

2ND PARLIAMENT OF BHUTAN

4TH SESSION



Resolution No. 4

**PROCEEDINGS AND RESOLUTIONS OF
THE NATIONAL ASSEMBLY OF BHUTAN**

(NOVEMBER 12 – DECEMBER 9, 2014)

Speaker: Jigme Zangpo

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PROCEEDINGS AND RESOLUTIONS OF THE 4TH SESSION OF THE SECOND PARLIAMENT

I. OPENING CEREMONY

The Opening Ceremony of the 4th Session of the Second Parliament, commenced on the auspicious 21st Day of the 9th Month of the Wood Male Horse Year corresponding to November 12, 2014. His Majesty the Druk Gyalpo was received with elaborate *Chipdrel and Serdrang* ceremony to the Parliament Hall, followed by the traditional *Zhugdrel Phuntsum Tshogpai* ceremony.

II. OPENING ADDRESS BY THE SPEAKER

The Speaker in his Opening address welcomed His Majesty the Druk Gyalpo, Her Majesty the Gyaltsuen, Members of Royal Family, Monk body, senior government officials and representatives of international organizations to the auspicious Opening Ceremony of the 4th Session of the Second Parliament.

He reported that the issues for deliberation during the 4th Session are The Office of the Attorney General Bill of Bhutan, The Entitlement and Service Conditions Act for Holders, Members and Commissioners of the Constitutional Office of Bhutan (Amendment) Bill of Bhutan, report on the review of the Election Act of Bhutan 2008, *Jabmi* (Amendment) Bill of the Kingdom of Bhutan,

The Companies Bill of Bhutan, Enterprise Registration Bill of Bhutan, Doha Amendments to the Kyoto protocol to the UNFCCC, Convention on International Renewable Energy Agency. He informed that the Joint Sitting of the Parliament would also be deliberating on The Local Government (Amendment) Bill of Bhutan, The National Assembly (Amendment) Bill of Bhutan, the National Council (Amendment) Bill of Bhutan and the Performance Audit Report.

The Speaker, on the launching of the yearlong celebration of His Majesty the Fourth Druk Gyalpo's 60th Birth Anniversary, expressed his deep gratitude to His Majesty the Fourth Druk Gyalpo and offered prayers for his good health and long life.

On behalf of the Members, he expressed gratitude to His Majesty the Druk Gyalpo and Gyaltsuen for visiting India which further strengthened our existing friendly ties. He also thanked the President of India, Shri Pranab Mukherjee for visiting Bhutan and Prime Minister of Bhutan, Lyonchen Tshering Tobgay for visiting India. He said that these visits further deepened the existing friendly relations between Bhutan and India.

The Speaker then informed of his visit to Austrian Parliament with several Members of the Parliament on the invitation of the Austrian Government. He also informed of

his participation in the 131st Conference of International Parliamentary Union (IPU) at Geneva and of the election of the new IPU President.

In conclusion, the Speaker expressed his hopes that with the blessings of the *Triple Gem*, noble grace of His Majesty the Druk Gyalpo and Royal Family and the collective merit of the people, the 4th Session would conclude successfully. He offered prayers for long life of His Majesty the Druk Gyalpo, Royal Family, His Holiness the Je Khenpo and prayed for peace, happiness and prosperity of the Bhutanese people

(21st Day of the 9th Month of the Wood Male Horse Year corresponding to November 12, 2014.)

A copy of the Opening Address is annexed in Annexure I

III. REPORT ON IMPLEMENTATION OF RESOLUTIONS

3.1. Report on the vehicle quota for civil servants

The Finance Minister reported that vehicle quota introduced in 1980 saw an increasing number of eligible civil servants over the years which negatively affected the country's currency reserve. Therefore, the system was revised in 2009 and tax exemption was granted only up to eight lakhs exceeding which tax was imposed.

During the review of the vehicle quota for civil servants carried out by the Second Pay Commission, it had

recommended that the government provide in lieu of the quota, a onetime lump sum of Nu 1, 60,000 to the civil servants. During the deliberation on the Pay Revision in the 3rd Session, considering that payment of lump sum amount would not be fair on the civil servants, it was pointed out that, the lump sum amount be either increased or the system of vehicle quota be retained. The House had therefore instructed the Cabinet to review the issue and submit a report on the same.

He informed that the government after carrying out the review on the vehicle quota for civil servants, had decided to continue the vehicle quota system for civil servants. In addition, the government had also decided that the Holders of Constitutional Posts would also be entitled for vehicle quota.

During the deliberation on the issue, some members expressed that the choice of using the quota or selling it should be left with the civil servant and that they should not have to sign an agreement as mentioned in the end of the Vehicle Quota Rules. Other Members also raised their concern regarding the implications it might have on foreign currency reserve.

Some members pointed out that about 1000 civil servants were eligible for vehicle quota which in five years would see an import of total of 3000 vehicles. Therefore, they felt

that even levying a hundred percent tax on import of vehicles would be futile.

The Finance Minister explained that a clause mentioning that the vehicle quota could not be sold was mentioned in the agreement, with the intention of streamlining the rules and to create more awareness. He further reassured that there would be no implication on the foreign currency reserve in the country.

The House resolved to retain the system of vehicle quota on strict implementation of the Vehicle Quota Rules 2014 as per the announcement made by the Ministry of Finance vide letter No. MoF/DNB/Rules/MV/2014/221 on 30 July, 2014.

(25th Day of the 9th Month of the Wood Male Horse Year corresponding to November 17, 2014)

3.2 Report on the Supplementary Budget Appropriation Bill on the Allocation of Budget to solve Unemployment Problems

The Finance Minister reported that Nu.446.280 million has been allotted to Ministry of Labour and Human Resources for the FY 2014-15. A sum of Nu. 124.710 is also allocated under the Economic Stimulus Plan to resolve the unemployment problem. He submitted that other funds received from donor agencies for the program would be submitted in the 5th Session while submitting the Budget Appropriation Bill.

During the deliberation on the issue, some members reminded that this issue had been discussed during the presentation of the National Budget for the Financial Year 2014-15 for unemployment. Further, adequate budget have been allocated for the different employment programs conducted by the Ministry of Labour and Human Resources. It was also reported that additional grant had also been received from European Union and that there would be no problem regarding insufficiency of budget.

The House resolved that the budget of Nu. 515.715 million for unemployment which was not budgeted in the Financial Year 2014-15 be submitted in the Budget Appropriation Bill in the 5th Session.

(25th Day of the 9th Month of the Wood Male Horse Year corresponding to November 17, 2014)

3.3 Report on amendment of Personal Income Tax Act 2001

The Finance Minister informed that the Pay Revision Report after its deliberation in the 3rd Session had been forwarded to the National Council wherein the National Council had submitted recommendations for the need to revise the Income Tax bracket in line with the procedures to amend Acts. During the re-deliberation in the National Assembly on the recommendation, the House resolved that the Ministry of Finance should review the Income Tax Act 2001 and submit its amendments in the 4th Session. The Ministry of Finance while reviewing the matter found that

there were other taxes that also required amendment. Therefore, the Ministry submitted that they were looking into the matter along with amendment of the Personal Income Tax.

During the deliberation on the issue, it was discussed that there was a need to amend the Income Tax Act 2001 considering the current economic scenario and to balance the income and expenditure of the people. Therefore, it was pointed out that proposals and recommendations from the Members were very important and it should be submitted to the Ministry of Finance and the Cabinet. While some members felt that the amendment should be submitted in the 5th Session, others said that the government should submit it in an appropriate time.

The House resolved that as planned by the Cabinet to review and amend the Income Tax Act, the Ministry of Finance should work and submit it to the National Assembly at the earliest.

(25th Day of the 9th Month of the Wood Male Horse Year corresponding to November 17, 2014)

3.4 Report on withdrawal of Government pool vehicles

The Finance Minister reported that the Second Pay Commission had recommended that the withdrawal of government pool vehicles would benefit in reducing the government expenditure. The matter was accordingly

discussed in the 3rd Session and the House had instructed the Ministry of Finance to review the benefits of withdrawal of government pool vehicles. The Ministry while reviewing the withdrawal of government pool vehicles decided to continue with the system of government pool vehicles for the time being considering the following: First to provide better public services, secondly considering the job security of the drivers of the government pool vehicles and thirdly based on government's decision not to procure any new vehicles. In case the need arises, the vehicles would be procured from external project grants.

During the deliberation on the issue, concerns were raised regarding inequalities that might arise amongst the Ministries if government vehicles were procured from external project grants. However, it was clarified that such situations would not arise since the Ministry of Finance would be allocating the vehicles to other Ministries based on their needs after the vehicles were surrendered to the Ministry. In addition it was expressed that the concerns regarding the misuse of government vehicles would be reduced with the increase in rate of mileage payment for the use of private vehicles.

The House resolved to continue with the current system of government pool vehicles as decided by the Cabinet.

(25th Day of the 9th Month of the Wood Male Horse Year corresponding to November 17, 2014)

IV. QUESTION HOUR GROUP A (Questions related to Prime Minister, Ministry of Home and Cultural Affairs and Ministry of Information and Communications)

The Speaker reminded the House that the Members should strictly abide by the Rules of Procedures of the Question Hour while asking questions and supplementary questions. The following questions were tabled:

1. The Member from Bartsam-Shongphu asked the Prime Minister on the Plans and programs in place regarding the National Debt and Indian Rupee Reserve.
2. The Member from Drametse-Ngatsang asked the Minister for Home and Cultural Affairs on the status of the Annual Meeting of the Gups which was not held this year.
3. The Member from Bumdeling-Jamkhar asked the Minister for Information and Communication on the criterion and procedure followed for the selection of the new Managing Director of the Bhutan Broadcasting Service.

(26th Day of the 9th Month of the Wood Male Horse Year corresponding to November 18, 2014)

(Note: The full detail of the question and answer can be obtained from the verbatim booklet of the Question Hour printed separately)

V. PETITIONS RECEIVED FROM LOCAL GOVERNMENT

5.1 Matters regarding Gewog delimitation

The people of Chukha Dzongkhag submitted that the Thram of the people of Chongaykha village, Daap chiwog, Gelling Gewog, are registered under Phuentsholing Gewog whereas their civil registry is with Gelling Gewog. Since this caused a lot of problem to the people, it was submitted to the parliament make changes to the delimitation between Phuentsholing Gewog and Gelling Gewog.

During the deliberation on the matter, it was pointed out that the 15 Households under Chongaykha village, in Daap Chiwong under Gelling Gewog had their lands in Phuentsholing Gewog while their census were registered under Gelling Gewog. This caused inconveniences while availing essential services. Therefore, some members recommended that their Thram be registered in Gelling Gewog where their census is registered as desired by the people. Other members also submitted that similar problems were faced in other Dzongkhags. After deliberating the issue in detail the House resolved the following:

1. The House resolved that the Ministry of Home and Cultural Affairs and the concerned Dzongkhag Administration should work together to resolve the problems faced by Chongaykha village.

2. The House resolved that the Ministry of Home and Cultural Affairs, the National Land Commission and Election Commission of Bhutan should work together to solve the problems faced due to delimitation between Dzongkhags and Gewogs and report in the National Assembly at a suitable time.
3. With regard to transfer of Census, the Ministry of Home and Cultural Affairs should coordinate meetings with the concerned agencies and submit a report to the National Assembly in an appropriate time.

(26th Day of the 9th Month of the Wood Male Horse Year corresponding to November 18, 2014)

5.2. Matters related to Provisions of Penal Code

The people of Dagana Dzongkhag submitted that if a man has consensual sex with a woman between the ages of 16-18 and if the woman later submits a complaint to the court, the man is penalized as per the provisions of penal code. This is felt to be unfair on the person accused of the act. Therefore, it is submitted that the provisions on rape be revisited in the interest of the public.

During the deliberation, members submitted that the Penal Code 2004 was revised and amended in 2011, considering the benefit and welfare of the people and the country. Many members felt that there was no need to further amend the Penal Code.

The House while voting on the amendment of the Penal Code voted NO to its amendment by show of hands.

(26th Day of the 9th Month of the Wood Male Horse Year corresponding to November 18, 2014)

VI. QUESTION HOUR GROUP B (Questions related to Ministry of Agriculture and Forest, Ministry of Foreign Affairs and Ministry of Education)

The Speaker reminded the House that the Members should strictly abide by section 92 of the Rules of Procedures of the Question Hour while asking questions and that it was important to consider if the issues were discussed in the past sessions. The following questions were tabled:

1. The Member from Dremetse-Ngatsang asked the Minister for Education on the plans and programs to address the issue of increasing number of suicide cases in the schools.
2. The Member from Phuentsholing asked the Minister for Agriculture and Forest on the plans to expedite the process for obtaining Environment Clearance Certificate.
3. The Member from Panbang asked the Minister for Education on the sustainability and issues of fairness particularly on treatment of other schools and students with the consolidation of Schools under the School Reform Initiative.

4. The Member from Sergithang-Tsirangtoe asked the Minister for Education on the status of the School Reform program.
5. The Member from Ugyentse-Yoeseltse asked the Minister for Agriculture and Forest on the plans to expedite the timber permit application process.

Two questions from the Member from Nanglam and North Thimphu to the Minister for Agriculture and Forest on the establishment of Central Machinery Unit and implementation of the guidelines pertaining to Sokshing and Tsamdro and the lease charges for Sokshing and Tsamdro could not be discussed due to lack of time. However, the questions tables were noted and recorded.

(29th Day of the 9th Month of the Wood Male Horse Year corresponding to November 21, 2014)

(Note: The full detail of the question and answer can be obtained from the verbatim booklet of the Question Hour printed separately)

VII. REPORT ON THE REVIEW OF THE ELECTION ACT OF BHUTAN 2008

As per the resolution no 11.2 of the Second Session of the Second Parliament, the Legislative Committee visited 10 Dzongkhags and met with the Local Government leaders, Civil Servants and public. They also met with media, representatives from political parties, Non-Governmental organizations. Legislative Committee identified and

discussed 16 main issues at the end of public consultation.

They are as follows:

1. National Council as a continuous House;
2. 10 years experience for a candidate to contest National Council elections;
3. Need for increase the number of National Observer;
4. Political parties to reserve a minimum of 30% seat to women;
5. Qualification for candidates to contest Local Government elections;
6. Office of Profit;
7. Cooling Period;
8. Postal Ballot ;
9. EVM machines;
10. 48 hours Black out period;
11. Need for Political Party workers;
12. Door to Door campaign;
13. Letter of Intent to include tentative list of candidate for General Election;
14. Migration of candidate from one party to another;
15. State Funding for Political parties; and
16. Report by Election Commission to Parliament.

In addition to the above 16 main issues, the following four points were submitted to enable the House to take into consideration during the deliberation, 1) to identify whether there are any problems in the existing Act; 2) Whether the

revision in rule of procedure and rules and regulation would remove the problem; 3) Whether the recommendation for amendment are for present and future benefit or not; 4) As the Election Act is different from other Acts, recommendation for its amendment should not give room for the people and media to assume that the amendment is proposed for mitigating problems faced by the political parties.

The House while deliberating on the above report, some of the Members opined that the Election Act need not be amended. They reasoned that the Act is just few years old and the 16 points for amendment proposed by the Legislative Committee are not new and most of their recommendations are incorporated in the Rules of Procedure of Election Act.

In addition, some Members submitted that the Act needs to be amended not for the benefit and convenience of the implementation of the Act and political parties but must be aimed at ultimate benefit of the people. The Members raised that the problems due to the party switching and mandatory candidates in a political party and its disqualification from election if a party do not have 47 candidates are the main problems in the Election Act. Therefore, the Members submitted that it is crucial to

amend the Act and the House engaged in extensive deliberation debate for about three hours.

Consequently, the House resorted to vote on whether to amend the Act or not. Out of 43 Members present, 13 Members voted to amend the Act and 27 Members voted against the amendment and 3 Abstained. Therefore, the House resolved not to amend the Election Act of Bhutan.

(2nd Day of the 10th Month of Wood Male Horse Year corresponding to November 24, 2014)

The report on the review of the Election Act is attached in Annexure II

VIII. QUESTION HOUR GROUP C (Questions related to Ministry of Economic Affairs, Ministry of Finance and Ministry of Labour and Employment)

The Speaker informed that there were four questions in this Question Hour and each question would be allowed 36 minutes each. Therefore, the Members who asked the questions and those who answered were reminded to keep time.

1. The Member from Kengkhar-Werringla asked the Minister for Labour and Human Resources on the increased rate of unemployment from 2.1 % to 2.9% and the government plans on fulfillment of their pledges concerning unemployment.

2. The Member from North Thimphu asked the Minister for Economic Affairs for clarification on the roles and responsibilities of the Business Opportunities and Information Centre.
3. The Member from Panbang asked the Minister for Minister for Labour and Human Resources on the situation of Occupational Health and Safety (OHS) standards and plans, policies and strategies of the government to improve and promote OHS.
4. The Member from Kabji-Talo asked the Minister for Finance on the possibility of considering revision of taxes on seeds and also on amending the Fiscal Incentive of 2010.

(3rd Day of the 10th Month of the Wood Male Horse Year corresponding to November 25, 2014)

(Note: The full detail of the question and answer can be obtained from the verbatim booklet of the Question Hour printed separately)

IX. QUESTION HOUR GROUP D (Questions related to Ministry of Works and Human Settlement and Ministry of Health)

The Speaker informed that there were seven questions for the Question Hour and reminded the Members to keep time in accordance with the Rules of Procedures.

1. The Member from Gelephu asked the Minister for Works and Human Settlement on the completion date

of the 88 kms Lhamoizingkha-Sarpang Highway and urged the Minister to expedite its construction.

2. The Member from Bongo- Chapcha asked the Minister for Works and Human Settlements on the plans and programs of the government on how to promote and review the business and enhance the economic development of Tsimasham after the completion of the Chhukha-Damchhu highway.
3. The Member from Nanglam asked the Minister for Health on the status of overall improvement of services of the Jigme Dorji Wangchuck Referral Hospital after it has been granted full autonomy.
4. The Member from Panbang asked the Minister for Works and Human Settlement on the status of the Amochu Reclamation project and the plans and programs of the government to address the problem of housing shortage in Phuntsholing and other towns.
5. The Member from Nubi-Tangsibi asked the Minister for Health the reasons for the misunderstanding reported between the Authorities and civil servants with regard to compulsory deductions of salaries of the civil servants without their consent to the Health Trust Fund. He asked the Minister for an explanations and also if the Ministry had given specific directives.

The Member from North Thimphu asked the Minister for Works and Human Settlement regarding the additional 16

Thromdes to be established over the next four years, the status of Thromde planning and on the resources to establish these thromdes. The Member from Wamrong also asked the Minister for Works and Human Settlement on the problems submitted by the Dzongkhags regarding the road right of way and their recommendations to reduce from 50 ft to 30 ft. He also asked if the Ministry was looking to amend the laws to avoid the existing problems. Due to lack of time, the House after a show of hands decided that the questions would not be discussed.

(7th Day of the 10th Month of the Wood Male Horse Year corresponding to November 28, 2014)

(Note: The full detail of the question and answer can be obtained from the verbatim booklet of the Question Hour printed separately)

X. HUMAN RIGHTS COMMITTEE REPORT

The Chairperson of the Human Rights Committee reported that as per its terms of Reference, the Committee reviewed the Drayang, Open Air Prison in Dawakha and Youth Development and Rehabilitation Centre (YDRC) in Tsimasham. The Committee met with Royal Bhutan Police, BICMA, NCWC, RENEW, MOLHR and Financial Institutes to discuss and review any matter on issues related to human Rights. The Committee submitted its findings to the House and the following 11 points recommendations were made to the National Assembly.

Recommendation on publicizing loan defaulters

1. Committee recommended not to publicize the loan defaulters since there are laws and prescribed procedures to recover loans.
2. After completing all the administrative procedures, the final decision to publicize the loan defaulters should be left with the Court.

Recommendation on Drayang

3. Committee recommended BICMA, MOLHR and Royal Bhutan Police to continue with their constant and strict monitoring, as is the practice now.
4. The committee recommended the Government to review the institutional capacity of BICMA with focus on staff requirement.
5. Most of the Drayangs do not own bar license, therefore it is recommended that the Ministry of Economic Affairs review and address the problem in collaboration with BICMA.
6. It is recommended by the Committee that BICMA should review the time extension to operate Drayangs beyond 11 pm as requested by the Drayang Owners.

Recommendation on Open Air Prison in Dawakha

7. Since most of the inmates are illiterate, it is recommended that a non-formal education be

introduced. Investigation on the issue of registration of children born in prison is also recommended.

8. Need to provide compound lights, bathing and toilet facilities and need to provide a pick up vehicle for transportation of farm products for marketing and for use during medical emergencies at night is recommended.

Recommendation on YRDC in Tshimasham

9. It is recommended that the Centre should collaborate with National Commission for Women and Children and Youth Development Fund to implement continued care and development strategy for Youths after their release from the Centre.
10. Collaborate with Ministry of Labour and Human Resources to admit the Child in conflict with law into vocational institutes upon release. Need to provide computers to the Centre and allowing youths to participate in programs in national events were also recommended by the Committee.
11. Need to survey and choose a good site for the construction of the hostel and construction of a bakery unit was also recommended by the Committee.

The House adopted the recommendations and resolved that the Committee should review the above recommendations in consultation with concerned Ministries, Departments,

Agencies, private enterprises and submit a report thereof in the 5th Session.

(10th Day of the 10th Month of Wood Male Horse Year corresponding to December 1, 2014)

The Human Rights Committee Report is attached in Annexure III

XI. QUESTION HOUR GROUP A (Questions related to Prime Minister, Ministry of Home and Cultural Affairs and Ministry of Information and Communications)

The Speaker informed that there were five questions for the Question Hour. The House by show of hands decided to admit supplementary questions after the question had been asked and answered in accordance with the time available.

1. The Member from Kilkhorthang-Mendrelgang asked the Prime Minister regarding the budget for the expansion of the Thimphu-Trashigang Highway estimated to cost over Nu. 6 billion which was not included in the 11th Five Year Plan.
2. The Member from Gelephu asked the Minister for Information and Communications the status and scope of initiating a regular domestic flight schedule, especially in light of recent successful increasing tourism.
3. The Member from Dremetse-Ngatshang asked the Minister for Home and Cultural Affairs regarding the measures taken to address the security issues faced in Gelephu and Samtse due to kidnapping.

4. The Member from Nanglam to the Prime Minister said that the Hon Prime Minister had mentioned that the dismal-performance of just about 2.5% GDP growth rate in 2013 is the result of mismanagement of the past government. However, we know that the GDP growth rate in 2017-2018 will be over 15% due to the commissioning of the projects like PHPA-I & II, Mangdechu, Dagachu and the Dungsam cement Corp Ltd. Since all these projects have been initiated and undertaken by the previous government, he asked if the Prime Minister would be willing to credit the previous government of the 15% growth rate in the future.
5. The Member from Nubi-Tangsibi asked the Minister for Information and Communications for clarification on the concerns of the public and particularly BBS about the Government interpreting BBS as a public broadcaster like any other commercial corporations.

