and anti-money laundering.	Provide technical support to strengthen asset recovery and money laundering cases.
5	Facilitate to strengthen existing government initiatives in revenue generation, asset declaration, public procurement and e-bidding etc.	Support to automation of the oversight agencies to scale-up transparency and accountability.
6	Encourage/facilitate to conduct “Annual Anti-corruption Perception” by the independent and credible organization dedicated in fighting corruption to set “national anti-corruption benchmark”.	Support to conduct corruption perception survey and form sectoral and regional anti-corruption networks
7	Encourage/facilitate CSOs to engage general public to promote “zero tolerance” against corruption as provisioned in the CIAA’s rules and OAG’s CSO guidelines.	Continuation of support to the civil society’s anti-corruption initiatives, media and investigative journalists to enhance constructive civic engagement in curbing corruption.



# Annexes

## Annex I: REFERENCES

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- 4) Code of Conduct for Officials and the Staff of the Commission, 2008
- 5) CIAA Procedure 2009 and Investigation Guidelines, 2006
- 6) Good Governance (Management and Operation) Act, 2007 and Rules, 2008

- 7) Prevention of Money Laundering Prevention Act, 2008 and Rules, 2009
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- 9) UN Convention against Corruption 2003
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## Annex II: Development Partner Initiatives on Anti-corruption

Details of the Initiatives			
Time Frame	Donor	Project	Major interventions
2000-2012	SDC	Good governance Project (Four Phase)	Intensive media advocacy, capacity building, networking and promoting social accountability tools like public hearing, public audit, citizen score card etc. The project has created more than 6,300 good governance defender clubs throughout the country (intensively worked in 9 districts).
2008-2010		Support to Anti-corruption Institutions	Develop web-based central information system at DRI; computer aided audit system; establishment of conference system with recording facility at the Public Account Committee; prepare final audit guidelines for DDC-incurred expenditure tailor made software for managing asset declaration form, knowledge sharing tour, design website, publish landmark rulings and draft regulation of special court and training on money laundering etc.
2009-	DFID/ESP	Advocacy & Legal Advice Centre (ALAC) Project	Provide anti-corruption legal advisory services to the victims and witnesses of corruption through hotline.
2008-2009	DANIDA	Corruption in Judiciary	Not available.
2007-2008	DANIDA	Value-based Good Governance Project	Form budget monitoring groups in the village and ward level, organize orientation, public audit and situation analysis and capacity building (in 3 districts)
		Establishing Corruption Free Zone	Establish anti-corruption networks in the districts & anti-corruption enabling centers at the VDC level to monitor corruption to increase public awareness against voice of corruption (in 3 districts).
		Combating Local Level Corruption	Anti-corruption advocacy (in 5 districts)
		Promoting Local Governance for Effectiveness of Service Delivery	Form pressure groups in each district to monitor delivery of public services, training workshops and discussion program at the local & national level.
		Good Governance & Anti-corruption in Municipalities	Capacity building and awareness building activities in the municipalities.
2006-2007	DANIDA	Media initiatives for Civic Resistance against corruption	Media education, media research and capacity building of media personals.
		Gender and Corruption	Capacity building of gender against corruption, media publication and awareness campaign.

Details of the Initiatives			
Time Frame	Donor	Project	Major interventions
2004-2005	USAID	Strengthening of Rule of Law and Respect for Human rights	Development of strategic plan of National Judiciary Academy, manage archives, operationalize court referred mediation, improve case management & address chronic cases, organize regional conference, training for CIAA & NVC staffs & journalists, prepare anti-corruption celluloid films and also provide some grants.
2004-2006	ADB	Strengthening Project Implementation & Quality Assurance	Capacity development for NVC staff on technical audit, update manuals for highway & feeder roads, water supply & sanitation building & urban development & develop technical manuals for irrigation, rural road projects etc.
2004-2006	DFID/ESP	FNCCI Anti-corruption Project	Form Corporate Ethics Forum, establish a complaint hearing unit, develop codes of conducts & conduct business ethics & corporate social responsibility programs.
2005-2008	DFID/ESP	Civil Society Anti-corruption Project (in 10 districts)	Strengthen CSOs and government staff capacity to promote zero tolerance against corruption, media campaign and research on impact of CIAA's department action and comparative study on CIAA's annual reports (in 10 districts).
2001-2005	ADB through SDC	Governance Reform Program	Established Efficiency Unit at the ministry of finance and & Change Units at the ministry education, health & agriculture. Computerized system for personnel mgt. & support to strengthen CIAA & establish special court, asset declarations & refinement to pay policy & new wages scale, performance based incentive system. Program also supported for whistleblower protection & money laundering bill & Civil Service Act 2007.
2001-2006	DANIDA/HUGOU	Institutional strengthening of CIAA (Phase I & II)	MIS, training and workshop, exposure visits, procurement of equipments and payment of expert services.
1998-1999	The Asia Foundation	Good Governance Project	Media advocacy with capacity building and production of bulletin on good governance and anti-corruption

