The Nepal Civil Service
and
Re-structuring of the State

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AN OPTION PAPER

Ministry of General Administration/UNDP
Project to Prepare the Public Administration for State Reforms (PREPARE)

Professor Pushkar Bajracharya and Dr Clive Grace

Government of Nepal
Ministry of General Administration

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PREFACE

This paper has been developed as part of the Project to Prepare the Public Administration for State Reforms (PREPARE) of the Ministry of General Administration of the Government of Nepal. Funded by the UNDP, it aims to contribute to the Ministry's work in preparing the civil service and public administration more generally to meet the challenges which flow from the constitutional and political commitment to federalise Nepal.

We are very grateful to many colleagues in the Ministry and at PREPARE/UNDP who supported the work in many ways, and who provided an important and valuable contribution to our thinking at every stage.

This has been a focussed and concentrated piece of work, and we have been pleased to be able to adopt many of the foundations of analysis already carried out by the Administrative Restructuring Commission and the Constituent Assembly. That work has its own limitations, inevitably, but where we can we have built on it. As will be seen, we have been able to go on to stake out potential paths forward for the Nepal civil service well beyond what has been done already.

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Acronyms and Abbreviations

ADB	Asian Development Bank
ARC	Administrative Restructuring Commission
ARCR	Administrative Restructuring commission Report
CA	Constituent Assembly
DDC	District Development Committee
FMIS	Financial Management Information System
HMIS	Health Management Information System
LSGA	Local Self Governance Act
MoGA	Ministry of General Administration
MIS	Management Information System
NPM	New Public Management
NASC	National Administrative Staff College
O & M	Organization & Management
PARSC	Public Administration Restructuring Steering Committee
PIS	Personnel Information System
PREPARE	Project to Prepare the Public Administration for State Reforms
PMO	Prime Ministers' Office
PSC	Public Service Commission
TRC	Technical Restructuring Committee
VRS	Voluntary Retirement Schemes
VDC	Village Development Committee

Executive Summary

Section I: Introduction: Nepal faces a huge challenge in moving to a federal, secular and democratic state. A federal approach should make government more efficient and receptive to the demands of the Nepalese people. Access to quality public services depends in large measure on the skills and motivation of the public employees who provide these services or oversee their delivery. An efficient civil service management system is needed for improved motivation and effectiveness, and hence, better services to private businesses, the public, and to the poor in particular.

This paper explores structures and models for restructuring the civil service in Nepal, taking into account the existing context of public administration and civil service management. It reviews existing arrangements and explores the principles which should inform the process of federalising the civil service, as well as possible models of civil service structure and management, and the transition and assumptions thereof.

Section II: The Nepal Civil Service: The role of the Nepal civil service is to serve the state in promoting public welfare by maintaining peace and order in society, making arrangements for the just distribution of economic resources available in the country, and running the development activities for overall socio-economic development. The government's major role is to deliver the services to the people according to their demands and needs in a speedy, efficient and effective manner. Changes in approaches to government and developments in public service over several decades have prompted efforts to improve both structures and governance, and also the quality of services through the involvement of the people and by fostering partnerships between the private sector, civil society and the government.

Efforts at reform have addressed the role and function of the civil service, its organisational structure and working modalities, its human resource system, and its governance arrangements. But despite many repeated efforts the civil service still has many weaknesses, including:

- The low level of motivation of civil servants;
- The administrative machinery becoming too much bloated due to the government assuming the whole range of functions affecting people's lives;
- Unnecessary expansion in the number of government agencies and its employees;
- Too many layers in the decision-making process;
- Weak mechanism to make individual officials responsible;
- Adopting new technology effectively remains a challenge;

- Lack of responsiveness towards citizens; and a lack of decentralization of necessary authority to the officials down to the field offices.

Significant structural, managerial and behavioural challenges remain to be addressed, but some positive lessons have already been learned, including:

- Decentralisation brings governance closer to the people and helps service delivery and also empowers the people;
- Strengthening local governance has brought many positive changes;
- Local hiring helps to retain the personnel locally and improve a sense of ownership;
- Many local level agencies feel more empowered; and
- Limiting rights to transfer has helped to retain people at decentralised sites.