(11th Day of the 10th Month of the Wood Male Horse Year corresponding to December 2, 2014)

(Note: The full detail of the question and answer can be obtained from the verbatim booklet of the Question Hour printed separately)

XII. REPORT BY THE WOMEN, CHILDREN AND YOUTH COMMITTEE

The Deputy Chairperson of the Women, Children and Youth Committee (WCYC) reported that the Committee along with officials from UNICEF and Ministry of

Education visited seven Dzongkhags with the objective to understand Child health, maternity health, Nutrition, neonatal mortality, child protection, inclusive education, early childhood care and development, adolescent anemia, stunting, and to address equity and inclusion through effective public service delivery at the grassroots level. After presenting a detailed report of the tour the following 18 points recommendations were made to the National Assembly.

Committee recommendations on Health related matter

1. It is recommended that the Ministry of Health in consultation with the Ministry of Finance review the current package offered to VHWs and make it more attractive. It is also strongly recommended to make the VHWs a salaried post.
2. The Ministry of Health is recommended to look into the possibilities of providing patient diet and other essential items such as sanitary pads, napkins for the newborn in the Grade II BHUs to encourage and increase institutional delivery. In addition, at least one female health worker should be posted in the BHUs and adequate number of female health workers in hospitals.
3. The Ministry of Health and Local Government should work with communities to create more awareness on early health seeking behavior and in educating the local

healers and religious leaders on timely referral to health facilities.

4. The Women Children and Youth Committee (WCYC) of the National Assembly, in consultation with Ministry of Health, NCWC, RCSC and other relevant stakeholders will take the lead in reviewing the existing regulation pertaining to Maternity leave and to look into extension of maternity leave up to six months. While considering maternity leave for working mothers, it is also necessary to consider the benefits to those mothers working on the farms and in private sector.
5. With regard to increasing advertisement by the media on breast milk substitute, the Ministry of Health in collaboration with the Ministry of Economic Affairs and other relevant sectors, should review the International Code of Marketing of Breast milk substitute and develop a National code for Bhutan
6. Ministry of Health is recommended to monitor the quality of locally developed toys for quality and health hazards or provide imported quality toys, in promoting Care for Child Development (C4CD) and early stimulation for child development.
7. Given the inadequate pool of national doctors and dire needs of doctors in the various regions, the Ministry of Health is urged to look into the possibilities of recruiting additional expatriate doctors to fill the gap.

8. There is a dire shortage of Health Assistant in the BHUs. Thus, it is recommended that RIHS should train more health assistants to address the shortage.

Committee recommendations on Education related matters

9. The Ministry of Education is encouraged to review the status of existing ECCD services and to consider the possibility of integrating ECCD into the formal system in order to ensure sustainability.
10. It is recommended that the Ministry of Education develop a uniform discipline policy appropriate for different levels of schools rather than leaving it open for schools to develop their own discipline policies. In-service teachers should be trained on positive discipline techniques and this should also be incorporated into pre-service teachers' training.
11. The Ministry of Health should develop and implement a system for early identification and referral of children with disabilities.
12. There is an urgent need for the Cabinet to determine which government agency will take the lead in issues such as pursuing the ratification of the United Nations Convention on Rights of Persons with Disabilities (UNCRPD) and also to draft a National Disability Act

so that the needs for persons with disabilities can be addressed.

13. The government should explore opportunities for strengthening partnerships with CSOs for providing services for children/persons with disabilities.
14. It is recommended that the Ministry of Education review the Youth Policy 2011 and draft an action plan in consultation with Ministry of Labour and Human Resources and other concerned stakeholders.

Committee Recommendations on cross cutting issues

15. The committee is going to review the provisions related to rape in the Penal Code of Bhutan in consultation with the public.
16. Increased awareness on Domestic Violence Prevention Act, Child care and protection Act, and Penal Code needs to be carried out by NCWC, NGOs and CSOs and concerned ministries. In addition, the Members of the parliament could also sensitize their constituencies during the constituency visits.
17. The Ministry of Health should develop guidelines on reporting of teenage pregnancies while at the same time consider adequate protection of health workers while providing services.
18. The Committee to revisit the submission from the Dzongkhags on the need for an Alcohol Control Act.

The committee will resubmit the petition on alcohol submitted from Mongar Dzongkhag in the preliminary meeting for the 3rd Session, with recommendations to reinforce the implementation of existing rules and regulations regarding consumption of alcohol.

During the deliberation on each recommendation, the House expressed their appreciation and commended the committee for reviewing the issues related to women, children and youth committee and submitting a report to the House in accordance with their terms of reference. The House further supported the recommendations made by the Committee and resolved that the committee submit a report on the follow up of the recommendations and its achievements.

Further, the House also recommended the following seven points in addition to the 18 points recommendations made by the Committee:

1. Housing allowance for boarding school principals
2. Establish whether there is a need to draft a disability Act.
3. Need to review the provisions of the Penal Code related to Rape and disseminate information on the Child Care and Protection Act and Domestic Violence Prevention Act.
4. Establish whether there is a need for an Alcohol Act

5. Establish adequate health facilities and providesufficient gynecologists.
6. Review the policy of maternity and paternity leave and problems related to lack of baby sitters.
7. Review the problems of census registration of children without fathers.

The House resolved that the WCYC should review the above recommendations in consultation with concerned Ministries, Departments, Agencies, private enterprisesand submit a report thereof in the 5th Session.

(11th Day of the 10th Month of the Wood Male Horse Year corresponding to December 2, 2014)

The report of the Women, Children and Youth Committee is annexed in Annexure IV.

XIII. ROYAL KASHO FOR THE SUBMISSION OF THE PERFORMANCE AUDIT REPORT TO THE JOINT SITTING OF THE HOUSE

Approval is hereby granted for Joint Sitting of the Parliament for the submission of the 27 Pending Performance Audit Reports and on the need for a Public Accounts Committee Act scheduled on 4th December, 2014.

Granted on the 3rd Day of the 10th Month of the Wood Male Horse Year.

DRUK GYALPO

XIV. PERFORMANCE AUDIT REPORT

Upon the direction of Hon Speaker, the Secretary General read out the Druk Gyalpo's Kasho to the Joint Sitting of the Parliament following which the Chairperson of the Public Accounts Committee (PAC) presented its report.

As directed by the Parliament to review and resolve the various performance audit reports issued by Royal Audit Authority during the First and Third Session of the Second Parliament, the PAC presented its review report on the past Performance Audit Reports and other PAC related issues consisting of 9 Chapters. However, as the chapter three to eight pertained to the closed performance audit reports the deliberation centered on the following four chapters;

Chapter I. Strengthening of Public Accounts Committee

In the 3rd Session of the Second Parliament, the PAC had put forth the need to have either PAC Act that elaborated upon its mandate as stipulated in the Constitution under Article 25.6 or a Rules of Procedure whichever is more beneficial. The House thus directed the PAC to look at the practice prevailing in other countries as well as weigh the merits of either having an Act or Rules of Procedure and to submit the PACs recommendations to the House in the Winter Session.

Therefore, the PAC looked into the practices prevailing in other countries and submitted its report thereof. It was also suggested that the PACs Rules of Procedure (RoP and its

amendments could be endorsed either by the Parliament or by the Speaker and Chairperson.

To this, most of the Members affirmed that the RoP is the foundation for effective functioning of the Committee and supported the need for formulating a RoP. Some of the Members opined that, as the roles and responsibilities PAC are reflected in the RoP of both the Houses it may not be necessary to formulate a separate RoP. The PAC submitted that it is a joint parliamentary committee with members from both the Houses and it would benefit in smooth functioning of the Committee. Upon this submission, the House engaged in extensive deliberation and resolved the following:

1. In order to strengthen the PAC, it submitted that there is need for Rules of Procedure encompassing its roles and responsibilities. Therefore, majority of the Members through raise of hands decided to formulate a RoP and submit to the Joint Sitting of the Parliament for its endorsement.
2. The House through raise of hands decided that any amendments to the Rules of Procedure in future should be endorsed in the Joint Sitting of the Parliament because PAC is a joint parliamentary committee.

Chapter II. Report on system of Fixing Accountability

It was reported that, there is a practice of fixing direct and supervisory accountability on every audit observations

reflected in the audit reports. While there is no problem in fixing direct accountability, there are some difficulties with regards to fixing the supervisory accountability. Upon submission of PAC in the past session by the PAC to strengthen the system of fixing supervisory accountability, it was resolved that the PAC and Royal Audit Authority should jointly submit the recommendations to this effect in the winter session. Therefore, PAC upon reviewing supervisory accountability in conjunction with the Civil Service Rules & Regulations 2012, Civil Service Act and National Internal Control Framework observed and reported that there is need to establish clear goals, to provide adequate resources and authority and to predetermine specific consequences to enable a civil servant to discharge the roles and responsibilities in an accountable manner.

To this, some of the Members opined that there is a need to formulate a clear system in ensuring supervisory accountability, while some other Members said that it is not the lack of system that impedes the fixation of supervisory accountability but due to the lack of proper implementation.

1. The House while deliberating on the direct and supervisory accountability with regards to the audit observations supported the recommendations made by

PAC. While there is no problem in fixing direct accountability, the Committee submitted that there is no clear objective of fixing supervisory accountability and put forward the following recommendations;

- 1.1 Reflection of audit observation in the individuals' service records;
 - 1.2 Inclusion of this aspect in the performance appraisal system;
 - 1.3 Specify in greater detail the instances which constitute "serious official misconduct"
 - 1.4 The maximum number of "supervisory accountability" fixed as per audit observations which will entail adverse consequences on promotions, annual increments, and issuance of audit clearances.
2. It was resolved that RCSC in consultation with RAA should identify concrete measures to enforce this supervisory accountability and incorporate them in their respective Rules and Regulations based on the above four recommendations and submit a report thereof to the PAC.

PAC's Recommendations

1. As the supervisors are held accountable for the acts of their subordinates, it would be important to enhance their awareness about (a) why they are being held accountable? (b) What steps can they take so that the

controls within their units are strengthened and acts of error, fraud and misconduct are minimized? In this regard, National Internal Control Framework (NICF) which was recently issued by the Ministry of Finance (MoF) in December 2013 is a very useful and pertinent document that has been developed for use by heads of agencies to strengthen integrity, transparency, efficiency, effectiveness, accountability and ethical behavior at all levels. All agencies must adopt and implement the NICF and the MoF should provide any guidance needed to implement the same in the various agencies.

2. As the RCSC is currently undertaking a major Organization Development (OD) exercise for the civil service, it was resolved that this OD exercise should cover the key elements crucial to enhancing accountability in an organization.
3. The above recommendations also apply to those agencies that fall outside the purview of the RCSC such as Local Governments, Corporations, Financial Institutions, Civil Society Organizations, Political Parties, etc. but which are statutorily required to be audited by the RAA. It was resolved to introduce concrete measures to promote and enforce “supervisory accountability” in general and with regard to audit observations, in particular. It was also resolved to

submit An Action Taken Report in this regard to the parliament through PAC.

Chapter III. Report on past Performance Audit Reports

1. The PAC and Follow-up Committee of the RAA had a meeting on 18th August, 2014 to review the 29 Performance Audit Reports issued since 2008. The meeting after a lengthy discussion agreed to close 18 reports which were either not significant or which did not require the attention of the House. The House through raise of hands endorsed the closure of 18 performance reports as submitted.
2. As the recommendations made by RAA in the Performance Audit Reports of Medical Waste Management, Solid Waste Management, Review of IT Controls in Revenue Accounting System (RAS) and Review of IT Audit of Information Security were fully complied with, the house endorsed it as submitted by the PAC.
3. With regards to the Performance Audit of Human Resources Management of the Ministry of Education, it was found that all the recommendations have been implemented. Therefore, the House through raise of hands endorsed the closure of the report as recommended by the PAC. While the Performance

Audit Report is closed, it was resolved that the MoE submit periodic status reports with regard to the recommendation on Human Resource Projection and Planning to the PAC.

4. Similarly, it was reported that the Performance Audit Report on “Tax of Mining and Quarrying Sector (2014)” was deliberated by the National Council during its 14th Session. Therefore, it was resolved to close the report and was closed. Further, it was resolved to submit the report on the Performance Audit Report on Multilateral Environmental Agreements (2010) in the next session.
5. It was reported that the remaining performance audit reports would be reviewed by the PAC and the House endorsed it accordingly. Further, it was resolved that PAC would review the performance audit reports on System Audit of Hydro Electric Energy (2013), Environmental Audit Report on Timber Harvesting in FMUs & WSs-April, 2014 and Audit Report on Public Debt Management (2014) and submit the report thereof in the next session.

Chapter IV. Report on the Auditor General’s Advisory Series 2013 on Procurement of Consultancy Services in Public Sector

It was reported that starting from the first financial year to the last financial year of the 10th Five Year Plan (from

financial year 2008-09 to 2012-13), the government had incurred expenditure aggregating to Nu. 4,594.15 million purely on procurement of consultancy services accounting to expenditure of 1 billion every year.

The House was informed that the highest amount of expenditure on consultancy services amounting to Nu. 2,344.23 million was incurred mainly for the preparation of Detailed Project Report (DPR) in the Hydro Power Projects. During the same period, such expenditure incurred by the autonomous agencies accounted to Nu. 1,032.04 million out of which Gross National Happiness Commission (GNHC) alone spent Nu. 430.81 representing 41.74 percent of the total expenditure. The expenditure by GNHC was mainly incurred on procurement of consultancy services for Accelerating Bhutan's Socio-economic Development (ABSD) Project provided by McKinsey & Co., Inc. during the period 2009-10 to 2011.

Out of the total expenditure for consultancy services, the Hydro-power amounted to 38% and Accelerating Bhutan's Socio-Economic Development (ABSD) to 9% and consultancy fees for other activities such as roads, bridges and buildings amounted to 52%.

To this, some Members affirmed that a significant portion of the expenditures were incurred on the procurement of consultancy services. It was said that, lack of value for money was due to inadequacies in legal and policy

framework, consultancy management and implementation, cost benefit analysis and proper case studies on consultancy services related to lapses and deficiencies in procurement of consultancy services. Therefore, in order to reduce wasteful expenditure and ensure control, it was recommended that the Procurement Rules and Regulations must be improved. Further, it was recommended that the government must develop a comprehensive strategy to enhance the capacity of internal consultants without availing external consultancy services.

1. After the above report, the PAC presented the 14 RAA recommendations on the Auditor General's Advisory Series 2013 on Procurement of Consultancy Services in the Public Sector to the House. The House through the raise of hands endorsed the following recommendations made by the RAA;

- 1.1 There should be clear legal and policy framework for procurement of consultancy services.
- 1.2 The government should issue clear guidelines on procurement of consultancy services.
- 1.3 The government agencies should conduct need assessment to identify the actual requirement of consultancy services.
- 1.4 The government should encourage procurement practice that promotes competition and provides value for money.

- 1.5 The Terms of Reference (ToR) should be comprehensive and complete in all material respects.
- 1.6 The procuring agencies should conduct proper supervision and monitoring of the works carried out by the consultants.
- 1.7 The basis of fixing consultancy fees should be reviewed and rationalized.
- 1.8 Award of design and drawings and supervision of contracts to same consultants should be reviewed.
- 1.9 The procuring agencies should encourage transfer of knowledge and skills from the consultants to staff.
- 1.10 The procuring agencies should conduct an evaluation upon completion of the consultancy services.
- 1.11 The process for issuing licenses to consultancy firms should be streamlined.
- 1.12 The engagement of the consultants in hydropower sector should be governed by proper and comprehensive ToRs.
- 1.13 The government should encourage developing in house experts for preparation of DPR, drawings and designs for hydropower sector.
- 1.14 The engagement of management consultancy should agree on measurable deliverables that would add value to the system.

2. The PAC upon endorsing the above recommendations of RAA suggested the following additional recommendations which were adopted by the House through raise of hands;
 - 2.1 The Government must issue appropriate directives to all agencies to implement the recommendations of RAA.
 - 2.2 In order to avoid future lapses and wastage of government resources, the Ministry of Finance must continuously review the Procurement Rules and Regulations (PRR) from time to time.
 - 2.3 The Royal Civil Service Commission and Ministry of Finance must jointly provide adequate manpower with necessary qualifications and experiences in the Public Procurement Policy Division (PPPD).
 - 2.4 Currently, every procuring agency interprets the Procurement Rules & Regulations (PRR) differently based on its own needs and convenience which led to a situation where there is no uniformity in the implementation of the PRR. Therefore, it was also resolved that, any agency that seeks to procure consultancy services beyond a threshold amount must obtain a clearance from the PPPD, MoF and ascertain the threshold amount.
3. Upon a lengthy discussion on the recommendations made by RAA and PAC, the House also recommended and endorsed the following recommendations:
 - 3.1 Review the need for amendment of the Electricity Act of Bhutan 2001.

- 3.2 Need to develop the mechanism of providing the consultancy services to Druk Green Power Corporation (DGPC) in order to build and improve the internal capacity of the National Consultants without outsourcing and depending on external consultants.
- 3.3 Inclusion of budget for expenditure on consultancy services for Hydro Power Projects in the Annual Budget.
4. It was resolved that the above three recommendations be reviewed by the Economic Development and Private Sector Committee of the National Assembly and submit a report thereof in the next session.

Lastly, the deliberation on the Public Accounts Committee Report concluded with the expression of commendation to the PAC & RAA for not only reviewing and closing the pending performance audit reports but also for providing the recommendations and guidelines in achieving economy, efficiency and effectiveness in the use of public resources which were endorsed by the Parliament.

(13th Day of the 10th Month of Wood Male Year corresponding to 4th December, 2014)

The Report by the Public Accounts Committee is annexed in Annexure V

XV. RATIFICATION OF RESOLUTIONS

The Secretary General read out the draft resolutions to the House on December 8, 2014 in two parts. Apart from a few grammatical errors and sequences in the resolution, there were no changes from the Members. The House accordingly ratified the resolutions of the Fourth Session of the Second Parliament.

XVI. CONCLUDING CEREMONY

16.1. Motion of Thanks

On behalf of the Parliament, the Prime Minister expressed his gratitude to His Majesty the Druk Gyalpo for gracing the Concluding Ceremony of the Fourth Session despite having numerous state engagements.

The Prime Minister said that he would like to express his gratitude to His Majesty the Druk Gyalpo based on four traits of His Majesty as the Head of the State, Guiding Leader, and Benefactor of the people and the principal protector of the nation's security.

Head of the State

The Prime Minister on behalf of the people of Bhutan expressed his gratitude to His Majesty the Druk Gyalpo for assuming the responsibility as the Head of the State in accordance to the provisions of the Constitution. He added that the international community also expressed

appreciation and admiration for His Majesty as the Head of the State of Bhutan. He further expressed his gratitude to His Majesty for granting audience to international dignitaries and visiting sacred places in India which has further strengthened the Indo-Bhutan relation.

It was expressed that the people of Bhutan were cognizant of the fact that His Majesty had always granted guidance and wisdom in executing the developmental activities for the people but he had never involved himself in the decision making process.

Guiding Leader

The Prime Minister expressed that His Majesty has granted quality leadership courses in the Royal Institute of Governance and Strategic Studies besides granting scholarships to students. He also expressed that His Majesty out of great compassion had always come to the relief of victims during the times of natural disasters.

Benefactor of the people

It was reported by the Prime Minister that 86, 737 acres of land in 111 Gewogs under 11 Dzongkhags were granted to 82,107 people as *kidu* along with 315 landless households who were granted 711 acres of land as *kidu* under the resettlement programme.

His Majesty had granted monthly subsistence allowance to 848 elderly citizens without kith and kin and also granted opportunity to 3,402 students from humble family backgrounds to continue their studies. The Prime Minister further expressed his gratitude to His Majesty on behalf of the 8,557 people who were granted citizenship from the throne.

Principal Protector of Nation's security

It was submitted that although the country had enjoyed unprecedented peace under the leadership of Their Majesties the Kings, recently there has been security problems along the southern border. The Prime Minister expressed his gratitude to His Majesty for instantly visiting the security affected areas and granting audience to the people while also deploying additional army troops to strengthen the security.

It was submitted that the Dessung programme was introduced by His Majesty the Druk Gyalpo in 2011 to strengthen the security of the nation and since then 1,528 people have been provided Dessung training. His Majesty has also granted opportunity to nine personnel of armed forces to participate under the UN peacekeeping mission which will help showcase the capability of Bhutan's armed forces to the international community. Toward this, the

Prime Minister expressed his gratitude to His Majesty the Druk Gyalpo.

In conclusion, the Prime Minister offered his prayers for the long life of His Majesty the Druk Gyalpo, Her Majesty the Gyaltsuen, His Majesty the Fourth Druk Gyalpo and Members of the Royal Family and for continued peace and happiness in the country.

The Chairperson of the National Council expressed his gratitude and submitted that His Majesty the Fourth Druk Gyalpo has provided noble guidance that the main objective of the economic development of the country is to achieve happiness. Similarly from the Buddhist perspective, peace and happiness can be achieved and the Buddha Dharma will flourish if religious institutions were preserved. To this end, Their Majesties the Kings have strengthened the dwelling places for religious section of the society and enhanced their livelihood.

Further, the Chairperson expressed gratitude to His Majesty the Druk Gyalpo, the great patron of Buddhism for granting the medal of Druk Thugse to His Holiness Je Thrizur Rinpoche, Dupthob Penjor, late Drabi Lupon Kinley Gyeltshen and Her Majesty the Royal Grand Mother for their service and contribution to the Buddha Dharma.

The Chairperson submitted that one of the important needs for the religious communities was quality livelihood. In this

regard, His Majesty the Druk Gyalpo granted support to the Central Monastic Body and other monasteries and religious institutions. He also expressed his gratitude to His Majesty for the royal initiatives undertaken to renovate Dzongs, monasteries and other religious institutions along with initiating more religious statues, scripts and Thongdrols.

His Majesty has considered all religions in the country without prejudice. His Majesty visited Hindu temples including Shiva Mandir and granted support to build new temples and religious statues. Toward this, the Chairperson expressed his gratitude to His Majesty.

It was submitted that people felt immense happiness when His Majesty the Druk Gyalpo and Her Majesty the Gyalsuen visited sacred places in India and offered profound prayers for the benefit of the entire nation.

The Chairperson on behalf of all the Bhutanese people expressed his gratitude to His Majesty for his patronage towards the religion. He further expressed that such royal initiatives boosted confidence and encourages the subjects to achieve the goal of peace and happiness.

The Leader of the Opposition Party on behalf of the Members of the Opposition Party extended welcome and expressed gratitude to His Majesty the Druk Gyalpo and the Members of the Royal Family.

The Leader of Opposition Party submitted that His Majesty the Druk Gyalpo granted special guidance to the Members of the Opposition Party in July 2014. He expressed that such noble guidance will further benefit the Opposition Party to serve with confidence and hard work. Furthermore, he pledged that the Opposition Party will always be mindful of the noble guidance of His Majesty and serve the Tsa-Wa-Sum.

The Leader of Opposition Party expressed his gratitude to His Majesty the Druk Gyalpo for instantly visiting the security affected areas in southern Bhutan and granting guidance to the armed forces and other agencies. He expressed that this Royal initiative has mitigated the risk of abduction in the area.

Appreciation was expressed for the visit of the Hon'ble President and the Hon'ble Prime Minister of India to Bhutan. The Leader of Opposition also extended his felicitations to the new Ambassador of India Mr. Gautam Bambawale and expressed hopes that the Ambassador would render full support towards the 11th plan of Bhutan.