## Annex III: Stocktaking of Studies on Corruption in Nepal

Year	Research Organization	Title of the Study	Brief introduction
2014	PREPARE Project, UNDP	Review and Assess National Anti-corruption Policies & Strategies of Government of Nepal (Kedar Khadka, GoGo Foundation)	This study was to review and assess national anti-corruption strategies and policies formulated by the Government of Nepal in light of UNCAC needs and obligations. The study has brought a comprehensive evolution of anti-corruption laws, proliferation of oversight agencies in fighting corruption, regional anti-corruption initiatives,
2014	UNDP, Issue Brief, New York	A Snapshot of Illicit Financial Flows from 8 Developing Countries: Results and Issues for Investigation	This issue brief summarizes recent research on illicit financial flows from eight low-income and least developed countries (LDCs) over the last four decades (1970-2020). These countries are: Bangladesh, Bolivia, Cote d'Ivoire, Guinea, Nepal, Sierra Leon, Tanzania and Zambia.
2014	DFID (study conducted by Independent Commission for Aid Impact-ICAI)	DFID's Approach to Anti-corruption and its Impact on the Poor	This report reviews DFID's work on anti-corruption. It focuses on DFID's efforts to reduce corruption as experienced by the poor, rather than on the integrity of the uses of DFID's money.
2013	DFID (Study conducted by ERNST & Young)	National Fiduciary Risk Assessment	This report provides an evaluation of the fiduciary risk in the national public financial management system of Nepal.
2013	Ad-hoc governance working group of development partners	Nepal Country Governance Analysis	This document provides an analysis of governance in Nepal. It seeks to give development partners an impartial assessment of the current state of governance in Nepal and its direction of travel. It also sets out implications of these trends for international support for peace and development in Nepal.
2012 & 2013	TI Nepal	Review of Anti-corruption Strategy and Program of Government of Nepal	TI conducted a study to review Government Anti-corruption Strategy and Work Plan, 2008 & sectoral work, 2010.
		Gap Analysis of UNCAC & its Implementation in Nepal	The objective of the study was to find gaps between UNCAC and its implementation. Also recommend for legal and institutional reform for implementing UNCAC.
		Mapping of Selected Anti-corruption & Oversight Agencies & Relevant Laws	This study tried to capture the Nepalese anti-corruption agencies and the legal development. It has recommended as – improvement of anti-corruption and oversight agencies; take single anti-corruption agency; develop mechanism for deployment of employees at CIAA; commission system to be adopted for NVC, DRI & DMLI, reform organization structure;

Year	Research Organization	Title of the Study	Brief introduction
2011	NORAD	Corruption & Anti-corruption in Nepal (lesson learned and possible future initiatives)	The objective of the study was to assess the current environment in which corruption occurs in Nepal, extract lessons from past government and donor anti-corruption interventions, and come up with realistic recommendations for strengthening accountability, transparency and integrity in Nepal while taking into account the immediate needs of state building.
2007	Centre for Development & Administration (CEDA), TU Nepal	Baseline Survey and Training Needs Analysis on anti-corruption	The objective of the study was to find out the existing level of corruption and assess the perception of the general public, civil society organization and service providing agencies, regarding the corruption in order to generate baseline data and information.
2007	Institute for Policy Research & Development (IPRAD)	Institution Building for Controlling Corruption: A Case Study on the Effectiveness of CIAA and NVC Nepal (Dilli R. Khanal)	The main objective of the study was to undertake a case study on the effectiveness of CIAA and NVC in controlling corruption in the government in the light of existing anti-corruption laws.
2005	INLOGOS	Comparative Analysis on Annual Report of CIAA and OAG (Bansidhar Ghimire)	Capacity development of the CIAA & OAG's staffs form national/ Int'l; maintain accuracy in report data, maintain archives; clear policy on staff deputations; outreach of CIAA & OAG offices.
2002	Media Service International in cooperation with the Westminster Foundation for Democracy, UK	Opinion Poll Survey on Corruption (Aditya M. Shrestha)	This poll revealed a staggering percentage of the people of Nepal (98.2 percent) who opined that there is corruption in Nepal.
1999	Forum for Protection of Public Interest	Strategic Review of Performance of the CIAA and Office of the Auditor General	Political commitment to check corruption needed; building ethics regime; strengthen law framework; required integrated laws; formation of special court for trying abuse of authority, onus of proof should be shifted to the accused; illicit accumulation of property disproportionate to income; no exemption of constitutional authority; ministries, departments and corporation chiefs should be made responsible for internal control; make local agents of foreign firms fully accountable; hiring informers or whistleblowers to report information on corruption, impediment in evidence collection, securing services of experts or specialists; the importance of taking preventive measures against corruption; infrastructure building of the CIAA; jurisdiction and manpower requirements; manpower and human resource development; adequate budgetary resources; effectiveness of advisory jurisdiction.et.