However, negative lessons include:
- Civil servants prefer to work at convenient places and at the centre;
- Civil servants stay at the centre, making service delivery at the local level more difficult;
- Local level personnel tend to be located at the district headquarters only, seriously affecting service delivery and other development initiatives in the field;
- The pace of decentralisation is slow and Local Self Governance Act (LSGA) has not been implemented;
- The administrative culture is not performance oriented;
- Incentives are limited and not fully linked to performance; and
- Accountability is avoided rather than shouldered.

Sections III and IV: Lessons and Choices: There are lessons to learn (and to avoid) from elsewhere about the process of federalising a civil service, including those learned from reform experiences in Nepal. Twelve lessons are identified, and these are summarised together with indications of their relevance for Nepal, but always bearing in mind that they must be viewed from a Nepali context, which is in many ways unique. These lessons give rise to choices which Nepal can make as it embarks on the process of federalising the civil service. These include choices about:

- Leadership,
- Timescales and decision making,
- The framework for the civil service,
- Merit and inclusion, and
- Performance, technology, and ways of working.

In addition there are areas where what is needed is a national conversation between politicians and civil service leaders about the conditions for successful transition including the role and function of the trade unions within the civil service and the relationship between politicians and civil service leaders, addressing both the issues of potential/actual politicization and also the issue of responsiveness and competence of the civil service.

Sections V and VI: Options: The choices available give rise to a range of options in the approach that might be taken in Nepal. There is a 'hard and fast', a 'cautious', and a 'step-by-step' approach. These can each be linked to the options which exist for the structure of the Nepal civil service (which depends significantly on the finalisation of the constitution and on political and policy decisions by the National Assembly). A unitary civil service, completely separate civil services for each province, and a combined structure, are all possible.

Section VII: Preferred Models: In the light of the election results of November 2013, and the emergence of an apparent national preference for multi-identity federalism, it is possible also to draw out concrete models for the way forward. There are two preferred models for decentralising the Nepal civil service which include both possible structures and the process for achieving them. They are the Federal model and the Provincial model. Both models provide for some common aspects across both central and state levels of government such as a common set of public service values, and both provide for a considerable degree of autonomy at the state level in key aspects of civil service organisation and management. However, while the Federal model provides for a civil service which is decentralised to the provincial level but nonetheless remains unified in certain respects, the Provincial model would provide for effectively completely separate civil services at that level.

Section VIII: Further Preparatory Work: There are a number of areas of further study which should be undertaken. These include:
- A detailed functional analysis,
- Human resource assessment and data,
- Training in decentralisation,
- Service delivery studies, and
- Benchmarking the civil service.

Section IX: Transition and Conclusion: The issues associated with transition are reviewed, and there is a brief conclusion.

Background

Nepal is a federal, democratic, republican State on the path to completing its constitution to create a federal structure. But there is still some way to go. The transformational change that Nepal has embarked upon is massive. The foundations of the society are profoundly being altered as the country transitions from a constitutional monarchy to a democratic republic, from unitary to a federal state, and from a Hindu state to a secular state. It is generally agreed that federalisation is one of the solutions at this stage to guarantee the conclusion of the peace process. Peace building and state building in the Nepal context are thus intertwined and mutually re-enforcing. Mistrust is also reported between the bureaucracy and the political circle. Public administration is a mechanism for progressively deepening, broadening and institutionalising the political settlement. That cannot be rushed or driven by a bureaucracy that is considered by many to be one of the institutions that requires transformational change in itself.

The basic premises of federalisation include making government more efficient and receptive to the demands of the Nepalese people, and one of the main pillars of the new Federal State will be public administration in the form of the institutions and functions of the executive arm of government. These deliver basic services to citizens, maintain law and order, manage the economy, and create an enabling environment for business. Access to quality public services depends in large measure on the skills and motivation of the public employees who provide these services or oversee their delivery. An efficient civil service management system is needed to improve motivation and effectiveness, and hence better services to private businesses, the public, and to the poor in particular.

The Interim Constitution included a clause on the establishment of the State Restructuring Commission and thereby acknowledged the importance of restructuring the state and public administration as a foundation for the new federal state. A number of actions gave effect to this constitutional provision, including the establishment of the State Restructuring Commission which debated the issues and issued key reports, the Administrative Restructuring Commission (ARC), the creation

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of a high-level inter-ministerial body (the Public Administration Restructuring Steering Committee - PARSC) under the leadership of the Prime Minister, and the establishment of Technical Restructuring Committees (TRCs). Some of the observations made in the debates, discussions and reports reveal reluctance on the part of some sections of the civil service to engage in the process with enthusiasm.