He expressed his gratitude to His Majesty the Druk Gyalpo for introducing the Resettlement Programme in Khinathang, Pema Gatsel which was inaugurated by the His Royal Highness Dasho Jigme Dorji Wangchuck, the representative of His Majesty.

Furthermore, he expressed his gratitude to the Central Monastic Body and other religious institutions led by His Holiness the Je Khenpo for organizing extensive religious activities for the benefit of the country.

It was submitted that the Opposition Party would render unwavering support towards the celebration of the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo. In addition, it was submitted that the people of eastern Bhutan were immensely happy as they would received audience from His Majesty the Druk Gyalpo, His Majesty the Fourth Druk Gyalpo and the Members of the Royal Family during the National Day celebrations in Kanglung, Trashigang.

The Leader of the Opposition Party expressed his prayers for the good health and long life of His Majesty the Druk Gyalpo and Her Majesty the Gyaltsuen and for Their Majesties' everlasting leadership for the people of Bhutan. He also expressed his prayers and felicitations on the commemoration of the 60th Birth Anniversary of His Majesty the Fourth Druk Gyalpo Jigme Singye Wangchuck.

16.2. Concluding Address by the Speaker

On behalf of the Members of the Parliament, the Speaker of the National Assembly welcomed and expressed gratitude to His Majesty the King for gracing the Concluding Ceremony of the 4th Session. He also extended a warm

welcome to the Members of the Royal Family, representatives of the Monastic Body, senior government officials, foreign dignitaries and distinguished guests.

The Speaker reported that the Office of the Attorney Generals Bill 2014, Jabmi (Amendment) Bill 2013, Enterprise Registration Bill 2014, and Companies Bill of Bhutan 2014 have been referred to the respective committees of the National Assembly for review. He said that the Bill are expected to be adopted in the next Session of the Parliament.

The Speaker reported that the Local Government Members Entitlement Bill 2014, Bio Safety Bill 2014, Narcotics, Drugs, Psychotropic Substance Abuse Bill 2014 and Tenancy(Amendment) Bill 2014 which have been extensively deliberated by the twohouses would be submitted to His Majesty the King for further deliberation in the Joint Sitting in the next session.

Additionally, the Speaker also reported that the Local Government(Amendment) Bill of Bhutan, National Council (Amendment) Bill, National Assembly(Amendment) Bill and Parliamentary Entitlement(Amendment) Bill 2014 which have been adopted in the oint Sitting would be submitted to His Majesty the King for Royal Assent.

Further the Speaker informed that a comprehensive performance audit report till 2014 have been complied and

both the Conventions have been ratified and referred to the National Council.

The Speaker noted that the tone of deliberation characterized by check and balance have improved over the years, however, some views and opinions expressed by members seem to be misinterpreted. He said such misinterpretations might mislead the public. Therefore, he reminded that it was important for the member to express their views with a broader perspective while abandoning political motives in order to strengthen the peace and happiness of the people and the country. In doing so, it would enable to uphold the decorum and legacy of the House and set a constructive precedence for the future generation.

On behalf of the Parliament, the Speaker offered gratitude to Their Majesties for gracing the joyous occasion of the 107th National Day Celebration in Trashigang Dzongkhag. He said that the occasion would provide the people with the opportunity to receive an audience with Their Majesties and pay their respect and express gratitude to our beloved monarchs for their noble initiatives.

On behalf of the Parliament, the Speaker, also extended appreciation to the Prime Minister, for attending the 18th SAARC meeting at Katmandu, Nepal and enhancing regional ties, security and development amongst SAARC countries.

The Speaker on behalf of the Parliament also expressed gratitude to Lyonpo Sonam Tobgye for his forty years of dedicated service as the Chief Justice of Bhutan and for strengthening the foundation of legal system and developing the institution of the Judiciary. Similarly, felicitation was also offered to Dasho Tshering Wangchuk on his appointment as the Chief Justice of Bhutan.

The Speaker said that the successful conclusion of the 4th Session was attributable to the blessings of the Triple Gem, the grace of His Majesty the King, support and cooperation rendered by the Members of the Parliament. He also thanked the staff of the secretariat for their services and continued support.

In conclusion, the Speaker offered Tashi Moenlam for the long life of His Majesty the King, Members of the Royal Family, His Holiness the Je Khenpo and prayed for the continued peace and security in the country for all times to come.

(19th Day of the 10th Month of the Wood Male Horse Year corresponding to December 9, 2014)

The concluding speech is annexed in Annexure VI.



December 9, 2014

**(Jigme Zangpo)
SPEAKER**

RESOLUTIONS ON BILLS AND CONVENTIONS

I. OFFICE OF THE ATTORNEY GENERAL BILL OF BHUTAN 2014

The Member In-charge of the Bill, Chairperson of the Good Governance Committee moved the motion to introduce the Office of Attorney General Bill of Bhutan 2014 for First Reading and adoption for discussion on 23rd Day of the 9th Month of Wood Male Horse Year corresponding to 14th November 2014. The House adopted the Bill for discussion through show of hands.

During the Second Reading, Chairperson submitted that the reason for amending the Office of Attorney General Bill of Bhutan 2006 is because the Act was passed in 2006 and some of the provisions of the Act were inconsistent with the Constitution of the Kingdom of Bhutan, Anti-Corruption Act and Royal Bhutan Police Act. It was felt necessary to harmonize the Office of Attorney General Act with the other laws. Thus, the Act was proposed to be amended.

In addition, the Office of Attorney General of Bhutan 2006 doesn't have any provisions on withdrawal of prosecution, procedure for representing a private entity and also no proper guideline on government policy. These provisions are all included in the new Bill in order to make it easier while implementing the Act in future. The Act was also

amended in order to improve the human resource capacity by implementing the office procedures transparently and efficiently.

Thereafter, the House directed the Good Governance Committee to review the Bill thoroughly and report on the same during the Third Reading of the Bill.
(23rd Day of the 9th Month of Wood Male Horse Year corresponding to 14th November 2014)

II. ENTITLEMENT AND SERVICE CONDITIONS ACT FOR THE HOLDERS, MEMBERS AND COMMISSIONERS OF THE CONSTITUTIONAL OFFICE OF BHUTAN (AMENDMENT) BILL 2014

The Minister of Finance, Member In charge of the Bill moved the motion to introduce the Service Conditions & Entitlement (Amendment) Bill of the Holders, Commissioners and Members of the Constitutional Offices of Bhutan 2014. Consequently, the House through the show of hands endorsed the motion moved.

During the Second Reading, the Member In- Charge of the Bill expressed that unlike in other countries Their Majesties the Kings have extraordinarily gifted democracy to the Bhutanese people. Thus, it was the responsibility of the Bhutanese people to strengthen the foundation of democracy.

In addition, it was submitted it was found imperative to amend and enhance laws and rules as per the need of the

time to fulfill the aspirations of Their Majesties to strengthen democracy. The section 4 of chapter 2 of the Service Conditions & Entitlement Act of the Holders, Commissioners and Members of the Constitutional Offices of Bhutan 2010 mandates a person appointed as a Member or a commissioner of a Constitutional office to resign from the previous service after availing retirement benefits. It was submitted that such provision has created a challenge for selecting and appointing capable civil servants to the Constitutional offices.

It was submitted that firstly it was imperative to have capable, experienced and professional people working in the country to strengthen democracy. Concerns were expressed that since most of the civil servants were young, the future commissioners and Members of the Constitutional offices were also bound to be young. Given this fact, interest may not be shown to become a Member or commissioner of the Constitutional offices as persons would have many years to retire as a civil servant.

Secondly, when the Members and commissioners are appointed from the EX/ES level of the civil service, significant differences were not made in terms of pay and entitlements and moreover civil service offered job protection.

Thirdly, it was submitted that it would be difficult to find people to be appointed as Members and commissioners of the Constitutional office in future if they were obliged to resign from the civil service. Therefore, section 4 of chapter 2 of the Service Conditions & Entitlement Act of the Holders, Commissioners and Members of the Constitutional Offices of Bhutan 2010 was amended as “A person appointed as Member and commissioner of a Constitutional office from the civil service/public sector shall be considered on secondment/deputation till expiry of their term and can return to his/her respective agency”. The House was therefore requested to contemplate and support the new section.

To this, the Member from Khar-Yurung constituency highlighting the past experiences expressed that young and capable persons were appointed as the Members and commissioners of the Constitutional offices for the term of five years. After completing their term, they left in quandary pertaining to their career. He further expressed that the amendment of the Act initiated by the Finance Ministry would help in maintain capable and experienced professionals in the country. The Member also expressed his support and added that the previous Act was amended keeping in mind the independence of the institution.

Some of the Members led by the Member from Dremetse Ngatsang constituency submitted that although they supported the amendment, they expressed doubts whether or not the Royal Civil Service Commission was consulted on the matter. It was submitted that the policy of the Royal Civil Service Commission was aimed to have a compact and efficient civil service and hence if the Commission was not consulted, it would lead to problems relating to the commission in future.

In addition, it was submitted that the return of commissioners and Members to their previous office after completing their term would create setback in future. It was also submitted that problems would not surface if senior officials were appointed as Members and commissioners of the Constitutional offices and therefore need was not felt to amend the Act in such case.

In accordance to the Constitution, the responsibilities of the Members and commissioners of Constitutional offices were of paramount importance and therefore they had to function independently. Skepticisms were expressed pertaining to how the Members and commissioners could independently carry out their constitutional mandates if they were allowed to return to their previous offices after completing their term. It was submitted that future ramifications had to be considered while Acts are amended to address present issues.

To this, the House referred the Bill to the Legislative Committee for review and directed the committee to consider the views expressed by the Members and carry out prolific research to this effect.

(23rd Day of the 9th Month of the Wood Male Horse Year corresponding to 14th November 2014)

III. ENTERPRISE REGISTRATION BILL OF BHUTAN 2014

The Member In-Charge of the Bill, the Minister for Economic Affairs moved the motion to introduce the Enterprise Registration Bill of Bhutan 2014 for First Reading and adoption for discussion on 23rd Day of the 9th Month of the Wood Male Horse Year corresponding to 14th November 2014. The House adopted the Bill for discussion through show of hands.

During the Second Reading, the Member In Charge of the Bill of Bhutan 2014 submitted that it was imperative to strengthen the economy for the development of the country and thus it was also imperative to strengthen business community, private sector, companies and enterprises. It was submitted that there would be job opportunities and capacity to pay taxes to the government if the ease of doing business in the country was improved.

It was also submitted that business firms and entities had to be improved in order to enhance enterprises. Furthermore, it was imperative to provide legal support to the business

people and provide guidance in future by strengthening the legal provisions. Besides, it was expressed that out of 42,000 trade licenses issued, 98 percent were not covered by the Companies Act of Bhutan 2000. It was therefore submitted that the Act was aimed at addressing this issue and strengthening the system of enterprise registration in the country.

The Act would provide legal status to business entities and will allow them to enter into agreements among themselves. It would also benefit the enterprises to have adequate workers and provision them with the power to sue and obligation to be sued.

Besides, it was submitted that once the Bill is enacted, it would provide legal status to the joint enterprises in the country which was not the case in the past. The system pertaining to responsibility, accountability and services of the enterprises were also clearly provisioned in the Bill which would help address the business related issues in the future. Therefore, the House was requested to support the Bill.

Some Members expressed that His Majesty the Druk Gyalpo has commanded the House that it was imperative to have lesser Acts for a small country like Bhutan. To this, it was submitted that merging the Enterprise Registration Bill 2014 and the Companies Bill 2014 together would entail

benefits as both pertains to business. The Minister for Economic Affairs, the Member in charge of the Bill expressed that although it was a good proposition to merge the two Bills, it was not feasible as per the assessment carried out by the Ministry of Economic Affairs. Citing the example of differences in investment, responsibility, accountability and system of managing offices, he expressed that the intent of the two Bills were different.

The deliberation on the Bill concluded after the House referred the Bill to the Economic & Private Sector Development Committee for review and to present its recommendation during the third reading on the Bill.

(23rd Day of the 9th Month of the Wood Male Horse Year corresponding to 14th November 2014)

IV. RATIFICATION OF CONVENTIONS

4.1 Brief on Doha Amendments to the Kyoto Protocol to the UN Framework Convention on Climate Change (UNFCCC)

The Minister for Agriculture and Forest, Member In-Charge of the Doha Amendments to the Kyoto Protocol to the UN Framework Convention on Climate Change while moving the motion for its ratification reported that Bhutan become signatory to the Convention in 1997. It was reported that the need for amendment of the Convention was discussed during the meeting at Qatar in 2012 in which all the countries participating in the meeting endorsed the amendment.

The House was informed that in the amended Convention all the original 28 Articles of the Convention were retained without additional Articles except with the amendment in Article 3 and 4.

It was submitted that the amendment in Article 3 of the Convention was mainly aimed at reducing the air pollution by 18 % which is causing problems in the world. Similarly, there was minor amendment in Article 4 in conjunction with the Article 3. It was reported that the ratification of the Convention would entail benefit to the country.

To this, some of the Members opined that as the Convention was already accepted by the Government in 2012 in Doha, they endorse the Convention. However, the Members reminded that it is crucial and imperative for the Convention to be reviewed by a relevant committee before it is tabled for ratification by the House in future. As the Section 14 (d) of the Convention has been wrongly reflected, the House decided to delete the section. The House ratified the protocol with 38 YES, 1 NO and 1 ABSTAINED out of 40 Members present and voting.

(25th Day of the 9th Month of Wood Male Horse Year corresponding to 17th November 2014)

4.2 Statute of the International Renewable Energy Agency (IRENA)

The Minister for Economic Affairs, Member In-Charge while moving the motion for its ratification, said that the

principal objective of Statute is to develop Renewable Energy. He also said that our country is viewed as the nation which accentuates on the environment in the world while deliberating on the issues of climate change. Therefore, Bhutan being signatory to this Statute is not only in line with our standing policy but would also be able to reap the benefits of fostering partnership with the international experts on knowledge and skills on renewable energy.

The House engaged in extensive deliberation on the Statute and ratified it with 39 YES and 1 ABSTAINED out of 40 Members present and voting.

(25th Day of the 9th Month of Wood Male Horse Year corresponding to 17th November 2014)

V. ADOPTION OF THE OFFICE OF ATTORNEY GENERAL BILL OF BHUTAN 2014

The National Assembly deliberated on the Office of the Attorney General Bill of Bhutan 2014 from November 19 to 21 for three days. After extensive deliberation on the Bill necessary changes and amendments were made to the Bill.

On the 2nd Day of the 10th Month of Wood Male Horse Year corresponding to November 24, 2014, the Chairperson of the Good Governance Committee moved the motion to pass the Office of Attorney General Bill of Bhutan 2014. Out of 38 Members present and voting, 33 voted YES and 4 voted NO and 1 Abstained. The National

Assembly adopted the Office of the Attorney General Bill of Bhutan 2014 based on majority on the same day at 10:09 am.

(2nd Day of the 10th Month of Wood Male Horse Year corresponding to November 24, 2014)

VI. ADOPTION OF THE ENTITLEMENT AND SERVICE CONDITIONS ACT FOR HOLDERS, MEMBERS AND COMMISSIONERS OF THE CONSTITUTIONAL OFFICE OF BHUTAN (AMENDMENT) BILL 2014

The National Assembly deliberated on the Entitlement and Service Conditions (Amendment) Bill for the Holders, Members and Commissioners of the Constitutional Offices of Bhutan 2014 from November 25 to 26 for two days. After extensive deliberation the necessary changes and amendments were made to the Bill.

On November 27, 2014, the Finance Minister moved the motion to pass the Entitlement and Service Conditions (Amendment) Bill for the Holders, Members and Commissioners of the Constitutional Offices of Bhutan 2014. From the total of 39 Members present and voting, 24 voted YES and 15 voted NO. The National Assembly adopted the Entitlement and Service Conditions (Amendment) Bill for the Holders, Members and Commissioners of the Constitutional Offices of Bhutan 2014 based on majority on the same day.

However, as per the procedure, some Members while expressing their dissenting opinion submitted that the amendment Bill was unconstitutional and that there would be conflict of interest.

(5th Day of the 10th Month of Wood Male Horse Year corresponding to November 27, 2014)

VII. POSTPONEMENT OF DELIBERATION ON ENTERPRISE REGISTRATION BILL 2014

The Enterprise Registration Bill of Bhutan 2014 was deliberated for third reading from 27th to 28th November 2014. While deliberating, it was found that there was inconsistency between Dzongkha and English translation leading to ambiguities. Members opined that the reason for not being able to deliberate is due to inconsistency in translation and therefore the relevant committee together with the Economic Affairs ministry should rectify the translation and present it during the 5th Session. Hon Minister for Economic Affairs moved the motion to defer the Bill to the next session in order to rectify all the discrepancies and present it during the 5th session.

While deliberating on the motion, some Members submitted that the Bill provides for registration of enterprise and since it is not an urgent Bill there was no need to table the Bill during this session. As it is important to deliberate in Dzongkha, it was reminded by the Member that the Bill should be properly translated. Some Members

submitted that the Enterprise registration Bill and Companies Bill could be merged together.

To this, one of the Members said that it would not be feasible to merge Enterprise Registration Bill and Companies Bill since the intent of the two Bills were different.

Consequently, the House resolved to defer the Enterprise Registration Bill to the next session by show of hands and directed the economic development and private sector committee to review the Bill in collaboration with the Ministry of Economic Affairs. The committee was also directed to review whether the Bill can be merged with the Companies Bill and to submit a report in the next session.

(7th Day of the 10th Month of Wood Male Horse Year corresponding to November 28, 2014)

VIII. JABMI (AMENDMENT) BILL 2014

The Member In-Charge of the Bill, Minister for Home and Cultural Affairs tabled the Jabmi (Amendment) Bill of Bhutan 2014 for First Reading and adoption for discussion on 10th Day of the 10th Month of Wood Male Horse Year corresponding to 1st December 2014. The House adopted the Bill for discussion.

During the Second Reading, the Minister for Home and Cultural Affairs submitted that the Jabmi Act was passed in 2003 and during that time Jabmis were certified by the

High court by giving relevant trainings and other relevant task related to Jabmis. However, after the adoption of Constitution, there were some provisions of Jabmi Act 2003 that were not consistent with the Constitution. Therefore, it was felt necessary to amend the Act to make it consistent with the Constitution.

In addition, Jabmi Act 2003 doesn't have any clear provisions on the code of conduct for the Jabmis. With change in time, there are many lawyers pursuing legal profession, therefore it is necessary to have a professional standards and code of conduct for them.

Bhutan doesn't have Bar Association and Bar Council as of now, thus it is imperative that proper procedure and responsibilities are in place in order to establish Bar Council and Bar Association in Bhutan.

To this, Hon Members submitted that the Committee while reviewing the Bill should specify clear procedure, accountability and responsibility to give legal aid to indigent persons as enshrined in Article 9 section 6 of the Constitution of Bhutan and Civil and Criminal Procedure Code. Responsibility and accountability of Bar Association and Bar Council should also be reviewed properly.

Thereafter, the Speaker directed the Legislative Committee to note the submissions made by the Members on the said

Bill and review the Bill thoroughly and report on the same during the Third Reading of the Bill.

(10th Day of the 10th Month of Wood Male Horse Year corresponding to 1st December 2014)

IX. COMPANIES BILL OF BHUTAN 2014

The Member In-Charge of the Bill, Minister for Economic Affairs tabled the Companies Bill of Bhutan 2014 for First Reading and adoption for discussion on 10th Day of the 10th Month of Wood Male Horse Year corresponding to 1st December 2014. The House adopted the Bill for discussion with show of hands.

During the Second Reading, the Minister for Economic Affairs submitted that with introduction of democracy in our country and with adoption of Constitution, the Companies Act of Bhutan 2000 failed to cover various issues at length. In order to harmonize the provisions of the Act with the Constitution of Kingdom of Bhutan, the Companies Act of Bhutan 2000 was repealed and a new Bill was drafted.

In addition, considering the change in time, management of companies, accounting and auditing standards have also changed. Trade relations have also changed thus it was felt necessary to outline responsibilities, accountability and rules of procedures clearly to ensure transparency and accountability.

To this, some Members submitted that the Companies Bill 2014 does not have any provisions pertaining to board, benefits of board Members and procedure for auditing standards. They added that such provisions should be clearly incorporated in the Bill. Members also submitted the need to rectify the translation between Dzongkha and English text.

Thereafter, the Speaker directed the Economic Development and Private Sector Committee to note the submissions made by the Members on the said Bill and review the Bill thoroughly and report on the same during the Third Reading of the Bill. House directed the Ministry of Economic Affairs to rectify the translation and submit the same to the Committee.

(10th Day of the 10th Month of Wood Male Horse Year corresponding to 1st December 2014)

X. ADOPTION OF PARLIAMENTARY ENTITLEMENT (AMENDMENT) BILL OF BHUTAN 2014

The Parliamentary Entitlement (Amendment) Bill of Bhutan 2014 was deliberated during the Third Session and as per the procedure, it was transmitted to National Council on June 11, 2014. National Council deliberated on the Bill and re-transmitted the Bill with recommendation on 8 sections. National Assembly re-deliberated on the Bill on December 1, 2014. The Member In-Charge of the Bill, Chairperson of the House Committee moved the motion for leave that the Parliamentary Entitlement (Amendment) Bill

2014 be passed and from the total of 40 Members present, 35 voted YES and 3 voted against while 2 Members abstained from voting thus, adopting the Bill.

Thereafter, as per the procedure, a Member in his dissenting opinion submitted that there was a need to amend the new section 8 A wherein 10 days appeal period should be kept after the election of a Member. Furthermore, the specification of engine capacity in section 20(b) would create problem in future if the price of car rises. Therefore, it was suggested not to incorporate the said provision in the bill.

(11th Day of the 10th Month of Wood Male Horse Year corresponding to 2nd December 2014)

XI. ROYAL KASHO ON REDELIBERATION OF BILLS IN THE JOINT SITTING OF THE PARLIAMENT

As per Article 13 (8) of the Constitution of the Kingdom of Bhutan, Royal Assent is granted for deliberating and voting in a Joint Sitting on disagreement clauses between National Assembly and National Council on the Local Government (Amendment) Bill of Bhutan 2014, National Council Amendment Bill of Bhutan 2014 and National Assembly Amendment Bill of Bhutan 2014.

Granted on the 6th Day of the 9th Month of the Wood Male Horse Year.

DRUK GYALPO

XII. DELIBERATION ON THE LOCAL GOVERNMENT (AMENDMENT) BILL 2014

The Local Government (Amendment) Bill of Bhutan 2014 was deliberated during the Second Session of the Second Parliament and was transmitted to National Council as per Article 13(5) of the Constitution of Kingdom of Bhutan. National Council deliberated on the Bill during their 13th Session and re transmitted the Bill to National Assembly as per Article 13 (7) for re-deliberation. While re-deliberating on the Bill, House could not concur on 15 clauses. As per the legislative Rules of Procedure 2011, joint committee submitted its recommendation to the House on 13th Day of 10th Month of Wood Male Horse year corresponding to 4th December 2014. Out of the 60 Members present, 55 voted YES, 5 voted NO and adopted the Bill at 4.25 pm.

Leader of Opposition in his dissenting opinion submitted the reason for not supporting the Bill due to few clauses on which he was not in favour. He further submitted that the establishment of Thromdes should be mainly determined by the feasibility for such establishments. Skepticism was thus expressed on establishing 20 Thromdes in all the Dzongkhags.