## Annex: IV List of focus group discussants and key informants

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### FGD with Media (10 November 2014):

- 1) Mr Hari Bahadur Thapa, News Chief, Kantipur Daily
- 2) Ms Nirmala Acharya, Reporter, Rastriya Samachar Samiti (RSS)
- 3) Mr Kiran Bhandari, Sr. Reporter, Setppati.com
- 4) Ms Manisha Ghimire, Reporter, Nepal Television
- 5) Mr Rajesh Ahiraj, Chief, Madhesbani
- 6) Ms Neha Sharma, Reporter, Metro FM
- 7) Ms Nitu Pandit, Sr. Reporter, Kantipur Television
- 8) Mr Dilli Acharya, Sr. Reporter, Rajdhani Daily
- 9) Mr Krishna Poudel, Reporter, Kantipur FM
- 10) Mr Lok Bahadur Chapagain, Reporter Karobar Daily
- 11) Mr Jagadish Pandey, Kantipur Daily

### FGD with CSOs (11 November 2014):

- 1) Mr Kedar P. Koirala, Central Committee Member, Nepal Bar Association
- 2) Mr Ashish Thapa, Executive Director, TI Nepal
- 3) Mr Jyoti Baniya, General Secretary, Consumer Forum Nepal
- 4) Ms Aasha Lama, President, Aasha Foundation

### FGD with Political Parties (12 November 2014):

- 1) Mr Ram Karki, Central Committee Member, CPNUML (Maoist)
- 2) Mr Gokul Gharti, CPN UML
- 3) Mr Jagannath Khatiwada, Central Committee Member, CPN UML
- 4) Mr Ravi Sharma Tiwari, Central Committee Member, Tamasapa (Nepal)
- 5) Ms Dama Sharma, Former CA Member
- 6) Mr Manish Kumar Sharma, Central Committee Member, Sadbhawana Party
- 7) Ms Kamala Panta, CA Member, Nepali Congress
- 8) Mr Jitendra Sonal, Central Committee Member, Tamalopa Party

## List of Key Informants

Organizations	Names
Constitutional bodies	Mr Lok Man Singh Karki, Chief Commissioner
	Bhanu P. Acharya, Auditor General
	Kayodevi Yemi, Chairperson, Public Service Commission
Parliamentary Committee	MP Sherdhan Rai, Chairman, GG & Monitoring Committee
	MP Prakash Jwala, Chairman, Finance Committee
	MP Janardan Sharma, Chairman, Public Account Committee
Member of Parliament	MP Purna B. Khadka, MP & Ex. Chairman, State Affairs Committee
	MP Radheshyam Adhikari
Former Minister & Secretaries	Madhav Poudel, Former Minister and Ex Secretary of Govt. of Nepal
	Umesh Mainali
PM Office	Mr Lilamani Poudyal, Chief Secretary
	Shantraj Subedi, Secretary (Chief Governance Reform Unit)
MoGA	Naindra P. Upadhyay, Secretary
	Suresh Adhikari, Joint Secretary
DMLI	Arjun Pokhrel, Director General
DRI	Balkrishna Ghimire, Director General
PPMO	Tankamani Sharma, Director General, Department of Internal Revenue
Inland Revenue Dept.	Arjun Pokhrel, Acting, Director General
NVC	Ramesh Kumar Sharma, Chief Officer
Administrative Court	Kasi Raj Dahal, Chairman
Special Courts	Naatibabu Lamichane, Registrar
Former CIAA officials	Suryanath Upadhyay, Ex Chief Commissioner, CIAA







ROYAL NORWEGIAN EMBASSY

*Kathmandu*

## Development cooperation between Norway and Nepal

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Nepal is one of 12 focus countries in Norwegian development cooperation. In these countries, Norway supports efforts to promote long-term poverty reduction, democracy and human rights.

Norway seeks to contribute to social and economic development in Nepal through our political dialogue and development cooperation. Norway and Nepal have agreed to three key areas of development cooperation: (1) energy, (2) education, and (3) democracy and inclusive governance for 2013-2017. Throughout all three key areas of cooperation, Norway promotes gender equality, human rights, sound environmental management and economic transparency.

The Norwegian Embassy strives to promote transparency and include anti-corruption measures in all our development work. As part of this effort, we publish the contracts and agreements of the projects we support on our website.

Visit our website and follow us on social media for more information about Norway-Nepal relations.

For feedback on the Norwegian development cooperation in Nepal, please send an e-mail.

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