Various strategy papers have been prepared to assist the federalization process of the civil service, including a White Paper and a key report by ARC. It defines the principles of federal public administration as provision of services to the citizens based on the principles of equity, public value, professionalism, integrity and accountability, and inclusion and merit. It also envisages three tiers of government - central, provincial and local. It spells out strategies for legislation, systems and procedures, financial management, and human resource management. It also provides the framework for transition. A roadmap has also been prepared that includes defining the functions, processes and timeline for defined activities in the areas of transfer of functions, public financial management, human resources management, legislation and interim administrative units.

Against this background the Ministry of General Administration (MoGA) is currently implementing a Project to Prepare the Public Administration for State Reforms (PREPARE) with the technical and financial support of UNDP. Launched in March 2013, the project aims to contribute towards building the capacity of the civil service to meet the needs of an inclusive federal constitution and government structure. One of the key outputs of the project is to have a government-led public service reform strategy for shifting toward an inclusive federal structure and further capacity-building of government institutions and future parliamentarians.

In the context of civil service reform, it is particularly necessary to explore options for the future structure and modalities of the civil service, as well as the transitional arrangements needed to facilitate its federalisation as part of the wider process envisaged in the Interim Constitution.

In the context of civil service reform, it is particularly necessary to explore options for the future structure and modalities of the civil service, as well as the transitional arrangements needed to facilitate its federalisation as part of the wider process envisaged in the Interim Constitution. The GoN should be ready to suggest viable options to inform meaningful discussion, leading to the development of a civil service able to act as a catalyst for ensuring that the federalisation process goes forward in an efficient manner, and that service delivery is protected and improved.

The purpose of this paper is to explore viable civil service structures and management models in the context of restructuring the civil service in Nepal, taking into account the

existing context of public administration and civil service management in Nepal, and in the light of the wider Nepalese context. The scope and coverage of the task includes reviewing existing arrangements for public administration, and particularly the structure and management of civil service in Nepal. It explores the principles which should inform the process of federalising the civil service, as well as possible models of civil service structure and management, and the transition and assumptions thereof.

The following methodology has been adopted:

a) All relevant studies and reports were identified. On the basis of these reports including the reports of the commissions, some preliminary reports that were defined 'not for circulation' or defined 'confidential' were also studied and in view of the enormity of the task, maximum possible information was deemed able to provide the most useful recommendations. Reviews of the existing civil service in Nepal, including the proposals of the administrative reform commissions, were also assessed.

b) Review of the best practices and lessons learnt from countries with similar experience (federalisation) were carried out from some twenty nations, keeping the lessons as compatible to the Nepal context as possible. Of course no two countries are similar and hence it was not easy to draw lessons that will suit exactly the present scenario and challenges of Nepal.

c) Discussions and interactions with pertinent stakeholders were extensively held to identify needs, understand the situation, and draw up viable options for structuring and managing civil service reform in the context of federalisation. With the help of checklists as per the terms of reference of the study, discussions were held with various government agencies, development partners and the representatives of the civil society. A number of workshops were also organised to get the benefit of wider discussion and exchange, including workshops which considered earlier drafts of this paper. Among the main workshops / interaction programmes organised, besides the discussions and meetings at individual and organisational levels, were: workshop with heads of departments and joint secretaries (Sept 3, 2013); stakeholder workshop with experts-cum-former civil servants (Sept 27, 2013); interactions with joint secretaries and DGs (Dec 8, 2013); interactions with secretaries (Dec 9, 2013), stakeholder workshops in Hetauda and Pokhara (11 and 13 Dec 2013); interactions with representatives of professional organisations (22 Dec 2013); interaction with MoGA (22 Dec 2013); interaction with select development partners (23 Dec 2013); and interaction programme with representatives of civil society and the rights groups.

d) On the basis of the analysis, review and deductions, the report was finalised and options and strategies recommended for consideration.