Secondly, he submitted that Thromdes irrespective of their size would be considered at par with capital city of Thimphu, Samdrup Jongkhar, Phuentsholing and Gelephu.

Thromdes. He therefore expressed concerns on how Thromdes in smaller Dzongkhags would be able to function and how the Members of such Thromdes could support the developmental activities for the Thromde. This was the justification he expressed for not being able to support the Bill.

Member of South Thimphu Constituency submitted that he did not support the Bill because there would be two local governments in a small country with less population and development. He expressed concerns on whether it is practical to have Dzongdag, Gup, Thrompoen and Thromde Thumeis in a Dzongkhag. He also said there will be cost implications for the establishment of two institutions and reminded the House that it would be practical if works are carried out based on the feasibility and for the benefit of the country.

In addition, it was also submitted that for the benefit of future it is mentioned in the Constitution of Bhutan that a representative from Yenlag Thromde shall be Member of Dzongkhag Tshogdue.

(13th Day of the 10th Month of Wood Male Horse Year corresponding to 4th December 2014)

XIII. NATIONAL COUNCIL (AMENDMENT) BILL OF BHUTAN 2014

The National Council (Amendment) Bill of Bhutan 2014 was deliberated during its 12th Session in the National

Council. It was transmitted to National Assembly as per Article 13 (5) of the Constitution of Bhutan. National Assembly deliberated on the Bill during the Second Session of the Second Parliament and re transmitted the Bill to National Council as per Article 13 (7) for re-deliberation. While re-deliberating, the House could not concur on 10 sections. As per the legislative rules of procedure 2011, Joint Committee submitted its recommendation to the Parliament and deliberated on December 5, 2014.

It was extensively discussed on the issue where the Member intending to re-contest NC election need not do so and can contest while in Office. After extensive deliberation, as per the procedure, out of the 64 Members present and voting, 59 voted YES, 2 voted NO and 3 Abstained and thus adopted the Bill.

A Member in his dissenting opinion submitted that in order to conduct free and fair election, the new section in the Bill which states “a Member of National Council intending to participate in the next NC election shall not be required to resign and can contest while in office” should be incorporated in the election Act. Since it is not possible to amend the Election Act, the Member said he cannot support the National Council (Amendment) Bill 2014 until it is incorporated in the Election Act.

(14th Day of the 10th Month of Wood Male Horse Year corresponding to 5th December 2014)

XIV. NATIONAL ASSEMBLY (AMENDMENT) BILL OF BHUTAN 2014

The National Assembly (Amendment) Bill of Bhutan 2014 was deliberated during the 3rd Session of the 2nd Parliament in the National Assembly. It was transmitted to National Council as per Article 13 (5) of the Constitution of Bhutan. National Council deliberated on the Bill during its 12th Session and re transmitted the Bill to National Assembly as per Article 13 (7) for re-deliberation. While re-deliberating, the House could not concur on 14 sections. As per the Legislative Rules of Procedure 2011, Joint Committee submitted its recommendation to the Parliament and deliberated on December 5, 2014.

The main discussion took place on whether there was a need to refer the Budget Appropriation Bill to a relevant committee or not. To this, one of the Members submitted that budget and appropriation bills are different from ordinary bills. Article 14 section 8 of the Constitution states that the annual budget shall be presented to the National Assembly by the Finance Minister. Therefore, referring it to a committee like any other Bills could lead to problems in future.

Likewise, some Members while deliberating on the need to appoint a Committee Secretary, a Legal Assistant and a Draftsperson to aid and assist each Committee opined that

it should be done as per the RCSC Act. The aim of RCSC is to have a small and compact civil service and currently RCSC is doing organizational development exercise. Therefore, it is submitted whether it is possible to appoint a Committee Secretary, a Legal Assistant and a Draftsperson for each committee.

However, as per the procedure, out of 61 Members present and voting, 45 votes YES, 14 voted NO and 2 Abstained and thus adopted the Bill.

A Member in his dissenting opinion said that the reason for not supporting the Bill was because the main provision for which the amendment was called for was deleted. It was to deal with cases where an elected Member submits voluntary resignation before assuming responsibilities.

(14th Day of the 10th Month of Wood Male Horse Year corresponding to 5th December 2014)

XV. ADOPTION OF LOCAL GOVERNMENT ENTITLEMENT BILL OF BHUTAN 2014

On 3rd& 4th December, 2014 corresponding to the 11th and 12th Day of the 10th Month of the Wood Male Horse Year, Local Government Members Entitlement Bill of Bhutan 2014 was re-deliberated in the National Assembly according to the Legislative Rules of Procedure during which the House did not agree on five clauses out of 18 clauses submitted by the National Council for re-deliberation thus, concluding the discussion.

On 8th December, 2014 corresponding to the 17th Day of the 10th Month of the Wood Male Horse Year, the Minister for Home and Cultural Affairs, Member In-charge of the Bill moved the motion for leave that Local Government Members Entitlement Bill of Bhutan 2014 be passed and from the total of 38 Members present, 35 voted YES and two voted against while one Member abstained from voting thus, adopting the Bill.

XVI. ADOPTION OF NARCOTIC DRUGS, PSYCHOTROPIC SUBSTANCES AND SUBSTANCE ABUSE BILL OF BHUTAN 2014

On 3rd December, 2014 corresponding to the 12th Day of the 10th Month of the Wood Male Horse Year, Narcotic Drugs, Psychotropic Substances and Substance Abuse Bill of Bhutan 2014 was re-deliberated in the National Assembly according to the Legislative Rules of Procedure during which the House did not agree on 15 clauses out of the 55 clauses submitted by the National Council for re-deliberation thus, concluding the discussion.

On 8th December, 2014 corresponding to the 17th day of the 10th Month of the Wood Male Horse Year, The Health Minister and Member in charge of the Bill moved the motion for leave that Narcotic Drugs, Psychotropic Substances and Substance Abuse Bill of Bhutan 2014 be

passed and from the total of 37 Members present, 35 voted YES and one voted NO while one Member ABSTAINED from voting thus, adopting the Bill.

XVII. ADOPTION OF TENANCY (AMENDMENT) BILL OF BHUTAN 2014

On 3rd December, 2014 corresponding to the 12th Day of the 10th Month of the Wood Male Horse Year, Tenancy Bill of Bhutan 2014 was re-deliberated in the National Assembly according to the Legislative Rules of Procedure during which the House did not agree on 10 clauses out of the 34 clauses submitted by the National Council for re-deliberation thus, concluding the discussion.

On 8th December, 2014 corresponding to the 17th Day of the 10th Month of the Wood Male Horse Year, The Minister for Agriculture and Forestry, Member in charge of the Bill moved the motion for leave that Bio-Safety Bill of Bhutan 2014 be passed and all the 37 Members present voted YES thus, adopting the Bill.

XVIII. BIO SAFETY BILL OF BHUTAN 2014

On 3rd December, 2014 corresponding to the 12th Day of the 10th Month of the Wood Male Horse Year, the Bio-safety Bill of Bhutan 2014 was re-deliberated in the National Assembly according to the Legislative Rules of Procedure during which the House did not agree on two

clauses out of 35 clauses submitted by the National Council for re-deliberation thus, concluding the discussion.

On 8th December, 2014 corresponding to the 17th Day of the 10th Month of the Wood Male Horse Year, The Chairperson of the Economic Development and Private Sector Committee, the acting Member in charge of the Bill moved the motion for leave that Tenancy Bill of Bhutan 2014 be passed and from the total of 37 Members present, 36 voted YES and one voted NO thus, adopting the Bill.



(Jigme Zangpo)
SPEAKER

ANNEXURES

ANNEXURE I

Address by the Hon Speaker Jigme Zangpo at the Opening of the 4th Session of the 2nd Parliament

1. Today on this auspicious day, the 4th Session of the 2nd Parliament commences with the opening ceremony graced by His Majesty the Druk Gyalpo.
2. Therefore, with utmost reverence, on behalf of the Parliament and on my own behalf, I would like to express my gratitude to His Majesty the Druk Gyalpo for gracing this solemn ceremony. The presence of His Majesty signifies the importance that he attaches to the Parliament.
3. I would also like to welcome Her Majesty the Gyaltsuen, Members of the Royal Family, clergy, government officials and representatives of the international community.
4. To provide a gist of the fourth session, the issues to be deliberated are:
 - i. Office of the Attorney General of Bhutan Bill 2014
 - ii. Entitlement & Service Conditions (Amendment) Bill for the Holders, Members and Commissioners of the Constitutional Offices of Bhutan 2014
 - iii. Jabmi (Amendment) Bill of Bhutan 2014
 - iv. Companies Bill of Bhutan 2014

- v. Enterprise Registration Bill of Bhutan 2014
- vi. Brief on Doha Amendment to the Kyoto Protocol to the UN Framework Convention on Climate Change
- vii. Statute of International Renewable Energy Agency
- viii. Report on the Implementation status of the Resolution of the 3rd Session
- ix. Report on the Review of the Election Act of Bhutan

Further, the following Bills and reports will be deliberated in the Joint Sitting of the Parliament:

- i. Local Government (Amendment) Bill
- ii. National Assembly (Amendment) Bill
- iii. National Council (Amendment) Bill
- iv. Report by the Public Accounts Committee on the Audit Performance Report and Report on the need for PAC Act

5. Furthermore, 23 agenda items were received from eight Dzongkhags for incorporation into the 4th session agenda. These were deliberated in the preliminary agenda meeting of the Hon Members held on 5th November 2014. During the meeting, it was decided that 21 of the issues received from the Dzongkhags were administrative related issues and hence were forwarded to concerned ministries for implementation. Therefore, only two points received from the Dzongkhags merited to be deliberated in the current session.

6. The Hon Members have always provided undaunted support towards the deliberations held in the House. Therefore, it is hoped that Hon Members would continue to render your support during deliberations in the best interest of the country and the people.
7. Today, the Bhutanese people are bestowed with good fortune and opportunity because of our dynamic and selfless monarch, the Fourth Druk Gyalpo Jigme Singye Wangchuck. His Majesty the Fourth Druk Gyalpo has strengthened our relations with the international community and moreover introduced the noble philosophy of Gross National Happiness for the benefit of the country and the people. Based on this noble philosophy, our country has emerged into a peaceful, happy and prosperous country with its security, sovereignty and culture being strengthened along with economic prosperity and enhanced education and health systems.

Further, His Majesty the Fourth Druk Gaylpo with his farsightedness for the future of the Bhutanese people delegated the reigns of governance to the people and also abdicated the throne in favour of his royal heir. It would not be possible to describe all the noble attributes of such a great king. However, in continuation to yesterday's launching of a yearlong celebration commemorating His Majesty the Fourth Druk Gyalpo's 60th Birth Anniversary, I

would like to take this opportunity to express our gratitude to His Majesty the Fourth Druk Gyalpo on behalf of the people and the Parliament of Bhutan. I would also like to offer our prayers for his good health and long life.

8. I would like to apprise the House that the Hon Prime Minister of India visited Bhutan in June this year. Similarly, the Hon Prime Minister of Bhutan visited India on two occasions. Moreover, His Majesty the Druk Gyalpo and Her Majesty the Gyaltsuen visited various sacred places in India and the school in Himachal where Her Majesty the Gyaltsuen studied. Their Majesties also met with the senior government officials of the Indian state. On behalf of the Parliament, I would like to express my gratitude to His Majesty the Druk Gyalpo for further strengthening the Bhutan-India relations.
9. Similarly, Shri Pranab Mukherjee, the Hon President of India visited Bhutan on a two day state visit and delivered an inspiring address to our people and country. The HonPresident also inaugurated various programmes for the enhancement of education in Bhutan. We are confident of a fruitful outcome from such cooperation.

The Hon President of India had already visited Bhutan many times in the past and had developed close relationship with His Majesty the Druk Gyalpo and the Members of the Royal Family. The recent visit by the Hon

President of India had further strengthened the friendly relations shared by the two countries. Therefore, the Parliament of Bhutan would like to express our deepest gratitude to His Majesty the Druk Gyalpo and His Excellency the Hon President of India.

10. Recently, on the invitation of the government of Austria, I led a parliamentary delegation to participate in the commemoration of the 25th anniversary of diplomatic relations between Bhutan and Austria. Besides our visit to the parliament of Austria we also met with the officials of Austrian Development Agency and Austrian Bhutan Friendship Society. Moreover, we also had the honour to call on His Excellency Mr. Heinz Fischer, the Hon'ble President of Austria for a meaningful exchange of varied views.

Similarly, we participated in the 131st General Assembly of the Inter Parliamentary Union in Geneva. The general debate during the assembly was on achieving gender equality and ending violence against women.

On the sidelines of the 131st IPU General Assembly, we also met with the Hon'ble Speakers of India, Bangladesh and Switzerland with whom we had fruitful discussions on strengthening our parliamentary relations.

Further, I would like to report that one of the prime agendas of the 131st IPU general assembly was election of the President. In this regard, I would like to inform that Hon'ble Member of Parliament Mr. Saber H Chowdhury of Bangladesh has been elected as the president of IPU amongst the four candidates who contested for the post.

11. In conclusion, I pray that the Fourth Session will be successful with the blessings of Triple Gem, grace of His Majesty the Druk Gyalpo, Members of the Royal Family and the collective merit of the Bhutanese people. We offer our prayers for the long life and fruitful endeavors of His Majesty the Druk Gyalpo, Members of the Royal Family and the Dharma propagators. We hope and pray for the peace, prosperity and happiness to prevail in our country for all times to come.

ANNEXURE II

Legislative Committee Report on review of Election Act 2008

As directed by the National Assembly during the 2nd session of the 2nd Parliament, the Legislative Committee took the work of reviewing the election Act 2008 as follows:

- We sought the feedbacks and suggestions from all 205 Gewog Tshogdes, 20 Dzongkhag Tshogdus, ECB, and all five political parties requesting them to give us written feedbacks. We got written feedbacks from very few of them.
- We sought feedbacks from social media such as facebook and twitter.
- Our literature review included the Constitution, and the three electoral laws (Election Act 2008, Public Finance Act 2008, and National Referendum Act 2008), 14 rules and regulations, 15 Guidelines and 19 other documents.
- Legislative Committee identified 16 main issues at the end of the public consultations.
- 10 Dzongkhags chosen for consultations were Chhukha and Tsirang from among the Southern Dzongkhags, Punakha, Wangdue Phodrang, Paro and Haa from among the Western Dzongkhags, Bumthang among the Central

Dzongkhags, and Monggar, Trashi Yangtse and Trashigang from among the Eastern Dzongkhags.

- Besides the above, we also held consultation workshops in Phuentsholing and Sherubtse college, and a national workshop in Thimphu.
- The stakeholders we consulted during the workshops were those who participated in elections as candidates, observers, returning officers, presiding officers, security officers, Dzongkhag election officers, party workers, Dzongdags, Dzongrabs, LG officials (Thrompon, Gups, Mangmis, Tshogpas, Thromde Thuemis), and students.
- Our last consultation was with the election management Body, Election Commission of Bhutan.

The 16 main issues in the election law that were identified and discussed were:

1. NC as a continuous House
2. 10 years experience to contest NC elections
3. Increase the number of observers
4. Political parties mandated to file a minimum of 30% women candidates
5. Academic qualifications to contest Gup and Mangmi elections
6. Office of profit
7. Cooling period
8. Postal Ballots versus centralized polling stations

9. EVM machines
10. 48 Hours blackout period
11. Party workers
12. House to house campaigning
13. Letter of Intent and tentative list of candidates
14. Candidates being allowed to change parties after the primary round
15. State funding for political parties
16. ECB to report to the parliament

Let me now share what were some of the thoughts and discussions on each of these issues:

1. NC as a continuous House – Not much feedback or suggestions from the consultative workshops
2. 10 years experience to contest NC elections – Majority of the people we consulted opposed this idea; proposed that may be civil servants with adequate experiences be allowed to contest without resigning;
3. Increase the number of observers - Possible without amendment of the electoral law;
4. Political parties mandated to file a minimum of 30% women candidates to enhance the number of women seats in the National Assembly – Most of the participants who were men opposed, generally most women supported the idea; NCWC proposes 33% women fielding by political parties.

5. Academic qualifications to contest Gup and Mangmi elections – Most participants do not support, may be allow civil servants to take EOL and contest
6. Office of profit – for Tshogpas and Thromde Thuemis;
7. Cooling period – do away or reduce to one year
8. Postal Ballots – reduce significantly, provide for employees of private enterprises or provide centralized polling stations to increase access to voting, reduce costs of voting;
9. EVM machines – small photographs of candidates not clear, paper ballots could be used
10. 48 Hours blackout period
11. Party workers - no party workers or minimal number
12. House to house campaigning
13. Letter of Intent and the tentative list
14. Candidates being allowed to change parties after the primary round
15. State funding for political parties – Unconstitutional, previous experience
16. ECB to report to the parliament – Unlike ACC and RAA, no provision to report to the Parliament in the constitution

ANNEXURE III.

REPORT BY THE HUMAN RIGHTS COMMITTEE

1 Introduction

Based on the scope of its TOR to review, inquire and investigate any matter that is brought to the its notice, the Human Rights Committee decided to review publicizing loan defaulters in national television, operation of Drayangs, Open Air Prison at Dawakha, and Youth Development and Rehabilitation Centre at Tsimasham. Further, the Committee decided to review the status of relevant recommendations of the Human Rights Committee of the first Parliament.

2 Objectives of the review

The main objective of the review is to ensure that there is no violation of human rights in general while following are specific objectives for each of the issues:

- to find out the conditions that force the financial institutions publicize their loan defaulters and to address the issue;
- to study the rights and the welfare of the girls working in Drayangs and to propose any improvement measures if any;

- to study the initiatives of RBP and the welfare of inmates by conceptualizing this model of open air prison management; and
- to study the reformative and rehabilitative functions of YDRC.

The Committee held several discussions on the four issues with the concerned agencies such as the Royal Bhutan Police, Bhutan InfoComm and Media Authority, National Commission for Women and Children, Respect Educate Nurture and Empower Women, Ministry of Labour and Human Resources and the financial institutions. The Committee visited and had discussion with Open Air Prison at Dawakha on October 23, 2014 and the Youth Development and Rehabilitation Center at Tsimasham on October 24, 2014. The Committee visited and had discussion with the owners and workers of Drayang in Thimphu and Phuentsholing. Also, the Committee referred to the reports of the Human Rights Committee of the first Parliament. The Women and Children Committee and Legislative Committee were involved intensively in the review.

3 Findings and recommendations

3.1 Publicizing of loan defaulters on national TV

As custodian of public money, financial institutions are responsible to recover loan from defaulters. One way to

recover loan is to publicize the loan defaulters in national television. Personal photographs, identity card number and permanent postal addresses are shown on national TV. Much to their dislike, financial institutions resort to this method when they confront the following circumstances.

Loan default starts when the loan agreement drawn between the parties is breached. The first category of defaulters is those that are traceable but do not repay in spite of reminders and who reject any further contact. The second of defaulters are those who have changed their contact number and postal address and are grouped as untraceable. The problem of loan recovery is further compounded when guarantors of loan defaulters are also not traceable due to change of contact number and postal address. In such scenario, financial institutions cannot serve notices to defaulters nor can they dispose or take over the mortgage as provisioned in loan agreement because courts do not accept monetary suits without proper address of the debtor. Banks do not get assistance from police to track down or apprehend debtors without court order. Hence the defaulters are publicized in national TV.

On the other hand, there is a general view that public are being harassed and threatened to publicise if loan is not being paid. There are already complaints from loan defaulters who argue their personal dignity and social status

is put at stake both in families and community. Unlawful attacks on a person's honour and reputation is protected by Section 19 of the Article 7 of the Constitution of the Kingdom of Bhutan. Such practice of publicizing loan defaulters contradicts with the basic rule of universal human values to protect the faces of criminals if they have to appear on public media.

Recommendations of the Committee

Breach of loan agreement is generally a civil offence. The offences of such nature are defined in the Penal Code (Amendment) Act of Bhutan 2011. The Penal Code also specifies penalty for each offence. In case of loan defaults, there is loan agreement executed between the concerned financial institution and the defaulters. The loan agreement empowers the financial institutions to take over or dispose off the mortgage in the event of default. The loan agreement is backed by immovable and movable act which allows financial institutions to seize, possess, and dispose of collaterals or mortgages.

With the start of the review of the issue and knowing that they are violating human rights of their customers, some financial institutions have on their own stalled publicizing their loan defaulters on national TV. Given the facts that there are legal set up and prescribed procedures to recover loans, the practice of publicizing of loan defaulters with

photographs on national TV and other social media by financial institutions on their own is recommended to be stopped. After exhausting all the administrative means, the final decision for the need to publicize either by the court or to authorize financial institutions to do so should be left to the authority of law.

3.2 Operation of Drayangs

With only one in 1993 in Thimphu, Drayangs have already established themselves in our major towns over the past decade. There are 42 Drayangs today in Thimphu, Phuentsholing, Paro, Bumthang, Mongar, Gelephu, Haa, Punakha, Wangdue Phodrang and Mongar. Maximum number is Phuentsholing and Thimphu followed by Paro and Bumthang. All these Drayangs have entertainment license and operate within the following rules and regulations.

- Smoking and weapons are prohibited in the halls
- No dress other than Kira
- No entry for underage customers, monks, and students with uniform
- No employment of underage girls
- One bouncer in every Drayang
- Regular medical check-up for girls
- No alcoholic drinks for the girls
- Sound proof and full light halls.

With no other skills and low level of education, girls with poor socio-economic background have finally joined Drayangs to earn livelihoods for themselves as well as for their dependents. They entertain their customers by singing and dancing. They also perform the duties of waitresses by taking orders and serving tea, alcoholic and soft drinks to their customers. A girl may be requested by a customer to sing and dance for which he pays a request fee.

Single young men, group of young women, young couples, families and tourists frequent Drayangs. These customers frequent Drayangs for entertainment for themselves. With permission, some customers also sing and entertain other customers. Customers move from one Drayang to another in search of better singing and dancing. A note of appreciation is often exchanged between customers and girls when the customers leave the Drayangs.

The girls are paid a regular salary ranging from Nu. 6000 to 10,000 per month. In addition, there is monthly bonus from the money collected from song requests. The payment of salary and bonus is made according to the agreement assigned between the girls and their employers. Understanding the lack of other opportunities and the last chance provided by Drayangs for their survival, there is an air of satisfaction among the girls. Therefore, there is upkeep of also the Article 7 (11) of the Constitution of the

Kingdom of Bhutan which states that a Bhutanese citizen shall have the right to equal pay for equal value. For the time being, the girls have themselves declined post benefits arrangement since their earning is required for immediate livelihoods.

Girls have joined Drayang through personal contacts and in response to public announcement. Some girls joined Drayang because the owner or manager is related. Married girls have no objection certificate from their husbands. The presence of sisters from a same family working in same Drayang indicates that there was prior consultation before joining the business. Therefore, there is upkeep of the Article 7 (10) of the Constitution of the Kingdom of Bhutan which states that a Bhutanese citizen shall have the right to practice any lawful trade, profession or vocation.

The review did not find a single case of misconduct by customers or any abuse by their employers. If necessary, the girls are ready to call nearby police station or police personnel on duty. There is a strong fraternity between the girls and their employers. After their duty, the girls retire to their dwelling places mostly in groups or are escorted by their husbands or relatives. In some cases, the girls stay in the same building where Drayang is located.

The primary problem today is the public perception of Drayang. Drayang have low public image with

allegations that human trafficking is taking place, that girls are being exploited in different forms, that Drayangs are places of inhuman activities, and that Drayangs are eye sore and noise pollution. This low public image is the biggest social taboo currently attached with Drayangs and the girls.

Recommendations of the Committee

Drayang halls are spacious and clean with full and bright light facility. The halls have maximum sound proof system so that there is no disturbance in the neighborhoods. Almost all Drayangs have religious altars. The presence of religious altars indicates that the business is respectful and sacred. There is no ground to prove trafficking of girls since the girls have joined Drayangs on their own free will in absence of other alternatives. Clad in kira, the girls sing and dance on the stage where customers are not allowed to join. The combination of discipline of the girls and the strict management by owners has helped the Drayangs to maintain their current state of affairs. The Committee would like to place on record the constant and strict vigilance by the Ministry of Labour and Human Resources, BICMA and RBP in nurturing and maintaining this environment of respect and dignity. BICMA has a mechanism of conducting its secret regulatory role and also has meeting with proprietors twice in a year. These agencies should continue their constant and strict vigilance in future.

The number of Drayangs has increased over the recent past which demands stronger and extended regulatory role from BICMA. However, being a new organization, BICMA needs to enhance its staff by both in number and capacity. The Committee recommends the government to review the institutional capacity of BICMA with particular focus on staff requirement.

Most of the Drayangs operate their bars on hired license. Those Drayangs established recently have no bar license of their own and are therefore operating bars on hired license. This problem is because of the ban on issuance of bar license in urban areas. It is recommended that the Ministry of Economic Affairs review and address the problem in collaboration with BICMA.

Customers, workers and owners of Drayangs complain that the time allowed to operate Drayangs is too short. Majority of customers come to Drayangs after 9 pm. Customers are still fresh and enjoying the entertainment when Drayangs have to close at 11 pm. Customers, workers and owners of Drayang request for extension of time of the operation of Drayang till midnight on all working days.

There is an informal Drayang Tshogpa in Thimphu that discusses general issues such as entitlement package for the girls, law and order situation, recruitment procedure, temporary deployment of girls to Drayangs where there is pressure for additional singers and dancers, developing

personal relationships among the girls, opportunities for livelihood skills for the girls, and disciplinary actions against those who violate rules. Such informal has eradicated the problems of girls moving from one Drayang to another on the instigations of customers and even their colleagues. Even if it is informal, the working system aims at better management of Drayangs. It is recommended that BICMA conduct a study if formation and formalization of such Tshogpa would be useful.

3.3 Open Air Prison, Dawakha

The OAP at Dawakha was established in 2013 to cater to the female inmates. It started with 52 women inmates out of which 23 have been released so far. Today the jail has 31 inmates housed either in a rented house or huts built by the inmates themselves with the support of their family members. Two inmates live together and in some cases they have their children living with them in these huts. This allows the child to be with the mother while the inmates prepare themselves to reintegrate into the main stream society. The Human Rights Committee of the first Parliament had recommended separate jails for women.

The inmates are not subjected to hard labour. Instead, they learn skills that would be useful after their release. The inmates learn weaving and tailoring with the equipment, materials and instructor provided by RENEW. One batch

consisting of 10 inmates has already completed their tailoring course and another group will be completing it by December 2014. These vocational and reformatory activities are in line with the recommendations made by the Human Rights Committee of the first Parliament.

With the assistance of the Ministry of Agriculture and Forests, farming has been established that engages the inmates gainfully. The income from the sale of vegetables and dairy products is saved to be used after their release. The centre has three green houses for growing vegetables and has four cows that were procured on personal initiatives of the Superintendent of Jails.

The inmates for their spiritual development practice Threma. The religious items required for such practice were provided by private parties. The centre also has a rudimentary Early Childhood Development Centre started with the assistance from Save the Children. This is required as there are small children living with their mothers. As the centre does not have a teacher, lessons are taught by one of the inmates.

The inmates have access to medical treatments twice a month with health officials visiting the centre. They can also go to nearby medical health facility whenever need arises. This frequent access to medical facility was recommended by the Human Rights Committee of the first Parliament. The inmates also have access to entertainment

and current affairs with a television set and a dish antenna that were provided by a private party.

The inmates mentioned that the OAP has been helpful and gratefully acknowledge its positive impacts on their lives. The prison management and the inmates live as one family. Serving their sentence in an OAP has lifted their demoralized spirits and consider their time there as a journey to reintegrate into the mainstream society. They can meet relatives and friends any time, spouses and children can live with them thereby leading to less divorce cases. An inmate got married recently after waiting for more than three years. There is a conjugal room in the compound established as recommended by the Human Rights Committee of the first Parliament. According to the inmates, OAP is fulfilling the country's aim for Gross National Happiness.

Recommendations of the Committee

1. Introduction of non-formal education as there is large number of illiterate young inmates.
2. Investigation on the issue of registration of children born in the prison.
3. Provision of compound lights and bathing and toilet facilities with piped water and lights.
4. Provision of pick-up vehicle for transportation of farm products for marketing and for use during medical emergencies at night.

The Royal Bhutan Police is doing its best to uphold human values in the Open Air Prison. In spite of resource constraint, RPB has been successful to operationalize the concept of Open Air Prison. Free life, freedom of socializing with spouse and relatives, freedom of communication, working for their own benefits and acquisition of livelihood skills have made a second home for every inmate. RBP is preparing the inmates to integrate back into society as responsible and dignified citizens. The Committee sincerely would like to place on record the constructive and compassionate works being carried out by RBP to make OAP a model prison. The assistance provided by different agencies has contributed to the wellbeing of the inmates.

3.4 Youth Development and Rehabilitation Centre, Tsimasham

The Youth Development and Rehabilitation Centre (Centre) was established in 1999 and is in line with Section 116 of the Penal Code (Amendment) Act of Bhutan 2011 that states “If a child is found guilty of an offence for which imprisonment is prescribed, the Court may in lieu of imprisonment consider the availability of other appropriate facilities and correctional institutions”. As recommended by the Human Rights Committee of the first Parliament, there is a plan with secured start-up budget to construct a hostel for girls so that underage girls in conflict with law

could also be sent to the Centre to prepare themselves to integrate back into main stream society.

Till date 303 youths in conflict with law had been admitted into the Centre. So far 251 have been released and 17 have been transferred back into the jails. Today the Centre houses 35 youths, all male managed by one lady officer, 24 police personnel, one teacher and two NFE instructors.

The children in conflict with law are given education opportunities. They attend schools in the nearby areas and there is also a multi grade school at the centre. Children are dropped and picked up from school and also have study hours at the Centre.

The Centre has a basket ball court to juveniles keep the juveniles engaged during free hours. Other skill development activities are hair cutting, cooking and baking, embroidery, painting, tailoring and carving.

Despite the number of activities available, there are no trained instructors to impart proper skills. It is the police personnel who help the youths in picking up such skills. The Save the Children has donated expensive bakery equipment but it is lying idle as the Center does not have a proper place to set up the equipment. If the equipment can be used properly, bread can be supplied to the nearby markets and communities and generate much needed income for the Center.

Upon release, some children do not have a home to go to or do not get job to gainfully employ themselves. For those who attend schools, it is not a problem as they can continue studying in other schools. For those who have nowhere to go resort to committing crimes again. This does not serve the purpose of having been rehabilitated at the centre.

Recommendations of the Committee

1. Collaboration among the Centre, National Commission for Women and Children and Youth Development Fund to design and implement a continued care and development strategy for the youths after their release from the Centre, including a national system to monitor the lives of the youths for some years after their release.
2. Collaboration between the Centre and Ministry of Labour and Human Resources in admitting the youths into the vocational institutes upon release.
3. Placement of vocational instructors to enhance the vocational skills of the youths.
4. Provision of three desktop computers for use by youths.
5. Commission a geo-technical survey to find out the stability of the hostel site.
6. Construction of a bakery unit.
7. Allowing the youths to participate in entertainment programs in national events.

As demonstrated by our case study of the Centre, our far-sighted Kings have taken up initiatives that are compassionate and are of world class examples. On the part of RBP, all efforts are being made to reform and rehabilitate the juveniles. A motherly and compassionate lady officer with the support of her friendly police personnel has made the Centre a truly caring place where our children in conflict with laws are given a second chance in their life.

4 Concluding remarks

To summarize, the Committee would like to place on records the prevalence and respects for human rights in the country. As demonstrated by our case study of the Centre, our far-sighted Kings have taken up initiatives that are compassionate and of world class examples.

The Committee seeks directives from the House on the recommendations proposed above. Further, the Committee pledges to contribute whatever it can to protect and promote human right values in the country as directed by the House.

The Hon members of the Human Rights Committee:

1. Hon Pelzang Wangchuk, Chairperson
2. Hon Dophu Dukpa, Vice Chairperson
3. Hon Ugyen Wangdi, Member
4. Hon Kinley Om, Member
5. Hon Dorji Wangdi, Member.

ANNEXURE IV

REPORT BY THE WOMEN, CHILDREN AND YOUTH COMMITTEE

Background

As per the Population Projection 2005-2030, women of child bearing age group from 15 - 49 make up about 197,563 (27%) of the total population. According to 2005 census survey, children under the age group of 5 make up for 83,001 (11%) of the total population. Women and children make a major part of the population and their contribution to the development of the country is very important. Further, His Majesty the Druk Gyalpo said that, “A nation cannot fool herself into thinking of a bright future when she has not invested wisely in her children.”

Considering the importance of the welfare of women and children in the country, the committee to understand the Child health, maternity health, Nutrition, neonatal mortality, child protection, inclusive education, early childhood care and development, adolescent anemia, stunting, and to address equity and inclusion through effective public service delivery at the grassroots level. The committee with the other officials from UNICEF, Ministry of Education, Ministry of Health and National Assembly visited 7 Dzongkhags from 7 -18th October 2014, covered 14 schools, 10 Basic Health Units (BHUs), 3 ECCD centers, a Draktsho and a school for visually impaired children.

The team met and interacted with Dzongdas, Drungpas, Gups, District Health Officials, doctors, nurses, health assistants, Village

Health Workers (VHWs), Education Officials, School Principals and School Teachers as well as students.

Observations and Feedback received

Health sector

1. Village Health workers (VHWs) play a very important role in the community and are the main link between the service providers and the service beneficiaries. They have multiple responsibilities in addition to their own work and are not provided with any salary or incentives. Some VHWs spend more than two weeks a month fulfilling their role.

Many of the officials, including Dzongdas, Dungpas emphasized the need to give VHWs a more attractive package eg salary or performance based incentives, exemption from voluntary contribution of labour in their communities in addition to VHW kits and mobiles provided through UNICEF.

2. Institutional delivery although increasing is still a concern. There are still some women who do not come to deliver in health facilities mainly due to the distance, social cultural perceptions and lack of patient diet facilities in Grade II BHUs. In addition, Health officials opined that provision of certain essential provisions such as sanitary napkins, clothes for new born would encourage more women to use the Health facilities. Due to the absence of female health workers women are also reluctant to use the health facilities in the rural areas. The need of mobile clinic for ultrasound service from hospital to identify the high-risk and gestation

period of pregnancy in the BHUs was raised in some BHUs.

3. Some health workers informed that there are instances of delayed health seeking behavior. This is because people first seek the advice of local healers and religious leaders before coming to health facilities. This leads to complications and early treatment cannot be provided. Therefore, there is a need to encourage communities to take the responsibility of bringing the sick to the health facilities. It was also felt that there was a need to educate the religious leaders on the benefits of early medical attention and seek their help in convincing the people to get early medical attention.
4. On exclusive breast feeding of babies for six months, it was observed the Health facilities and the BHUs are doing very well in advocating and teaching the mothers to breast feed their babies exclusively till six months. Despite the advocacy on breast feeding by VHWs exclusive breast feeding for six months is still low because working mothers have to resume their normal duty after three months of maternity leave and rural mothers have to go to work in the fields. Further, it was also pointed out that marketing techniques by the media on breast milk substitutes had a negative impact on exclusive breast feeding for the first six months. Regarding nutrition status, although stunting is a national concern there was not enough information or data on stunting because height measurement of children started only in 2014.

5. There is an acute shortage of health professionals in the eastern region. For example Mongar hospital has only one pediatrician and gynecologist each. Moreover, Mongar Hospital is a referral hospital, and receives referred patients from adjacent districts, in addition to catering services to the population of its catchment area. As a result, the patient load is very high and these doctors have to be alert 24 hours a day. The gynecologist in Deothang left after completing her contract in February 2013 and is still waiting for a replacement. In the absence of a gynecologist many patients of obstetric complications are being referred to Rangiya, India. The recently opened BHU Grade I in Khaling does not have medical officers and technicians.

There is no medical officer in Samdrupcholing BHU Grade I, where the patient load is very high. The need for trained biomedical technicians was raised by Samdrupjongkhar hospital because the current system of provision of support by the bio-technician from Mongar hospital is not working effectively. Although a short training was provided to the present electrician posted in the hospital, it was inadequate due to large variety of medical equipment. It was also observed that one of the only two ventilators for the children ICU in Mongar hospital was not in working condition.

6. Concerns were raised about the safety and quality of locally made play materials in the children's corner in BHUs in

promoting Care for Child Development (C4CD) and early stimulation for child development.

7. Health officials said that the Royal Institute for Health Sciences train more GNM nurses while only about 25 Health Assistants annually for about 200 BHUs. There is currently a shortage of Health Assistants in the Dzongkhags.

Recommendations.

1. It is recommended that the Ministry of Health in consultation with the Ministry of Finance review the current package offered to VHWs and make it more attractive. It is also strongly recommended to make the VHWs a salaried post.
2. The Ministry of Health is recommended to look into the possibilities of providing patient diet and other essential items such as sanitary pads, napkins for the newborn in the Grade II BHUs to encourage and increase institutional delivery. In addition, at least one female health worker should be posted in the BHUs and adequate number of female health workers in hospitals.
3. The Ministry of Health and Local Government should work with communities to create more awareness on early health seeking behavior and in educating the local healers and religious leaders on timely referral to health facilities.
4. The Women Children and Youth Committee (WCYC) of the National Assembly, in consultation with Ministry of

Health, NCWC, RCSC and other relevant stakeholders will take the lead in reviewing the existing regulating pertaining to Maternity leave to look into extension of maternity leave up to six months. While considering maternity leave for working mothers, it is also necessary to consider the benefits of unemployed mothers especially those mothers working in the fields and in private sector.

5. With regard to increasing advertisement by the media on breast milk substitute, the Ministry of Health in collaboration with the Ministry of Economic Affairs and other relevant sectors, should review the International Code of Marketing of Breast milk substitute and develop a National code for Bhutan
6. Ministry of health is recommended to monitor the quality of locally developed play materials or provide imported play materials, in promoting Care for Child Development (C4CD) and early stimulation for child development.
7. Given the inadequate pool of national doctors and dire needs of doctors in the Eastern region, the Ministry of Health is urged to look into the possibilities of recruiting additional expatriate doctors to fill the gap.
8. There is a dire shortage of Health Assistant in the BHU's. Thus, it is recommended that RIHS, to train more health assistants.

Early Childhood Care and Development (ECCD) and Education

1. The feedback received on the ECCDs was very positive. It was pointed out that there was a visible difference between students who came from ECCDs and who directly joined schools such as in confidence, adaptability, social interaction and learning capabilities. However concerns were raised about sustainability of ECCD in its current form. Educational officials were of the view that ECCD could be a part of the formal education system. However, few others raised concerns on the additional burden on schools that this may create.
2. On the school reforms initiative taken by the government, principals, teachers and district education officials felt that it was a good initiative from the perspective of sustainability of schools and quality of education and rational utilization of specialized teachers. The initiative was also attractive to parents due to provision of all free essentials to the children. However, the teachers said that some parents were concerned about health and care that the younger children would receive from the caregivers and the ability of the caregivers to take care of very young children. Furthermore, It was noted that more stakeholders should be given more information.
3. On the issue of corporal punishment most school officials and teachers stated that there was no corporal punishment

and a zero tolerance policy was practiced. However, on speaking with the students the team was informed in almost all instances that corporal punishment was practiced including slapping and use of sticks. Teachers also stated that although the school does not use corporal punishment, the children were subjected to it at home by parents. Due to this the students were often misbehaving in schools because they felt freer.

Concerns were also raised about the existence of different discipline policies in schools. This was often confusing to students particularly those who transferred from one school to another. Most teachers in schools did not have any training on positive discipline techniques.

4. According to a Two Stage Child Disability Study (200-11) carried out jointly by National Statistical Bureau, Ministry of Education and Ministry of Health out of 11,370 children screened about 3,500 children were identified to have functional impairment or disability. Assessment of children between the ages of group of 2-9 show that 21% have at least one type of functional impairment/disability, 19 % have mild disability and 3 percent have severe disability. It was also observed that the prevalence of disability is mainly associated with level of mothers' education, poverty, and mostly in the rural parts of the country. Thus, it is timely for the government to make intervention.

Regarding children with disabilities, the absence of systematic early identification process and referral mechanism was noted as a concern. It was also noted and observed that most children with disabilities come from poor socio-economic background. Due to this, families were often unable to provide necessary support for these children including taking children to and from the school during vacations. Several education officials, teachers and disabled students also talked about the need for a Disability Act. None of the teachers of the Draktso East Center, except the principal were trained in special educational needs. Children with disabilities in institutions such as Draktso and Muenseling Institute, Khaling (MIK) for the blind need services such as those of physiotherapy technician, eye technician and more frequent general routine health checkups. However, these were not available on needs basis. It was observed that some children in Draktso were suffering from skin diseases including scabies. Institutions such as Draktso and MIK as well as the Khaling LSS and Khaling HSS did not have disabled friendly environment and infrastructure. Teachers in the Khaling LSS and Khaling HSS were not trained to teach in braille. Students voiced that persons with disability should be given job quota, extra time for writing exams, unemployment benefits and disabled friendly infrastructures.

5. Most schools visited had about two to three children with other type of disabilities. It was noted that some of the schools did not have a single teacher who was trained in special educational needs. Teachers often found it challenging to give special attention to such children particularly in classes with large student teacher ratio.
6. Not all schools conducted life skills program. Even in schools where life skills were implemented it was being carried out in theoretical manner. In some cases, life skills was apparently infused into teaching of subjects.
7. With regard to School Feeding program, Jigme Sherubling Higher Secondary School experienced a six month delay in food supply through the Food Corporation of Bhutan. In Yurung MSS due to the reduction of meals from three to two there has been an impact in enrollment and some parents have requested transfer of their children to another boarding school.
8. Repetition and Drop outs were not noted as a major concern in any of the schools visited.
9. The absence of trained physical education instructors was noted as an issue by some schools.
10. Some school principals raised their concerns regarding non eligibility of housing allowances for school principals. Principals of schools especially boarding school are on duty

24 hours and they felt that they need to be given the 20 % housing allowance.

11. The youth raised their concerns regarding employment opportunities once they graduate and complete their studies.
12. It was observed that the current stipends for students were not enough to pay for nutritious food. Hence, it was observed that there were many cases of malnutrition in the schools.

Recommendations

1. The Ministry of Education is encouraged to review the status of existing ECCD services and to consider the possibility of integrating ECCD into the formal system in order to ensure sustainability.
2. It is recommended that the Ministry of Education develop a uniform discipline policy appropriate for different levels of schools rather than leaving it open for schools to develop their own discipline policies. In-service teachers should be trained on positive discipline techniques and this should also be incorporated into pre-service teachers' training.
4. The Ministry of Health should develop and implement a system for early identification and referral of children with disabilities.

5. There is an urgent need for the Cabinet to determine which government agency will take the lead in issues such as pursuing the ratification of the United Nations Convention on Rights of Persons with Disabilities (UNCRPD) as well as drafting of a National Disability Act so that the needs identified for persons with disabilities can be addressed.
6. The government should explore opportunities for strengthening partnerships with CSOs for providing services for children/persons with disabilities.
7. It is recommended that the Ministry of Education review the Youth Policy 2011 and draft a action in consultation with Ministry of Labour and Human Resources and other concerned stakeholders.

Cross cutting issues

1. Teenage pregnancy is another concern. There are at least two to three teenagers delivering in a year in the Dzongkhags visited. It was observed that although most of the pregnancy was consensual and the teenagers were married, some were reportedly caused by abuse and rape. The doctors that the committee members talked to said that their first duty was to provide service and not to report teenage pregnancies to the police. Concerns raised by the doctors were, if reported, legal action would be taken by law enforcing agency that would not be favorable to the mother and baby. Thus teenage pregnant girls would not come to hospitals for ANC or delivery in future for fear of being reported and having to face the legal consequences,

ultimately leading to drop in instructional delivery causing risk to both the young mother and the child. It was also reported that there is no clear guideline to follow in such situation. There was a lack of awareness on Child Care and Protection Act and Domestic Violence Prevention Act.

2. The increasing number of rape cases is a concern in 2012, 50 cases of rape were reported and is still increasing. Studies have shown that victims of rape are psychologically disturbed throughout their life.
3. There is a need to redefine rape in our Penal code, since there is no age limit for the consensual sex above the age of 16 and below the age of 18.
4. The penal code system needs to be more stringent, there is a sincere need of a provision in the Penal code to compensate the victim.
5. Disabled person is more vulnerable to rape. The committee was briefed by the Doctors and Disabled persons care giver that there was no provision of rape of Disabled person in Bhutanese Penal Code. In the same line there was an issue specified by the doctors that the “authority of reporting” in case of physical relationship with a minor needs to be addressed.
6. In all of the Dzongkhags visited alcoholism was noted as a major concern. Issues such as liver diseases, domestic violence, neglect and inappropriate care for children, in

appropriate infant and young child feeding practices, increasing divorce and rape cases were reported to be linked to alcoholism.

Recommendation:

1. The committee is going to review the provisions related to rape in the Penal Code of Bhutan by consulting with the public.
2. Increased awareness on Domestic Violence Prevention Act, Child care and protection Act, and Penal Code needs to be carried out by NCWC, NGO's and CSO's and concerned ministries. In addition, the Members of the parliament could also sensitize their constituencies during the constituency visit.
3. The Ministry of Health should develop guidelines on reporting of teenage pregnancies while at the same time consider adequate protection of health workers while providing services.
4. The Committee to revisit the submission from the Dzongkhags on the need for an Alcohol Control Act. The committee will resubmit the petition on alcohol submitted from Monger Dzongkhag in the preliminary meeting for the 3rd Session, with recommendations reinforce the implementation of existing rules and regulations regarding consumption of alcohol.

ANNEXURE V

PUBLIC ACCOUNTS COMMITTEE REPORT TO THE FOURTH SESSION OF THE SECOND PARLIAMENT

Thank you Hon'ble Speaker for this opportunity to present the report of the Public Accounts Committee (PAC) at the Parliamentary Joint Sitting of the 4th Session of the 2nd Parliament. As Hon'ble members are aware, the PAC is a Joint Parliamentary Committee comprising five Members of Parliament as laid down under Article 25(6) of the Constitution. There are three members from the National Assembly representing both the Ruling and Opposition parties and two from the National Council.