The structure of the remainder of this paper is as follows:

- We begin (Section II) with an introduction to the Nepal civil service – its role and function, its organisational structure and working modalities, its human resource system, its governance arrangements, the efforts at reform, and the lessons which have been learned about the Nepal civil service.

- We then (Section III) review lessons learned from Nepal's reform experiences and those gained elsewhere, with particular reference to the lessons which can be learned about the process of federalising a civil service, and especially in the context of developing countries in a post-conflict era. Twelve lessons are identified, and these are summarised together with indications of their relevance for Nepal.

- In Section IV we translate these lessons into choices that can be made by Nepal as it embarks on the process of federalising the civil service.

- In Section V we show how these choices in turn give rise to a range of options in the approach that might be taken.

- Section VI looks at the options for structures, and also assesses how these relate to the options described in Section V for the process of moving towards new structures.

- Section VII presents preferred models for federalisation of civil service in Nepal

- Section VIII suggests preparatory work for the process of federalisation of civil service

- Section IX suggests inputs for transition management with action plan highlighting the challenges of transition of civil service from unitary to federal structure.

The study had to be conducted with following limitations:

- Some of the documents, labeled confidential, could be availed with great delay.

- The scope of the study is limited to providing options.

- Methodologically, the study is limited to review of national and international documents and interactions and discussions with various stakeholders (details in Annex 1).

2
SECTION

The Nepalese Civil Service: An Introduction

The civil service is an institutional mechanism to support the government in executing its tasks and realising the goals of the nation state that have been defined under the Directive Principles and Policies of the State in the Interim Constitution of Nepal, 2007. Creation of a public welfare state is the main political objective, and a public service is to be set up and operated for fulfilling this objective. It specifies that the state shall be oriented towards promoting public welfare by maintaining peace and order in society, making arrangements for the just distribution of economic resources available in the country, and running the development activities for overall socio-economic development in collaboration with the governmental, cooperative and private sectors. The government's major role is to deliver the services to the people according to their demands and needs in a speedy, efficient and effective manner (Interim Constitution of Nepal, 2007).

Over time, the roles of the government have been changing. To this end, various efforts have been initiated on behalf the government towards changing its traditional role from the concept of 'feeding people' to 'enabling the people'. Accordingly, during the past several decades, efforts have been made to improve both structures and governance. There have also been efforts to improve the quality of services through the involvement of the people and by fostering partnerships between the private sector, civil society and the government.

Organisational Structure: The institutional arrangements in Nepal provide for 5 regions, 14 zones, 75 districts and 58 municipalities, and 3915 Village Development Committees (VDCs) in order to try and ensure that governance is near to the people (ARC, 2011). Districts have political units called District Development Committees (DDCs), but elections have not taken place since 2002, seriously affecting its base and functioning as the primary level of governance to provide services and address the problems of citizens. Municipalities and VDCs are also political units, and these are further sub-divided into Wards. Areas (Ilakas) are administrative divisions of districts which facilitate service delivery.

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At the central level, there is the Parliament, the Executive and the Judiciary as provisioned by the Interim Constitution, 2007. There are also constitutional bodies, viz. Public Service Commission, Election Commission, National Human Rights Commission, Commission for the Investigation of Abuse of Authority, and the Office of the Auditor General .

The government has also designed institutional and organisational structures for carrying out tasks such as running the public administration, initiating development programmes and delivering services. These are specified in the Work Allocation Regulations. Organisations are structured from the centre down to the local level for delivery of public services and for the regulation, implementation, operation and monitoring and evaluation of the development programmes. The ministries carry out the tasks of formulating policies, determining the level and standard of performance, and conducting monitoring and evaluation, while the departments are responsible for coordination. There are regional directorates and divisional offices under different sectors such as infrastructure, road and irrigation, social service delivery, education, health, drinking water and sanitation, economic services such as agriculture and industry, and also running the day-to-day administration. They also carry out monitoring and evaluation activities besides fostering coordination in the respective sectors at the regional level.

At present there are 27 different ministries, including the Office of the Prime Minister and Council of Ministers, six constitutional bodies, 60 departments or allied agencies, 149 regional level offices, 306 zonal offices (including the division offices), 1,622 district-level and 5,317 area-level offices. Likewise, there are 136 autonomous bodies and 36 public corporations under different legal arrangements (ARC, 2012).