Apart from the Annual Audit Report, the PAC is also mandated by the Constitution to review and report to the Parliament for its consideration on any other reports received from the Auditor General.

It is in this context that the PAC will be presenting its review report on the past Performance Audit Reports received from the Auditor General. The review report contains nine chapters.

- Chapter i: PAC report on Strengthening of Public Accounts Committee
- Chapter ii: PAC report on Accountability Issues
- Chapter iii: Report on the joint desk review of the past Performance Audit Reports (PAC and Follow-up Committee, RAA).

- Chapter iv: Report on the Performance Audit of Medical Waste Management.
- Chapter v: Report on the Performance Audit of Solid Waste Management.
- Chapter vi: Report on the audit review on Performance Audit of Human Resource Management, Ministry of Education.
- Chapter vii: Report on the Performance Audit of IT Controls in Revenue Accounting System.
- Chapter viii: Report on the Performance Audit on IT Audit of Information Security.
- Chapter ix: Report on the Auditor General's (AG's) Advisory Series 2013 on Procurement of Consultancy Services in the public sector.

CHAPTER I: PAC REPORT ON STRENGTHENING OF PUBLIC ACCOUNTS COMMITTEE.

In the 3rd Session of the Second Parliament, the PAC had put forth the need to have a PAC Act that elaborated upon its mandate stipulated in the Constitution under Article 25.6. While the House agreed that some form of legislation was necessary, some members were of the view that rather than proliferating Acts, it would be better to have Rules of Procedure which would serve the same purpose. The House thus directed the PAC to look at the practice prevailing in other countries as well as weigh the merits of either

having an Act or Rules of Procedure and to submit the PACs recommendations to the House in the Winter Session.

The PAC looked into the practices prevailing in about 30 countries and found that there wasn't a single common practice across all countries. Like in Bhutan, the Constitution stipulated the mandate for the PAC in several countries but while some of them further elaborated their mandate through a PAC Act the majority did so through Standing Orders of Parliament or Rules of Procedure.

In deciding whether our PAC should have an Act or Rules of Procedure, the following points were considered:

1. As a general principle in the hierarchy of law, the Constitution is the highest form of written law in that it governs the very functioning of the nation, and shapes what sorts of statute law both legislatures and the courts can make. The next in line is the Statute Law (Act) which is generally the product of Parliament and can govern virtually any aspect of the nation's affairs, as long as it doesn't contradict any constitutional document. Third are Regulations or delegated legislations which are typically laws that are made under the authority given in a statute. Very generally speaking, regulations or delegated legislation can only be made if it is expressly authorized by some statute law passed by the legislature, and only those areas expressly outlined in the statute may be regulated.

2. A major distinguishing point is the flexibility of changing them. Acts and changes to them must be passed through due process in Parliament in order to take effect. Whereas Rules of Procedure may be set and adjusted as the conditions and circumstances change without having to go through Parliament as long as they are within the authority given by an Act.
3. In our context, the Constitution stipulates the broad mandate of the PAC, but there is a need to lay down in greater detail the scope and extent of the review and reporting requirements on the Annual Audit Report or on any other report presented by the Auditor General to Parliament for its consideration; add clarity on the PACs role and responsibilities as well as its powers, the composition of members of PAC from the two Houses and additional criteria required; set out the procedural requirement for hearings; establish a system for issuance of recommended actions by the legislature and its implementation by the executive leading to improved financial management and better stewardship; etc.
4. Given that the PAC is a joint Committee with membership from both Houses of Parliament, even if the House decides to opt for Rules of Procedure over a PAC Act, it stands to reason that the same (including any changes to it) would have to be approved at least by the Heads of the two

Houses if not by the Parliament. The Rules of Procedure of the National Assembly of Bhutan 2014 under Chapter 24 does contain some provisions pertaining to the PAC. However, the provisions do not adequately cover the mandate of the PAC as enumerated under point 3 above.

5. In the light of the above points, the PAC would like to propose for a PAC Rules of Procedure.

The proposed Rules of Procedure would contain (but not limited to) the following provisions:

1. Preamble
2. Short title and Commencement
3. Joint Committee of Public Accounts : Membership
4. Chair and Deputy Chair
5. Meetings of the Committee
6. Quorum and voting
7. Functions of the Committee
8. Duties of the Committee
9. Powers of the Committee
10. Procedure for conducting Reviews
 - a. Conduct of Inquiries: Hearings
 - b. Hearings to be public except in certain cases
 - c. Power to summon witnesses
 - d. Record of Hearings
11. Government Response to Reports
12. Reporting and Recommendations

13. Resignation and Vacancies
14. Offences
15. Resources
 - a. Budget
 - b. Committee Staff
 - c. Training and capacity building of PAC members and the secretariat.
16. Relationship with Royal Audit Authority
17. Relationship with other stakeholders such as media, Civil Society Organizations, etc
18. Interpretation
19. Supersession
20. Amendment

The PAC thus seeks the approval of the House for:

1. Preparing the Rules of Procedure for the PAC
2. Endorsement by the Hon'ble Speaker of the National Assembly and the Hon'ble Chairperson of the National Council.

CHAPTER II: PAC REPORT ON ACCOUNTABILITY ISSUES

Audit reports designate direct and supervisory accountability on every case reported. One way of enforcing accountability at the moment is the “Audit Clearance Certificate” which is issued only if there is no pending adverse report against the applicant. The other is punitive actions taken that are limited to recovery of the

amount and do not entail any administrative action. These address the issue of direct accountability but the enforcement of supervisory accountability is still a grey area. The PAC, in the last Session, had thus highlighted the need to improve the enforcement of supervisory accountability and had sought the directives of the House in this regard. The House in turn directed the PAC to discuss the issue and submit its recommendations to the House in the Winter Session.

What is Accountability?

Accountability quite literally is the ability to account for one's actions. Accountability has been said to entail being liable to be required to give an account or explanation of actions and, where appropriate, to suffer the consequences, take the blame or undertake to put matters right if it should appear that errors have been made.

For accountability to exist, the following needs to be in place:

- 1. Clear Goals Must Be Established:** Quantifiable project objectives should be defined, documented and communicated.
- 2. Adequate Resources and Authority Must Be Granted:** Sufficient resources (e.g., financial, technical and human), control and influence must be made available.
- 3. Specific Consequences Must Be Predetermined:** Outcomes for success and failure are established, documented and communicated.

Many times, organizational charts and job descriptions put people into boxes. They give people the idea that they are getting paid and using their skills to perform a defined function or a set of tasks. This task oriented mindset leads people to believe that if they perform their functions, they've done what they are supposed to, whether or not the desired result was achieved. In other words, people are accountable for doing their job but they're not accountable for delivering the results. Creating accountability requires that doing the job and delivering the result are one and the same. Creating accountability means the job is not done until the result is achieved.

Current practice with regard to Accountability

When issuing an audit observation, the RAA does not identify the officials who are accountable but requires the agencies concerned to identify and submit the names of officials and staff to be reflected against the direct and supervisory accountability. Only the officials and staff directly involved in the irregularities and those who are responsible as immediate supervisors are identified and included in the audit reports. As such, the names of heads of agencies as overall supervisor do not usually appear in the audit reports. While audit clearances are withheld for individuals with direct accountability, they are being issued to individuals who are held supervisory accountable except in those cases which are referred to/and investigated by the ACC or cases which are categorized under Fraud, Corruption and Embezzlement. Withholding the audit clearances under these categories continues to be a challenge for the RAA in the absence of a clear legal framework.

The Bhutan Civil Service Rules and Regulations (BCSR) 2012 have the following provisions on Accountability under Chapter 3 which deals with the Civil Service Code of Conduct and Ethics:

- 3.3.1 A civil servant concerned shall be accountable and liable for administrative actions for breach of Civil Service Code of Conduct and Ethics;
- 3.3.2 A civil servant in a “*Managerial and Supervisory Positions shall be accountable*” to provide necessary leadership and control over his subordinates, amongst others, “*to ensure that there is no corruption or serious official misconduct amongst his subordinates*”; and
- 3.3.3 A civil servant, particularly in a “*Managerial and Supervisory position, shall be accountable and liable for administrative actions for corruption or serious official misconduct of his subordinates even when he is not directly involved*”.

Chapter 19 of the BSCR 2012 in turn outlines the procedures for Administrative Discipline. The relevant sections have been reproduced below.

19.3 Fiscal Responsibility, Accountability and Liability

- 19.3.1. A civil servant whose official duties and responsibilities require possession or custody of Government funds and accounts, or properties shall be liable for their safekeeping.

19.3.2. The Head of Agency shall be primarily responsible for all Government funds and properties, or any lapse of fiscal responsibility and duties pertaining to his jurisdiction.

19.3.3. A civil servant shall be held responsible and liable for expenditure of Government funds, use of Government properties, or any decision or action thereon in violation of the provisions of the CSAB 2010, BCSR and other laws.

19.3.4. A civil servant responsible for Government vehicles, machineries or any other forms of property shall be liable for the value thereof in case of improper or unauthorized use or misapplication by him or any person for whose acts he may be responsible. Similarly, the individual concerned shall be held responsible and liable to make good of all loss, damage, or deterioration of such properties caused by negligence or misuse.

19.3.5. Every civil servant accountable for Government funds shall be liable for all losses resulting from unlawful deposit, use, or application thereof and for all losses attributable to negligence in keeping of the funds.

Chapter 19.4. Causes for disciplinary action

19.4.4. Offences related to fiscal responsibility, accountability and liability shall be:

19.4.4.1. Misuse of Government funds and properties;

19.4.4.2. Non-remittance/non-deposit of collections;

- 19.4.4.3. Incurring of illegal and unauthorized expenditures, including unjustified, irregular, excessive, unnecessary and extravagant expenditures;
- 19.4.4.4. Malversation, embezzlement, malfeasance and misappropriation of Government funds and properties;
- 19.4.4.5. Failure of a civil servant to produce or render accounts of Government funds and properties entrusted to him upon demand by an appropriate authority;
- 19.4.4.6. Failure on the part of a civil servant concerned to submit records, documents and reports required by rules & regulations and laws within the prescribed period, without justifiable reason;
- 19.4.4.7. Failure of a responsible officer or any civil servant to render or settle the accounts and make good his fiscal responsibility/accountability.
- 19.4.4.8. Flagrant or willful violation of rules & regulations and laws on financial management and control;
- 19.4.4.9. Failure to settle liability for losses, damages, etc. as hereinafter prescribed.

It appears that any audit observations made by the RAA are, in principle, covered under the offences detailed above. However, current practice shows that other than on cases which involve corruption and which are under the purview of the Anti Corruption Commission (ACC) or the Courts of Justice, administrative action is not being taken on the cases which come under the other three

categories of audit findings namely: “Shortfalls, lapses and deficiencies”, “Mismanagement” and “Violation of Laws and Rules”. Further, while the BCSR mentions that a civil servant, particularly in a Managerial and Supervisory position, shall be accountable and liable for administrative actions for corruption or serious official misconduct of his subordinates it does not specify what constitutes “serious official misconduct”. Similarly, being identified as the person with supervisory accountability in an audit report does not appear to have any weightage in either the individuals’ service records or the performance appraisal/evaluation system at the moment.

PAC’s Recommendations

1. As the supervisors are held accountable for the acts of their subordinates, it would be important to enhance their awareness about (a) why they are being held accountable? (b) What steps can they take so that the controls within their units are strengthened and acts of error, fraud and misconduct are minimized? In this regard, National Internal Control Framework (NICF) which was recently issued by the Ministry of Finance (MoF) in December 2013 is a very useful and pertinent document that has been developed for use by heads of agencies to strengthen integrity, transparency, efficiency, effectiveness, accountability and ethical behavior at all levels. All agencies must adopt and implement the NICF and the MoF should provide any

guidance needed to implement the same in the various agencies.

2. Being identified with “supervisory accountability” in an Audit Report submitted to Parliament must have some impact; otherwise it’s just a waste of time and paper. The RCSC in consultation with the RAA should identify concrete measures to enforce this supervisory accountability and incorporate them in their respective Rules and Regulations. Such measures may include, among others, (i) reflection of audit observation in the individuals’ service records; (ii) inclusion of this aspect in the performance appraisal system; (iii) specify in greater detail the instances which constitute “serious official misconduct” (iv) the maximum number of “supervisory accountability” audit observations which will entail adverse consequences on promotions, annual increments, issuance of audit clearances, etc. An Action Taken Report in this regard is to be submitted to the PAC.
3. The RCSC is currently undertaking a major Organization Development (OD) exercise for the civil service. The PAC recommends that this OD exercise also covers the key elements crucial to enhancing accountability in an organization such as, among others:
 - a. clearly defined goals,
 - b. a strong monitoring and feedback system,

- c. provision of adequate resources and authority,
 - d. predetermined specific consequences (positive and negative),
 - e. establishment of supervisory controls for e.g. setting appropriate levels on limits for delegated authorities, appropriate supervisory spans of control for effective supervision, etc.
 - f. necessary skills and training for employees
4. The above recommendations also apply to those agencies that fall outside the purview of the RCSC such as Local Governments, Corporations, Financial Institutions, Civil Society Organizations, Political Parties, etc. but which are statutorily required to be audited by the RAA. These agencies must also introduce concrete measures to promote and enforce “supervisory accountability” in general and with regard to audit observations, in particular. An Action Taken Report in this regard should be submitted to the PAC.

Accountability is NOT an option; it is a Necessity!!

Accountability is essential to effective governance. Effective governance requires that those responsible for policy-making, implementation and public expenditure are held to account for their actions and performance. Accountability must begin at the top and run through the entire organization. The accountability process should enable the lessons of past mistakes to be learnt and assist in

preventing future failings. Effective accountability helps to assure that those responsible for carrying out certain tasks do so in a considered and responsible manner.

The PAC would like to stress here that it is not our intention to vilify the public servants or to constrict their ability to function effectively. Rather our objective is aimed at inducing positive systemic changes that will lead to better governance, better value for money and better public services by developing clearer and stronger accountabilities for the public services.

CHAPTER III: REPORT ON THE JOINT DESK REVIEW OF THE PAST PERFORMANCE AUDIT REPORTS (PAC and Follow-up Committee, RAA).

The PAC and Follow-up Committee of the RAA had a meeting on 18th August, 2014 to review the 29 Performance Audit Reports issued since 2008. The meeting after a lengthy discussion agreed to close 18 reports which were either not significant or which did not require the attention of the House.

1. Department of Roads – 9th Plan Review
2. Report on National Park Management
3. Dzongkhag Local Area Network and internet connection
4. IT Audit of Electricity Billing & Collection System of Bhutan Power Corporation Ltd.
5. Performance Audit on Operation of Tala Hydro Power Authority

6. Performance Audit on Chukka Dzongkhag – 9th Five-Year Plan Review
7. Performance Audit on Health Sector – 9th Plan Review
8. Performance audit on Environmental Compliance by industries in Pasakha & Gomtu
9. Information System Audit of Budget and Accounting System
10. Performance Audit on Education Development Project (MoE)
11. Performance Audit on operation of Bhutan Broadcasting Service Corporation
12. Performance Audit on farm Roads in Bhutan
13. Audit of computers and peripherals
14. Performance Audit on operations of National Pension & Provident Fund
15. Performance Audit on Civil Service Training
16. Audit on Drinking Water Supply and Sanitation
17. Performance Audit of Environmental Issues in Forestry – NFI, Forest Fires and Watershed Management
18. Performance Audit on Constituency Development Grant

It was agreed that the remaining reports would be reviewed by the PAC which are enumerated in the subsequent chapters. However, the PAC decided not to review the 2008 report on “Mining Operations in Bhutan” as the National Council had directed the RAA to conduct a study on the socio-economic and environmental impact of Mining and Quarrying in the country. The RAA

submitted the Performance Audit Report on “Tax of Mining and Quarrying Sector (2014)” to the National Council which also covered the issues highlighted in the 2008 report. This report was deliberated by the National Council during its 14th session.

Further, the review report on the Performance Audit Report on Multilateral Environmental Agreements (2010) could not be presented this time due to time constraints. This report will be presented in the next session.

CHAPTER IV: PAC REPORT ON THE PERFORMANCE AUDIT OF MEDICAL WASTE MANAGEMENT.

The Royal Audit Authority in its Performance Audit of Medical Waste Management made 20 recommendations. The PAC duly reviewed and followed-up and found that all the recommendations have since been implemented. Hence, the PAC has decided to close this Performance Audit Report.

CHAPTER V: PAC REPORT ON THE PERFORMANCE AUDIT OF SOLID WASTE MANAGEMENT.

In its Performance Audit on Solid Waste Management, the Royal Audit Authority made 26 recommendations. The PAC duly reviewed and followed-up and found that all the recommendations have since been implemented. Hence, the PAC has decided to close this Performance Audit Report.

CHAPTER VI: PAC REPORT ON THE PERFORMANCE AUDIT OF HUMAN RESOURCE MANAGEMENT, MINISTRY OF EDUCATION.

In its Performance Audit of Human Resources Management of the Ministry of Education, the Royal Audit Authority made 13 recommendations. The PAC duly reviewed and followed-up and found that most of the recommendations have since been implemented or are either an on-going process. While the PAC has decided to close this Performance Audit Report, it recommends that the MoE submit periodic status reports with regard to the recommendation on Human Resource Projection and Planning.

CHAPTER VII: PAC REPORT ON THE PERFORMANCE AUDIT OF IT CONTROLS IN REVENUE ACCOUNTING SYSTEM

The Royal Audit Authority in their Performance Review of IT Controls in Revenue Accounting System (RAS) made 14 recommendations. The PAC duly reviewed and followed-up and found that all the recommendations have since been implemented. Hence, the PAC has decided to close this Performance Audit Report.

CHAPTER VIII: PAC REPORT ON THE PERFORMANCE AUDIT ON IT AUDIT OF INFORMATION SECURITY.

The RAA in their Performance Review of IT Audit of Information Security made 8 recommendations. The PAC duly reviewed and

followed-up and found that all the recommendations have since been implemented. Hence, the PAC has decided to close this Performance Audit Report.

CHAPTER IX: REPORT ON THE AUDITOR GENERAL'S ADVISORY SERIES 2013 ON PROCUREMENT OF CONSULTANCY SERVICES IN PUBLIC SECTOR.

The RAA had carried out this audit to examine whether the ministries and public sector agencies had achieved value for money in the procurement of consultancy services by doing the right things in the right and the least expensive way.

The PAC reviewed the “Auditor General’s Advisory Series 2013 on Procurement of Consultancy Services in Public Sector” and would like to highlight the salient points of the report.

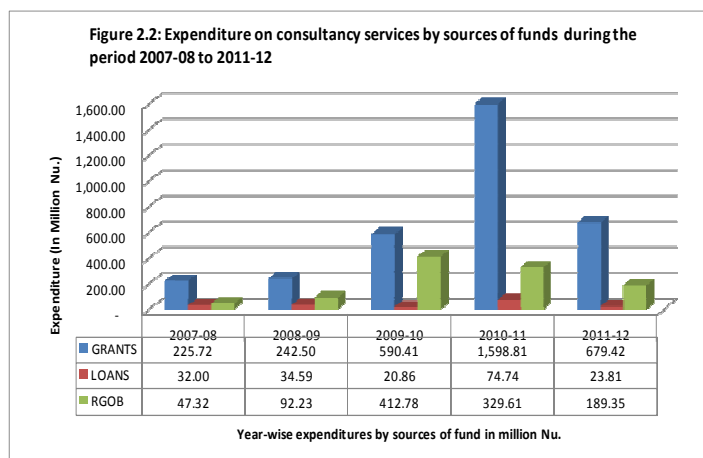
Scope of the Study

Starting from the first financial year to the last financial year of the 10th Five Year Plan (from financial year 2008-09 to 2012-13), the government had incurred expenditures aggregating to Nu. 4,594.15 million purely on procurement of consultancy services.

The Ministry of Economic Affairs (MoEA) had the highest amount of expenditure on consultancy services amounting to Nu. 2,344.23 million mainly for the preparation of Detailed Project Report (DPR), pre-feasibility studies and pre-construction activities in the Hydro Power Projects. Likewise, the Gross National Happiness Commission also incurred an expenditure of Nu. 430.81 million

during the same period, representing 41.74% of the total expenditures of Nu. 1,032.04 million expended by various Autonomous Agencies. The expenditure was mainly incurred on procurement of consultancy services for Accelerating Bhutan's Socio-economic Development (ABSD) Project provided by McKinsey & Co., Inc. during the period 2009-10 and 2010-11.

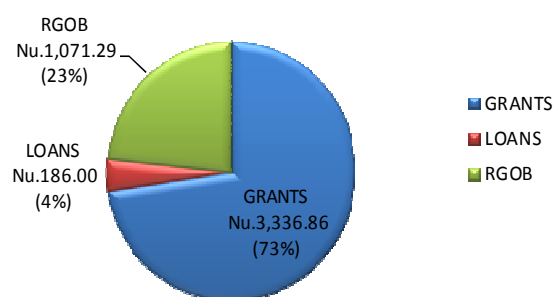
The total expenditures on the consultancy activities have been increasing over the years and with such quantum of expenditures, the RAA felt it imperative to highlight some of the policies and implementation issues observed in these activities. Timely interventions from the Government could save further drain of its resources, especially at a time when the nation is faced with resource constraints and when the situation is further aggravated by shortage of INR as most of the consultancy services were outsourced to the international consultancy firms.



A significant portion of the expenditures made on procurement of consultancy services were financed through external funding.

The external sources contributed for 77% (73% Grants and 4% Loans) of the total expenditures incurred for acquiring professional services as exhibited in Figure 2.3. RGOB's contribution accounted for 23% of the total expenditures made for professional services aggregating to Nu. 1,071.29 million. As evident from the figure, the proportion of consulting activities financed through external sources was huge, partly attributed to project agreements that required procuring agencies to outsource consultancy services only to the donor identified consultancy firms or to be obtained through direct technical assistance provided by the donors.

Figure 2.3: Proportion of consultancy services expenditures by sources of funds for the period 2007-08 to 2011-12 in million Nu.



It was also observed that the high value consulting activities were generally being executed by the consultants from outside the country. Therefore, the current practice of outsourcing of consultancy services has apparently not been effective in addressing the policy intention of promoting and building the private sectors when major share of the services were outsourced to the international consultants. The figure indicated that Hydro-power and ABSD Project activities have together contributed 48% of the aggregate expenditure of Nu. 4,594.15 million incurred over the period from 2007-08 to 2011-12. From the remaining 52% of the aggregate expenditures, more than half of it was paid to the consultancy firms from outside the country.

A detailed review of select consultancy services in the public sector showed that the quality of services provided by the consultants were apparently not commensurate with amount paid for their services. The quality of the services rendered by consultants had on numerous occasions suffered serious deficiencies impeding the economy, efficiency and effectiveness in the use of government resources.

Therefore, there is an urgent need to reconsider the policy intent of outsourcing consultancy services in deriving maximum benefits from the cost incurred on these services. Such services procured through loans also needs serious consideration on the backdrop of soaring cost of debts and the current INR shortage in the economy. The Royal Government of Bhutan may also need to consider the interest of sustainable development of in-house capacity in the

long run when the services provided by the consultants proved to be lacking in terms of transfer of knowledge to the clients. There may be a need for the government to come out with clear and definitive strategies to achieve the policy intent of outsourcing consultancy services.

Lapses and Deficiencies

Consultancy Services may make substantial value additions by providing specialized skills and expertise at competitive cost where these are not available within the public sector. Outsourcing of such services by public sector also promotes private sector development and high degree of specialization in various fields. Besides ensuring availability of specialized skills and know-how such a policy will also help government maintain a reasonably small, compact and efficient civil service. It has also huge potential for knowledge and skill transfer in many areas. While enormous benefits can be reaped from engaging consultants, the procuring agencies need to exercise prudence in the engagement of consultants that would ensure economic, efficient and effective use of government resources.

The Royal Audit Authority had observed shortcomings and lapses of pertinent nature involving poor quality of deliverables and outputs from the consultants. The current practices in engagement of consultancy is plagued with numerous systemic problems, unclear strategies and objectives with consequential adverse impact on the quality of works, time and cost thereby impeding achievement of value-for-money in the procurement of

consultancy services and overall program implementation. To this end, the Lapses and Deficiencies are further categorized into four categories which are mentioned below:

3.1. Legal and Policy Framework

The review of existing procurement system for consultancy services indicated that there is no strong policy framework for public procurement. The absence of a strong policy framework results in varied practices and procedures, which renders scope for numerous deviations and lapses in the implementation of the rules. Some of the inadequacies are as follows:

3.1.1 Absence of clear strategies on procurement of consultancy services

- a) There are no clear strategies and adequate guidelines prescribing processes and procedures to determine need for engagement of consultants by the procuring agencies.
- b) There is no specific guideline for coordinating with central technical agencies.
- c) The consultancy services were procured for all kinds of works, irrespective of the nature, complexity, size and degree of expertise required.
- d) Engagement of consultants without actual need may result in avoidable expenditure and underutilization of in-house resources.

- e) The consultancy services seem to provide very little value for money to the government besides giving rise to varying and inconsistent practices.
- f) The Procurement Rules and Regulations (PRR) 2009 lack clarity on requirement of appropriate mechanisms to demonstrate the need by the procuring agencies.

3.1.2 Inadequacies in the PRR 2009

- a) The PRRs outline the procedures in engagement of consultants by the procuring agencies within the government.
- b) The PRR 2009 is not comprehensive on the requirement for need assessment, preparation of procurement plan, requirement of bid and performance securities and clauses on liquidated damages.
- c) Inadequate clauses in the PRR 2009 and inconsistencies in the implementations would undermine accountability in the execution of work and impede economy, efficiency and effectiveness in the use of resources.
- d) Existing PRR 2009 do not protect the interest of procuring agencies in absence of penal provisions to safeguard against damage and loss sustained due to non-performance or poor performance of the Consultant.

Response from MoF

The procurement plan has been incorporated as requirement in the draft procurement policy, however, the bid securities, performance securities and liquidated damages do not find place in the contract for procurement of consultancy services

3.1.3 Issuance of licenses for the establishment of consulting firms without proper assessment of technical capacities

- a) The licensing system does not require assessment of the technical capacities and competencies of the consultancy firms during registration.
- b) Liberal licensing system may risk the procuring agencies from getting competent consulting firms to obtain value for money from the services provided by such firms.

3.1.4 Inadequate human resource capacity in Public Procurement Policy Division (PPPD)

- a) The PPPD lacks adequate and competent personnel to provide assistance to the procuring agencies and carry out regular monitoring and evaluation activities.
- b) Procuring agencies also do not seek timely guidance on procurement of consultancy services as many agencies may not be aware of the existence and responsibilities of the PPPD.

- c) Proper monitoring of procurement system and its effectiveness may be impeded without a strong PPPD.
- d) The PPPD lacks professional procurement background.

3.1.5 Unclear role and accountability of the central technical agencies

- a) Relevant central technical agencies could play important and decisive role in ascertaining the need for hiring consultants.
- b) The preparation of designs, drawings and estimates of works, which are not very complex and specialized may well be accomplished economically by in-house.
- c) Outsourcing almost all engineering and other works is expensive for the Government and Central Technical Authorities could assume greater role in curbing excessive expenditure in consultancy services.
- d) The central technical agencies such as MoWHS, DIT etc. have no clear role in co-coordinating and assisting the procuring agencies in assessing the need of consultancy services.

3.1.6 Engagement of consultant in multiple works - possible conflict of interest

- a) The consultancy firms were given multiple consultancy services giving rise to conflict of interest situation, which is not in line with the best international practices.

In such case, there is high risk of suppressing design flaws and encouraging collusive practices

- b) Despite specific stipulations in the PRR 2009 (*Clause 7.2.1*), it is seen as a standard practice to engage consultants for multiple assignments (*e.g., for designing as well as supervising the same construction works*).
- c) The MoEA responded that the current mechanism of appointing consultants on a nomination basis by the governments works well in the interest of the project. The MoF reiterated the four circumstances under which the conflict of interest that are contained in the chapter VII of the PRR 2009.
- d) Current practice of engaging consultants for multiple assignments indicates not only implementation flaws but also possible inadequacies in the rules. The existing practice of engaging consultant for multiple assignments encourages conflicting roles, which is detrimental to the interest of the government in achieving value for money in the use of public resources.

3.1.7 Inappropriate basis for fixation of consultancy fees

- a) Existing procurement rules provide for lump-sum or time-based method of payment of consultancy fees. However, in most cases consultancy fees paid are calculated as a percentage of the estimated cost of the project.

- b) There is no maximum ceiling prescribed for payment of consultancy fee. Such practice comes at a huge disadvantage to the procuring agency as there are possibilities of the consultants inflating the estimates to their advantage.
- c) There are also no guidelines prescribed stipulating basis of charging fee for consultancy services in cases where consultants are engaged to develop designs and drawings of many similar structures.
- d) The inappropriate methods and practices have been encouraged in absence of clear policy and guidelines on the fixation of consultancy fees.
- e) Existing rules and guidelines are not comprehensive enough to ensure that agencies exercise due prudence in ascertaining reasonableness of consulting fees paid. Absence of upper limits on fees and non-stipulations of basis for determining fees for similar designs etc. also provide scope for excessive fees.

3.2 Consultancy Management and Implementation Issues

The engagement of consultants should entail assessment of the need and determining the specific requirements of the project to be initiated and take stock of internal resources and identify gaps. After consideration of benefits that might likely to accrue in view of the constraints of its internal resource, the procuring agencies should decide to engage consultants in the most objective and economical manner.

Such processes are to ensure that procuring agencies use the consultants in the most advantageous manner to obtain value for money.

The RAA reviewed these processes to ascertain whether the practices prevalent in the management of consultants conform to best practices and found out that various instances were noted where the procuring agencies had failed to imbibe critical best practices in the management of consultants and thereby, apparently impeding economy, efficiency and effectiveness in the engagement of consultants.

3.2.1 Need Assessment not carried out adequately in acquiring the consultancy services

- a) The procuring agencies have not carried out proper need analysis for acquiring the consultancy services. It was seen that the agencies do not assess the available internal resources to identify the need for engaging consultants.
- b) There is no evident proof that the need of the consultants was discussed before acquiring their services.
- c) The outsourcing of the work without properly assessing the various factors led to making a wrong investment of government's scarce resources and resulting in huge financial implications to the government exchequer.

3.2.2 Non preparation of comprehensive procurement plan

- a) The procuring agencies do not prepare a comprehensive procurement plan that would specify in detail the kind of services required and without it the procuring agencies may seem oblivious to the possible effects of ad-hoc decisions that may hamper the achievement of project objectives
- b) The plans were not prepared by the procuring agencies as there was no requirement of procurement plan in the Procurement Rules and Regulations 2009.

3.2.3 Inadequate monitoring and supervision of the works of the consultants

- a) Inadequate monitoring and supervision of works carried out by the consultants by the procuring agencies thereby compromising in terms of quantity, quality and timeliness in the delivery of the services.
- b) Deficiencies that have occurred could not be rectified on time as detection of defects and deficiencies possibly could not be made at the time of its occurrence due to inadequate monitoring and supervision.
- c) Inadequate monitoring and supervision can partly be attributed to lack of competency of the clients to judge the work of the consultants and also because of lack of clarity of their own needs and expectations from the consultants.
- d) The inadequate monitoring and supervision of the works of the consultants had led to delivery of poor

quality services that had impeded economy, efficiency and effectiveness of the resource spent on procuring such services.

3.2.4 Services rendered by consultants not properly evaluated

- a) As evident from the review, procuring agencies usually do not evaluate the quality and completeness of outputs and services rendered by the consultants. Therefore, a thorough mechanism for evaluating the services/outputs of the consultants must be instituted to ensure that intended outputs are delivered and get value for money.
- b) Lack of proper evaluation, the deficiencies in the consultancy services are rarely rectified and continue to surface in their subsequent assignments.

3.2.5 Improper evaluation and selection of consultancy firms

- a) Though the agencies invite competitive bids, there appeared to have inherent limitations to objectively select the right and competent firms or individuals.
- b) Inappropriate selection would have occurred apparently due to inability of procuring agencies to fully understand the organizational needs and the type and extent of expertise required to carry out the tasks as manifested in the TORs which were incomprehensive and vague.
- c) Inappropriate selection of Consultants would affect the delivery of services and the procuring agencies may not

achieve value for money in the procurement of such services.

3.2.6 Lack of competent and professional consultancy firms in the market

- a) The license issuing authorities do not exercise strict and appropriate screening processes in assessing the competency of the consultancy firms.
- b) The applicants were assessed based on the strength of human resources declared and establishment of office and engagement of a permanent manager for construction related consultancy.
- c) The applicants were not required to declare their financial, technical and personnel capacities.

3.2.7 Restricted preferences of procuring agencies in acquiring consultancy services under project tied assistance

- a) Under the project-tied agreement, it requires the consultancy services to be outsourced or involvement of the relevant donors and lenders in the selection of consulting firms.
- b) There is a risk that procuring agencies might not be able to comprehend the competence/credentials of the consultants and resulting in inappropriate selection of consultants which may render ineffective or uneconomical use of resources.

3.2.8 Inadequate transfer of knowledge

- a) The involvement of the consultants should benefit the procuring agencies through transfer of knowledge and therefore, proper mechanism must be put in place. The mechanism would provide opportunities to build-up strong and capable pool of human resources within the agency.
- b) Government in general encourages transfer of knowledge and skills while using consultants so as to avoid huge cost of procuring consultancy services time and again at very exorbitant costs.
- c) The transfer of skills and knowledge was not included as a specific deliverable in the contract. Therefore, consultants are not seen obliged to train the internal staff.
- d) Hiring of consultants for the regular activities of the government would lead to substantial loss of the resources.

3.2.9 Undue confidence on consultants works in comparison to in house expertise

- a) The procuring agencies place greater confidence on the services provided by the external consultants and such practice seems to ignore the potentials of in-house expertise.
- b) The engagement of external consultants might prove to be a very costly affair to the government in the long run

in terms of sustainability of experts and highly specialized professionals across the board.

3.2.10 Unrealistic estimates prepared by the consultants - indicating no value for the money

- a) The deliverables of the consultants were not commensurate with the amount paid, implying agencies not realizing value for money.
- b) The common flaws and deficient deliverables was unrealistic preparation of estimates and Bill of Quantities (BoQ) leading to flawed estimates and effect on the quality of the infrastructure created.
- c) Unrealistic estimates resulted in major deviations and cost escalations indicating to lack of proper planning, inadequate site surveys and preliminary studies, inadequate consultations, lack of proper review of outputs etc.

3.2.11 Inadequacies in contractual terms - lack of measures to indemnify against loss arising from poor performance of consultants

- a) The procuring agencies do not execute ToRs and contracts properly specifying liability on the part of consultants to indemnify against loss on account of failure to deliver the services and goods.
- b) Lack of important and necessary clauses in the ToR had resulted in absolving consultants from their obligation

to make good the loss or damages sustained by the procuring agencies in the form of poor quality or incomplete work.

- c) In the absence of proper accountability mechanisms for consultants, there is no remedy available for loss or damages arising from the poor performance of these consultants.

3.2.12 Irregularities in consultancy services for supervision of works

- a) The contracts for supervision of work were given to the same consultant who was engaged in the preparation of design, drawing and estimates showed existence of conflict of interest. This may result in execution of substandard works, additional costs for rectification works and even promote collusive practices.
- b) The RAA found that the consultants had not deployed the required supervising staff in the field as specified in the contract agreement, which apparently had affected the quality of the work.
- c) The practice of engaging same consultant for supervision creates favorable environment for undesired practices that may be costly affair for the procuring agencies.

3.2.13 Other issues - irregularities in bid evaluation, direct award, non adherence to contract agreement

- a) The consulting firms had not adhered to the terms of contract in providing their services. Some of non-compliances are:
 - ❖ There were cases of direct award of consultancy contract without observing procurement formalities stipulated in the PRR 2009.
 - ❖ The bid evaluation process was flawed in some cases, which entailed additional cost implication or provided undue advantage to the winning bidder.
 - ❖ The consultants did not adhere to the contractual terms resulting in delivery of poor quality of services or acceptance of services not specified or required by the procuring agencies.
 - ❖ The recommendations of the consultants which possibly could have added value were ignored without any basis.
- b) The practice of direct award had not only violated the procurement norms but also impeded transparency, fairness and wider participation and depriving the benefits of competitive bidding.

3.3 Cost Benefit Analysis

Government agencies are expected that public resources are used economically, efficiently and effectively to achieve

value for money in public operations. The analyses were considered for work of such nature that it could be executed by the expertise available within the organization. The results of the analyses showed that:

- a) By engaging consultants the Government had spent over two times the cost that would have been incurred if the same assignment was undertaken by in-house experts.
- b) Civil service has more engineers both in terms of numbers and level of qualifications compared to the private sector. Unless the policy really contributes in development of private sector and healthy and competitive market, there seems to be hardly any rationale to outsource engineering services.
- c) The government is incurring huge losses both in terms of quality and cost in acquiring the services of the consultants.

3.4 Case studies on consultancy services

3.4.1 Consultancy services for the hydropower projects

All Hydropower Projects need to undergo various stages before commencement of actual constructions. As such, the consultancy services to conduct pre-feasibility studies, preparation of Detailed Project Report and pre-construction activities constitute a substantial portion of the expenditures for hydropower projects. During the period 2007-08 to

2011-12, a total of Nu. 1,804.350 million was spent on procurement of consultancy services in the Hydropower Sector.

Lapses and Deficiencies

Some of the significant deficiencies observed in the consultancy services in this sector are as follows:

- a) Deficiencies in the design and preparation of estimates are mostly due to inadequate preliminary studies that had resulted in huge deviation in actual and estimated quantities necessitating payments at analyzed rate which are usually much higher than the quoted rates.
- b) Major changes in the scope of work had ensued from unrealistic estimates prepared by the consultant. The changes rendered numerous complications related to contract management.
- c) There were time and cost overruns, significant portion of which were on account of inadequacies in the Detailed Project Report.
- d) The cost of Punatsangchu Hydropower Project was revised almost three times due to significant changes in the scope of works. Many extra items of works had to be executed which the consultants had not provided in the DPR. This entailed additional financial implications.
- e) The items included in the DPR of MHPA prepared by the consultant were later changed. The consultant insisted to maintain the same item as it was cheaper than the

alternative item. The alteration entails possible extra financial implication of Nu. 779.898 million as the item was treated as extra item to be paid at analyzed rate.

- f) There is no accountability mechanism and penal provisions to hold the consultants responsible for the flawed and deficient DPRs. The project thus, inevitably bears the consequences of flaws in the services rendered by the consultants.
- g) Non completion of the DPR on schedule has always delayed the implementation of the projects and has posed a serious impediment to realization of national target of 10,000 MW by 2020 besides the likely time and cost overruns that the project will experience.
- h) Despite considerable experiences of implementation of Hydro Power Projects in Bhutan, it has become a common practice to make payments at analyzed rates for deviated quantities beyond 30%. This is seen to be one of major causes for cost escalation.
- i) Inadequacies in the DPR occur mainly due to inadequate time and resources allocated for carrying out detailed preliminary studies and investigations. Since these flaws have huge implications both qualitative and financial, it may be worth spending adequate time and resources for conducting thorough investigations and preparing a bankable DPR.

3.4.2 Consultancy Services for the ABSD project - Mckinsey & Company, Inc.

The Accelerating Bhutan's Socio-economic Development (ABSD) Project was conceptualized and initiated by the Royal Government of Bhutan. M/s McKinsey & Co., a global management consulting firm based in India was awarded the consultancy services at negotiated bid of US\$ 9.1 million (Nu.443 million).

The Project was initiated in two phases. **Phase I (Diagnostic Phase: first three months): Phase II (Implementation Phase: twenty-three months)**

Performance Facilitation Unit (PFU) was instituted under GNHC to ensure smooth and successful implementation of these Compacts. It coordinated with the concerned sectors to facilitate, de-bottleneck and monitor progress on initiatives.

As the project involved huge investment, representing 9% of the expenditures incurred on consultancy services during the period 2007-08 to 2011-12, the RAA reviewed the proposal and implementation of the ABSD Initiatives to ascertain whether the engagement of McKinsey & Company had accorded due regard to economy, efficiency and effectiveness in acquiring its services.

1. The contract agreement drawn did not clearly establish the deliverables and outputs from the consultant.

- a) The deliverables identified in **Appendix II (Description of Services)** of the Contract Agreement was not adequately quantified. The outputs sought from the consultants were not clearly defined.
- b) There was no time-frame established for completion of each deliverable.
- c) The contract failed to identify performance indicators for each deliverable, in relation to national performance indicators, except for a deliverable that agreed on propelling Bhutan to the top 50 nations in the “Ease of doing business index of the World Bank”.
- d) Therefore, the vagueness in establishing the deliverables and lack of performance indicators against each deliverable had impaired gauging the extent of achievement of commitments of the Consultant.

2. There was inadequate oversight over contract administration

- a) The Contract Agreement required the Consultant to submit report every three months and the draft final report to be submitted within first week of the 23rd month. However, the required reports were not submitted by the Consultant, impairing effective monitoring of the contract.
- b) The only report prepared by the Consultant was the presentations made on the diagnostic and implementation

stages of the project, which were later consolidated as “Performance Compacts”. Without the reports and proper documentation of the activities carried out by the Consultant, it had impeded effective supervision and also impaired verification and ascertainment of the extent of achievement of the commitments.

- c) The agreement did not specify relevant clauses on the liability of the consultant in the event of breach of contract terms and conditions.
- d) The status of progress of consultancy works and implementation of compacts were not made available with the GNHC as the same was not produced the Audit.

3. Performance Measures/Outcome of compacts were not defined clearly

- a) It was observed that many key Performance Measures/Outcome identified in the Compacts was not clearly defined.
- b) No proper assessment of the agencies was conducted by the Consultant to identify appropriate outcomes for the agencies resulting in list of outcomes in the Compact that did not add any value to the system.
- c) As a case in point, some of the outcomes like, “Minimum percentage of students supported by the government”, “% Employability within three months of graduation”, “Schools above 70% on GNH Index”, “% of schools covered by the new holistic education method”, “% of

students being funded by loans”, etc. indicated the outcomes were listed in the Compact without adequate assessment and proper study on the relevance, feasibility and effectiveness of the outcomes.

- d) The Compacts also did not identify strategy to achieve the targets or outcomes in many cases.
- e) It was observed that many charters were either modified or its commitment period extended to next plan. Some of the under-achieved initiatives are:
 - ❖ The Government-to-Citizen (G2C) services were targeted for all 205 Gewogs and in 15 Ministries/agencies by 2013 through establishment of Community Information Centers (CICs). However, the revised plan indicated establishment of only 185 CICs (131 online and 54 offline).
 - ❖ Many activities were either deferred or the target activities were revised. Therefore, it appeared that the charters/initiatives identified were not properly assessed and quantified.

4. Targets not aligned to goals of tenth five year plan

- a) As against the objective of generating substantial portion of the 90,000 jobs required in the Tenth Plan as provided in the Contract Agreement signed between the Government and the Consultant, the ABSD initiatives targeted creating only 30,000 jobs.

- b) Without clarity in target setting and alignment of targets with the overall government's target of reducing unemployment rate to 2.5% in 2013, the contribution of the ABSD initiatives towards lowering unemployment rate cannot be ascertained.
- c) It is reported that the unemployment rate had reduced from 4.2% in 2008 to 2.1% in 2012. However, the youth's unemployment rate has been reported to be at 7.3%.

5. Unjustified attribution of national savings to consultants

- a) The government explored opportunities for reducing the cost of construction materials and the Government reported savings of Nu.108 million on account of reduced bitumen costs and the substitutions of Fe500 over Fe415 grade of steel. The savings were attributed as the outcome of the McKinsey & Co.
- b) It was observed that the saving of Nu. 108 million reported as the contribution of the Consultant was expected saving computed based on estimated requirement of bitumen and steel and certain other assumptions. However, the actual outcome was yet to be ascertained.

6. CIC initiative were not effective as most CICs were not used

- a) Out of 100 CICs established in Gewogs, only 23 online CICs cater the services to the public.

- b) The RAA's review of 23 CICs showed total applications of 1,938 only from the time of establishments of the Centre till date.
- c) Five CICs did not process any application, and ten CICs processed on average of 1 to 100 applications in a year.
- d) It was found that these CICs were established without pre-requisites such as optical internet services, manpower resulting in under utilization of facilities.
- e) The interview with the local communities or public indicated that many of them were not aware of the facilities. Therefore, the intended objectives of the CICs remained largely not met, thus indicating ineffectiveness of the program.

7. Non achievement of targets within the timeframe

- a) The targets set in the performance compacts were intended to accelerate the growth and development of the Bhutanese economy and improve efficiency and effectiveness of government services, generate substantial employment and enable and manage change to ensure real and sustainable impacts.
- b) However, not all targets proposed through the ABSD were achieved as per the timeline provided in the performance compacts which could potentially threaten the achievement of the project's objectives.
- c) From the available performance indicator for an agreed deliverable – “to propel Bhutan to top 50 nations in the

Ease of doing Business index of the World Bank”, the ranking of Bhutan had plummeted from 119th in 2008 to 148th in 2013 from among 185 countries (Latest ranking 141 in 2014 among 189 countries). This also implied that the target was either not realistic or the mechanism to achieve the target was not well defined.

- d) Such instances of unimplemented charters and unaccomplished targets are an indication that proper studies on feasibility, resources requirements, applicability etc. were not carried out by the consultants.

RAA’s Recommendations

To ensure that the procurement of consultancy services is carried out most economically, efficiently and effectively and to optimize the value of partnership between government and consultants for mutual benefits, the RAA recommends the following:

4.1. There should be clear legal and policy framework for procurement of consultancy services.

The review revealed that most issues regarding the procurement of consultancy services are related to having inadequate legal and policy framework. Procuring agencies engage the services of consultants even when the works could be carried out by the agency itself or through the central technical agencies.

It has become imperative to come out with proper legal and policy framework to assist procurement of consultancy

services. The legal and policy framework would form the basis of agencies to verify if consultants would really be required.

4.2. The government should issue clear guidelines on procurement of consultancy services.

Lack of comprehensive guidelines on procurement of consultancy services have been impeding value for money in the procurement of consultancy services besides giving rise to scope for inconsistencies, lapses and inappropriate practices. In many cases, procurements of consultancy services are carried out without even identifying and indicating the deliverables of the consultants. Therefore, the government should develop and issue clear guidelines to the agencies to assist the procurement of consultancy services.