The Figure 1 highlights the structure of governance in Nepal from the centre to the grassroots level that includes both the political and the administrative units. At the central level, there are the parliament, the executive, and the judiciary. Besides the President, the Vice President, the cabinet and the ministries, all the constitutional bodies, departments and major development committees exist at the centre. At the regional level, besides the five regional offices, there are 149 regional directorates/divisions and / or offices to deliver services and regulate and supervise development and public service delivery activities. Below the region, there are zonal/sub-regional offices totalling 910 offices. The prominence and roles of zonal offices, which had a prominent place in the governance hierarchy during the panchayat regime, appears to have declined after the restoration of democracy in 1990. The district, that has also district level political units in the form of DDCs, has emerged as the important hierarchy in both the administration and development/service delivery perspectives. There are 1622 thematic offices at the

FIGURE. 1 Different Levels of Organisations Under the Government of Nepal

Source: Report of Administrative Restructuring Committee, 2011
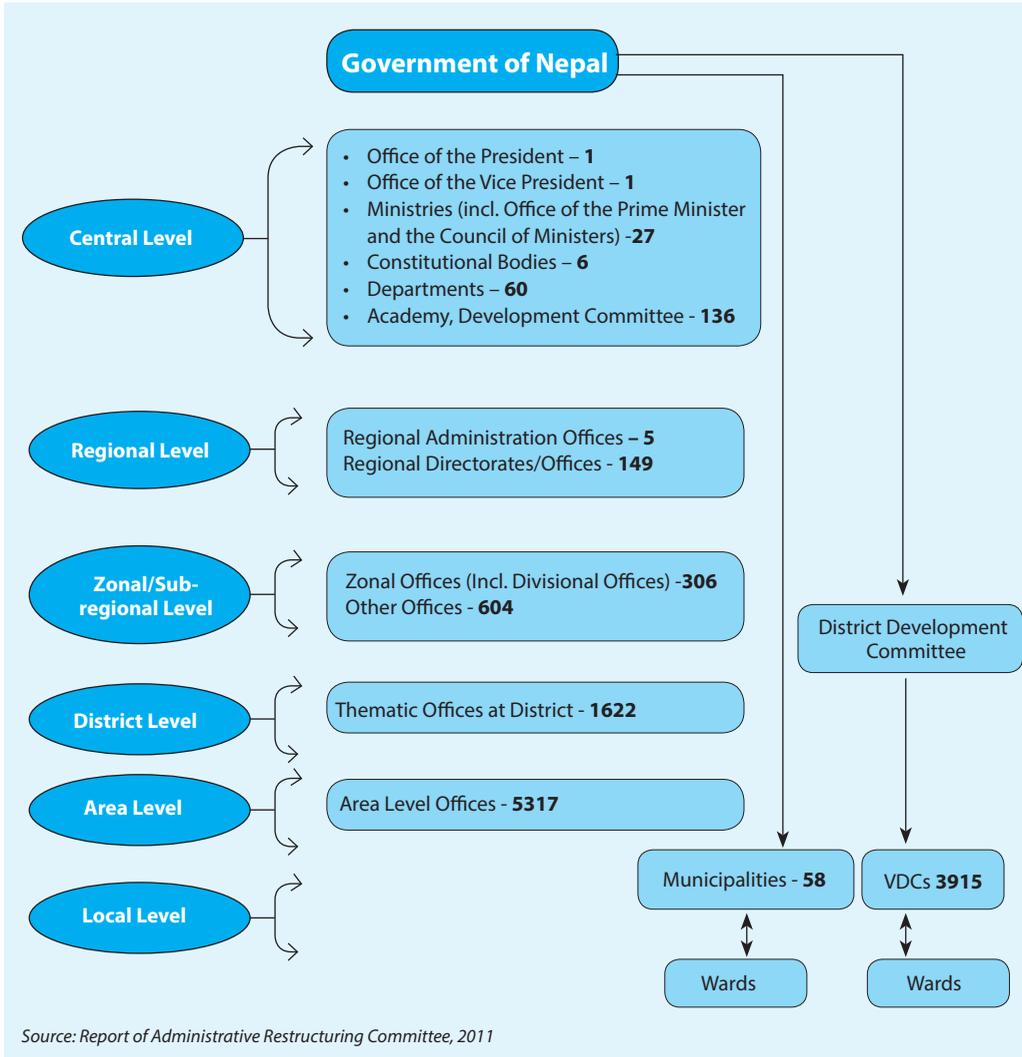
district level. In order to overcome the problems of the citizens requiring coming to the district headquarters for even trivial activities, the government has positioned area level offices enabling the governance to be much nearer the people. Such offices are in the areas of agriculture, forestry, education, health and small infrastructure. At the local level are the local agencies like VDCs, municipalities and the wards.