4.3. The government agencies should conduct need assessment to identify the actual requirement of consultancy services.

The engagement of consultancy firms is appropriate only when the knowledge, skills, or expertise required to carry out the task at hand is not available within the organization. Agencies should conduct appropriate need analysis to identify whether the work warrants the involvement of consultants and whether the consultancy firms can provide services according to the requirements of the agency. The need assessment should also take into account the

possibility of availing expertise from other government agencies. Therefore, the agencies should prepare a detailed procurement plan to avail the services of the consultants most judiciously.

4.4. The government should encourage procurement practice that promotes competition and provides value for money.

The procurement of consultancy services should be done inviting open bids from the potential consultants as appropriate. Competition encourages consultants to offer greater value for money to the clients. However, the procuring agencies should choose the most appropriate form of competition given the value and nature of the contract and the number of bidders expected. It should be diligently followed through systematic and fair evaluation process.

4.5. The ToR should be comprehensive and complete in all material respects.

Many issues relating to inadequacies in the terms of reference drawn with the consultants were observed which had resulted into delivery of poor quality of services, additional costs, disputes, non-performance, wastages thereby impeding value for money from consultancy services. The terms of reference should be detailed and comprehensive enough to include all important aspects of proposed assignment.

The ToR should also clearly define the objectives, goals and scope of the assignment. The document will provide the basis for the monitoring and evaluation of the work carried out by the consultants.

4.6. The procuring agencies should conduct proper supervision and monitoring of the works carried out by the consultants.

Lack of supervision and monitoring of the works of the consultants had resulted in poor quality of services, delays, non-performance, wastages and additional costs. To ensure that the works carried out through consultancy services are on time and as required in the ToR, the procuring agencies should conduct regular monitoring of the work to ensure that the quality, quantity, timeliness and scope of the work are adequately observed.

4.7. The basis of fixing consultancy fees should be reviewed and rationalized.

Existing procurement rules provide for lump-sum and time-based contract methods for procuring consultancy services but many adopted percentage based contract which was not provided for in the PRR 2009. The fees paid are mostly linked to the project estimates and the existing fee structure seems to be generally very high and there is also no system of setting maximum limit for consultancy fees.

The payment of consultancy fees as a percentage of the estimated cost provides opportunities to inflate the estimation to ensure that the benefit to the consultant is

high. There is a need to review the existing fee structure and rationalize the same to render it more reflective of the cost of providing services.

4.8. Award of design and drawings and supervision of contracts to same consultants should be reviewed.

Despite stipulations in Clause 7.2 of PRR 2009 to avoid engagement of same consultant with conflicting roles, this important aspect is overlooked. The award of preparation of design and drawing work of a project and supervision of works to the same consultant leaves room for conflict of interest. The defects in the design and drawing may be deliberately concealed by the supervision consultant which may lead to compromising the quality of works. Therefore, it should be reviewed and appropriate practices and procedures must be put in place to avoid such conflicts of interest.

4.9. The procuring agencies should encourage transfer of knowledge and skills from the consultants to staff.

The transfer of know-how is one of the key benefits from consultancy services but there have been no real initiatives to reap the benefits of knowhow or specialized expertise, further the procurement rules also do not encourage such practice.

The procuring agencies should identify the transfer of knowledge and skills as one of the deliverables and stipulate it clearly at the tendering stage itself. The agencies should encourage and create conducive environment for the

internal staff to take advantage of opportunities to learn new skills from the consultants.

4.10. The procuring agencies should conduct an evaluation upon completion of the consultancy services.

It is always a good practice to evaluate the work on completion of the consultants' assignments to ensure it meets the business requirements and provides value for money. Without evaluating the work, it is difficult to assess if value for money is obtained or not. A systematic approach of performance rating/grading would encourage consultants to provide better services and will aid procuring agencies in future selection of the consultant. The evaluation will not only assess the performance but also provide significant knowledge on the applicability of the product of the consultant.

4.11. The process for issuing licenses to consultancy firms should be streamlined.

The main issue associated with procurement of consultancy services is the lack of competent and professional consultancy firms in the market. The major setback found in the licensing process is that it only requires an application, Security Clearance and Citizenship Identity Card to obtain licenses. Therefore, it is felt imperative to streamline the licensing process and develop appropriate guidelines, rules and regulations on the requirements of a consultancy firm with introduction of minimum requirements in terms of financial, technical and human resource capacities for establishing consultancy firms.

4.12. The engagement of the consultants in hydropower sector should be governed by proper and comprehensive ToRs.

The engagement of consultants in hydropower sector should be governed by proper and comprehensive terms of reference and should cover adequate indemnity through appropriate penal provisions. This will encourage consultants to adopt best practices and deliver quality output in stipulated time. The preparation of DPR and estimates in the BoQ are some critical activities having huge impact on the cost of the project, the contract should adequately address and ensure that DPR and estimates prepared are realistic. There should be a system of holding consultants liable for any major deviations. The impact of subsequent changes in construction methodology on project cost and completion time is usually enormous.

4.13. The government should encourage developing in house experts for preparation of DPR, drawings and designs for hydropower sector.

The hydropower is a single largest sector that engages the consultant from outside the country, and also because, the government has a long way to develop and harness its full potential of hydropower energy, it is imperative for the government to carefully considers development of its in-house expertise for preparation of DPR and drawings and designs. The government should encourage active and cohesive staff-consultant partnership for effective knowledge and skills transfer in such high-value consulting

activities. Lack of adequate technical capacity even to review the quality of DPR within the country and extent of dependence on outside agencies clearly demonstrate our vulnerability to potential technical, financial, social and environmental risks which the country can ill afford. Therefore, it is only prudent that the Government gradually develops adequate technical capacities at least to carry out technical review of the DPR prepared and presented to the Government and also consider closely involving in the preliminary investigations and preparation of the DPR. The Government should also consider developing capacity to carry out geo-technical investigations, other preliminary studies and preparation of DPR within the Hydro Power Sector in Bhutan (e.g., DGPC) to reduce undue dependence on outside consultants as well as effectively collaborate and engage in such activities of huge significance.

4.14. The engagement of management consultancy should agree on measurable deliverables that would add value to the system.

Based on the issues noted in the engagement of McKinsey & Company for accelerating Bhutan's socio-economic development, the following recommendations are offered for implementing such projects in future:

- ❖ The contract should include all deliverables and outputs required from the consultants and also identify performance indicators for measurement of each

deliverable. Outcome should be tangible, quantifiable and measurable and contribute towards achieving the objectives.

- ❖ Reporting should be made mandatory and strictly enforced to ensure that there is a proper trail of the activities carried out by the consultants.
- ❖ Similar nature of projects in future should be carried out with a proper cost-benefit analysis to ensure that the cost of procuring the consultancy services do not outweigh the benefits accrued from them. Therefore, it is always advisable to explore and evaluate various options and ensure that engagement of consultants is the best possible option and will provide value for money to the Government.
- ❖ The project should also be reviewed and evaluated to assess the impact made from implementing the recommendations provided by the Consultants. While it would benefit the government in the future to adopt those best practices observed since the implementation of the project, it would also be wise to stop pursuing those practices that yielded no benefits.

PAC's Observations

- 1) During the review of the report, PAC observed that a total of Nu.4,594.15 million was incurred for the financial years 2007-08 to 2011-12 in acquiring the consultancy services indicating an expenditure almost to the tune of Nu. 1.00 billion annually. This figure does not capture the entire

expenditures incurred on consultancy services as there could be expenditures charged to other financial codes. As stated in the report, the consultancy for Hydro-power and ABSD Project represented about 39% and 9% of the total expenditure incurred for consultancy services respectively. Under the category 'Others', representing 52% of the aggregate expenditures, the consultancy services were mainly availed for activities such as preparation of drawings and designs of roads, bridges and buildings, drafting of legislations, standards and manuals of technical nature, development of information systems, etc.

- 2) While consultancy services is imperative as it has huge potential in providing knowledge and skills that are not available within the public sector, the present practice of indiscriminate use of consultancy services without carrying out proper cost benefit analysis appeared to be a very costly affair and undermines the optimal use of in-house capacity. The inconsistent and varied practices that prevail mostly ensue from inadequate policy framework and comprehensive rules and guidelines on engagement and management of consultancy services in the public sector.
- 3) The lapses and deficiencies pointed out by RAA highlights the urgent need to put in place proper policy and legal framework that addresses in greater detail the procurement of consultancy services.

PAC'S Recommendations

1. The PAC strongly endorses the recommendations made by the RAA and request the Government to issue appropriate directives to all agencies to implement them.
2. The Ministry of Finance must ensure that the Procurement Rules and Regulations (PRR) are reviewed from time to time with relevant clauses inserted in order to avoid future lapses and wastage of government resources.
3. The Public Procurement Policy Division (PPPD), MoF is the central agency that looks into public procurement. It is imperative that this Department is adequately staffed with people who have the necessary qualifications and experiences required to discharge this important function effectively. The Royal Civil Service Commission together with the MoF needs to address this urgently.
4. Currently, it seems that every procuring agency interprets the PRR differently based on its own needs and convenience. This has led to a situation where there is no uniformity in the implementation of the PRR. Therefore, any agency that seeks to procure consultancy services beyond a threshold amount must obtain a clearance from the PPPD. This threshold amount may be fixed by the MoF in consultation with the various agencies.

CHAPTER X: CONCLUSION

With this report the PAC would like to state that all pending Performance Audit Reports since 2007-08 have now been reviewed and cleared. The recent Performance Audit Reports received from RAA are:

- 1) System Audit of Hydro Electric Energy (2013)
- 2) Environmental Audit Report on Timber Harvesting in FMUs & WSs-April, 2014.
- 3) Audit Report on Public Debt Management (2014)

These reports will be reviewed by PAC and reported to the Parliament in the forth coming sessions.

In view of the fact that there was a huge backlog of Performance Audit Reports to be reviewed, the report on the Leasing of Government Land, GRF Land and Mines (2013) was given to the National Council to review. This was in keeping with the resolution of the House at the 1st session of the second Parliament. The National Council reviewed this report in its 13th session.

The PAC would like to acknowledge the hard work put in by the RAA led by the Auditor General. The Committee is hopeful that our report will serve as a useful basis for the House to conduct deliberations and give necessary directives which will compliment the efforts of the RAA towards achieving economy, efficiency and effectiveness in the use of public resources. The PAC hereby awaits the directions from the House to tackle specific issues reflected in the report.

**** Tashi Delek ****

ANNEXURE VI

Address by Speaker at the Concluding Ceremony of the 4th Session of the 2nd Parliament

1. On behalf of the Parliament of Bhutan and on my own behalf, I would like to welcome His Majesty the Druk Gyalpo to the concluding ceremony of the 4th session of the 2nd parliament. I would also like to express my gratitude to His Majesty the Druk Gyalpo for gracing the occasion.
2. I would further like to welcome Her Majesty the Gyaltsuen, Members of the Royal Family, representatives of the Central Monastic Body, senior government officials, representatives of the international community and all other guests.
3. As per the Constitution and mandate of Parliament, the National Assembly endorsed the Attorney General Bill of Bhutan and the Service Conditions & Entitlement (Amendment) Bill of Bhutan following extensive deliberations. These Bills have now been transmitted to the National Council for enactment as per the parliamentary procedure.
4. The House also extensively deliberated on the Jabmi (Amendment) Bill of Bhutan, Enterprise Registration Bill of Bhutan and the Companies Bill of Bhutan. It is hoped that these Bills which are referred to the relevant

committees for review would be passed during the forthcoming session of Parliament.

5. I would like to inform that the following Bills were deliberated by the two Houses during the last session:

- Local Government Member's Entitlement Bill 2014
- Biosafety Bill of Bhutan 2014
- Narcotics Drugs, Psychotropic Substance Abuse Bill 2014
- Tenancy Bill of Bhutan 2014

The above Bills have been re-deliberated in accordance to the provisions of the Constitution of Bhutan and will be submitted to His Majesty the Druk Gyalpo for the Royal assent to be deliberated in the Joint Sitting of Parliament.

6. Similarly, the Joint Sitting of Parliament deliberated on the following Bills which will also be submitted to His Majesty the Druk Gyalpo for the Royal assent:

- Local Government (Amendment) Bill
- National Council (Amendment) Bill
- National Assembly (Amendment) Bill
- Parliamentary Entitlement (Amendment) Bill

In addition, the pending old performance audit reports and the recommendations by the Public Accounts Committee were deliberated. As a result, all pending performance audit reports till 2013 have been resolved.

7. Furthermore, the National Assembly extensively deliberated on the review report of the Election Act of 2008, Human Rights Committee's report and the report by the Women, Children & Youth Committee.
8. I would also like to inform that the National Assembly has ratified the Doha Amendment to the Kyoto Protocol to the UN Framework Convention on Climate Change and Statute of International Renewable Energy Agency. These conventions have been transmitted to the National Council for their endorsement.
9. I am pleased to mention that while deliberating, the Hon Members of both Houses are ever mindful of both the short term as well as long term welfare of the country and the people. Thus, the tone of deliberation characterized by check and balance in both the Houses has improved over the last four sessions.

However, sometimes when a Member uses his or her privilege to express a personal opinion to pay tribute to our beloved monarchs for their benevolent deeds, some Members fail to comprehend the true substance of the opinions and tend to misinterpret this. Such misinterpretations have a risk of misleading the public.

The continued strengthening of security, sovereignty, peace and happiness of the people and enhancement of economic

development and international relations of the country is attributable to the dynamic leadership and guidance of our beloved monarchs. Every citizen of Bhutan knows the fact that the fruits of prosperity we enjoy today are because of our beloved monarchs.

I would thus like to express that people of Bhutan always regards His Majesty the Druk Gyalpo as compassionate, gracious, protector and benefactor of this country and the very embodiment of Bodhisattva in human form.

From the highest law making institution of Parliament to the smallest village at the Local level, it is imperative for us to reflect on the noble initiatives of His Majesty the Druk Gyalpo and pay our tribute and express gratitude.

It is therefore imperative for the Members to express their opinions during deliberations with a broader perspective and abandon political motives to strengthen happiness and peace of the country and people. In doing so, it would enable us to uphold the decorum and legacy of this exemplary House with our body, speech and spirit. It is also imperative for the Members to be mindful that such actions would as well set a constructive precedence for the future generation.

10. As commanded earlier by His Majesty the Druk Gyalpo, the last time His Majesty the Fourth Druk Gyalpo graced a National Day celebration was the 98th National Day which was celebrated in Trashi Yangtse in 2005. Since then, for

the last eight years such occasions in the Dzongkhags have not been graced by His Majesty the Fourth Druk Gyalpo.

11. This year, His Majesty the Fourth Druk Gyalpo will grace the 107th National Day at Sherubtse College in Kanglung, Trashigang. The occasion would provide providential opportunity for the people of eastern Bhutan in general and the people of Trashigang in particular to receive audience with Their Majesties the Kings. It would also enable the people from all over Bhutan to pay their respects and express gratitude to our beloved monarchs for their noble initiatives. Therefore, on behalf of the Parliament, I would like to express utmost gratitude to His Majesty the Druk Gyalpo.
12. The Prime Minister of Bhutan had recently visited Bangladesh and also participated in the 18th SAARC Summit held in Katmandu, Nepal. During the visits, the Prime Minister held meetings to enhance our multilateral and bilateral ties. The meetings were also held to enhance security and economic cooperation. The Parliament would like to express its appreciation for these successful visits.
13. The Parliament of Bhutan would also like to express its gratitude to Lyonpo Sonam Tobgye, the former Chief Justice of Bhutan for his dedicated service in government agencies and in the Judiciary for the last four decades. Lyonpo Sonam Tobgye after assuming his office as the

Chief Justice of Bhutan had strengthened the foundation of legal system and developed the institution of judiciary under the dynamic leadership of His Majesty the Druk Gyalpo and His Majesty the Fourth Druk Gyalpo.

Similarly, the Parliament of Bhutan would like to express its felicitation to Dasho Tshering Wangchuk on his appointment as the Chief Justice of Bhutan. He was appointed by His Majesty the Druk Gyalpo on the recommendation of the National Judicial Commission in accordance to the Constitution of Bhutan. It is hoped that the institution of judiciary would be further strengthened under his leadership.

14. The 4th Session of the 2nd Parliament comes to a successful conclusion mainly because of the blessings of the Triple Gem, noble guidance of His Majesty the Druk Gyalpo and the support of the Members of Parliament, Secretary General and the Secretariat staff of the National Assembly. For this, I would like to express my gratitude to His Majesty the Druk Gyalpo, Members of Parliament and the National Assembly Secretariat.
15. Lastly, let us all offer our prayers for the long life of His Majesty the Druk Gyalpo, Her Majesty the Gyaltsuen, Members of the Royal Family and His Holiness the Je Khenpo. Let us also pray for the continued peace and happiness for the people and the country.

THANK YOU!

ANNEXURE VII

LIST OF DOCUMENTS DISTRIBUTED DURING THE FOURTH SESSION OF THE SECOND PARLIAMENT

1. The Office of the Attorney General Bill of Bhutan 2014
2. The Entitlement and Service Conditions Act for Holders, Members and Commissioners of the Constitutional Office of Bhutan (Amendment) Bill 2014
3. The Report on the Review of the Election Act 2008
4. Jabmi (Amendment) Bill of the Kingdom of Bhutan 2014
5. The Companies Bill of Bhutan 2014
6. Enterprise Registration Bill of Bhutan 2013
7. Doha (Amendments) to the Kyoto protocol to the UNFCCC;
and
8. Convention on International Renewable Energy Agency
9. Report by the Human Rights Committee
10. Report by the Women, Children and Youth Committee
11. Performance Audit Report

ANNEXURE VIII

LIST OF MEMBERS PRESENT DURING THE FOURTH SESSION OF THE SECOND PARLIAMENT

1. Hon Speaker Jigme Zangpo, Mongar constituency, Mongar Dzongkhag
2. Hon Prime Minister, Tshering Tobgay, Sombaykha constituency, Haa Dzongkhag
3. Hon Minister for Home and Cultural Affairs, Lyonpo Damcho Dorji, Goenkhatoe-Laya constituency, Laya Dzongkhag
4. Hon Minister for Works and Human Settlement, Lyonpo Dorji Choden, Thrimshing constituency, Trashigang Dzongkhag
5. Hon Minister for Foreign Affairs, Lyonpo Rinzin Dorji, Shompangkha constituency, Sarpang Dzongkhag
6. Hon Minister for Education, Lyonpo Mingbo Dukpa, Dewathang-Gomdar constituency, Samdrupjongkhar Dzongkhag
7. Hon Minister for Labour and Human Resources, Lyonpo Ngeema Sangay Tshempo, Lhamoizingkha-Tashiding constituency, Dagana Dzongkhag
8. Hon Minister for Health, Lyonpo Tandin Wangchuk, Athang-Thedtsho constituency, Wangdiphodrang Dzongkhag
9. Hon Minister for Communication, Lyonpo Dina Nath Dungyel, Phuentshogpelri-Samtse constituency, Samtse Dzongkhag
10. Hon Minister for Finance, Lyonpo Namgay Dorji, Draagteng-Langthil constituency, Trongsa Dzongkhag
11. Hon Minister for Economic Affairs, Lyonpo Norbu Wangchuk, Kanglung -Udzorong constituency, Trashigang Dzongkhag
12. Hon Minister for Agriculture and Forest, Lyonpo Yeshey Dorji, Maenbi- Tsaenkhar constituency, Lhuntse Dzongkhag
13. Hon Leader of the Opposition Dr. Pema Gyamtsho, Chhoekhor-Tang constituency, Bumthang Dzongkhag
14. Hon Deputy Speaker Chimmi Dorji, Lingmu-Toedwang Constituency, Punakha Dzongkhag

15. Hon Member Tshewang Jurmi, Chhumig-Ura constituency, Bumthang Dzongkhag
16. Hon Member Dawa Gyaltshen, Bongo-Chapchha constituency, Chhukha Dzongkhag
17. Hon Member Rinzin Dorji, Phuentshogling constituency, Chhukha Dzongkhag
18. Hon Member Karma Dorji, Drukjeygang-Tseza constituency, Dagana Dzongkhag
19. Hon Member Pema Drukpa, Khamaed-Lunana constituency, Gasa Dzongkhag
20. Hon Kinley Om, Bji-Kar-Tshog-Uesu constituency, Haa Dzongkhag
21. Hon Member Karma Rangdol, Gangzur-Minje constituency, Lhuentse Dzongkhag
22. Hon Member Ugyen Wangdi, Dramedtse-Ngatshang constituency, Mongar Dzongkhag
23. Hon Member Rinzin Gamtsho, Kengkhar-Weringla constituency, Mongar Dzongkhag
24. Hon Member Kezang Wangmo, Dokar-Sharpa constituency, Paro Dzongkhag
25. Hon Member Khando Wangchuk, Lamgong-Wangchang constituency, Paro Dzongkhag
26. Hon Member Zangley Dukpa, Khar-Yurung constituency, Pemagatshel Dzongkhag
27. Hon Member Choida Jamtsho, Nganglam constituency, Pemagatshel Dzongkhag
28. Hon Member Dechen Zangmo, Nanong- Shumar constituency, Pemagatshel Dzongkhag
29. Hon Member Dophu Dukpa, Kabisa-Talog constituency, Punakha Dzongkhag
30. Hon Member Pelzang Wangchuk, Jomotshangkha-Martshala constituency, Samdrupjongkhar Dzongkhag
31. Hon Member Tek Bahadur Subba, Dophuchen-Tading constituency, Samtse Dzongkhag

32. Hon Member Ritu Raj Chhetri, Tashichhoeling constituency, Samtse Dzongkhag
33. Hon Member Madan Kumar Chhetri, Ugyentse-Yoeseltse constituency, Samtse Dzongkhag
34. Hon Member Gopal Gurung, Gelegphu constituency, Sarpang Dzongkhag
35. Hon Member Kinga Tshering, North Thimphu constituency, Thimphu Dzongkhag
36. Hon Member Yeshey Zimba, South Thimphu constituency, Thimphu Dzongkhag
37. Hon Member Wangdi Norbu, Bartsham-Shongphu constituency, Trashigang Dzongkhag
38. Hon Member Jigme Wangchuk, Radhi- Sagteng, Trashigang Dzongkhag
39. Hon Member Karma Tenzin, Wamrong constituency, Trashigang Dzongkhag
40. Hon Member Dupthob, Boomdeling-Jamkhar constituency, Trashiyangtse Dzongkhag
41. Hon Member Sonam Dondup Dorjee, Khamdang-Ramjar constituency, Trashiyangtse Dzongkhag
42. Hon Member Nidup Zangpo, Nubi-Tangsibji constituency, Trongsa Dzongkhag
43. Hon Member Yogesh Tamang, Kilkhorthang-Mendrelgang constituency, Tsirang Dzongkhag
44. Hon Member Novin Darlami, Sergithang-Tsirang Toed constituency, Tsirang Dzongkhag
45. Hon Member Kuenga, Nyishog- Saephu constituency, Trongsa Dzongkhag
46. Hon Member Lekey Dorji, Bardo-Trong constituency, Zhemgang Dzongkhag
47. Hon Member Dorji Wangdi, Panbang constituency, Zhemgang Dzongkhag