Working System and Operational Modalities: The basic functions of the government can be categorised as core and non-core functions. They mainly include maintaining law and order; regulating and implementing laws; ensuring the supply of essential goods and services; and providing social security and undertaking development activities and capacity building activities in non-core functions. The public services include functions such as social and economic services, infrastructure development, and administration services, as well as activities related to poverty alleviation and promoting social mobilisation, inclusiveness, the empowerment of people particularly the down-trodden and disadvantaged, and capacity building. There have been efforts to deliver services which are responsive to the needs of the people. Despite constraints in the capacity, and the resource limitations that need to be properly and adequately addressed in any public administration reform efforts, the government has been making efforts in terms of policy and delivery to try and enhance the level and the quality of public services.

The government formulates periodic plans to guide the activities for a period towards desired results. Annual policy programmes and budgets are designed to achieve the objectives set by the long-term development strategy and periodic plans of the country. Work procedures and guidelines have also been defined for standardising implementation procedures and inculcating uniformity in the implementation of the programmes after their approval.

Works are carried out under the auspices of the Finance Act and Regulations and the Public Procurement Act and Regulations. Efforts are made to ensure participation, collaboration and partnership between different governmental bodies, public corporations, the private sector, civil organisations/societies, cooperative bodies and other social organisations during the delivery of public service and for implementing and operating development activities. Works related to forestry, drinking water, small irrigation projects and such other services are implemented and managed by the consumers' committees. This represents an effort to empower as well as involve the people directly in activities close to them in order to generate ownership and a sense of belongingness, and improve effectiveness. School management committees have also been formed for managing community-run schools. Various other models of public-private partnership have also been adopted for the delivery and distribution of public services including for small infrastructure development at the local level. Efforts to promote public-private partnership on a larger scale have however so far been fraught with problems and complexities.

One important initiative has been the display of the Citizen's Charter at all public service offices to facilitate awareness about the procedures and time and resources needed

in order to promote transparency and generate awareness among the people and to mitigate the opportunities for malpractices. Additional mechanisms of public hearings and public/social auditing are carried out for ensuring efficiency and propriety in service delivery. A Management Information System (MIS) has been developed in many bodies for disseminating proper information and facilitating proper decision making. These information systems include the Personnel Information System (PIS) related to civil servants, the Financial Management Information System (FMIS) related to the budget and financial aspects of the Ministry of Finance, the Health Management Information System (HMIS), and the Education Management Information System (EMIS). They have been instrumental in promoting systems and empowering stakeholders enabling them to access information as and when required, as well as supporting managers in their tasks and facilitating oversight by those elected to represent the people's interests.

Roles and Functions of Civil Service: The roles and the functions of the government may be categorised into four categories, viz. governance, economic, social and infrastructural. The governance activities include all activities pertaining to administrative support services, logistics management, internal security and peace, foreign affairs and defence, management of human and other resources and ensuring and promoting coordination and control. The economic roles include creating an environment conducive for investment and growth, promoting macro-economic

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stability and undertaking macro-economic management including resource mobilisation and prudent utilisation thereof, and promoting viable, pertinent and necessary economic activities in the country viz. agriculture, industry, trade, tourism and other productive and service activities.

In the social sector, most of the activities relate to delivering service to enhance the quality of life of the people that, among others, include providing health, education and other basic services like drinking water, sanitation, and promoting social welfare and social security. The role of the government in providing infrastructure facilities also is prominent particularly in developing countries devoid of requisite infrastructure support, and needing a base for faster and sustainable economic and social development. These include developing and enhancing the availability of transport linkage and services, enhancing supply of and access to energy, promoting and improving access to information and communications services, urban development and promoting environment sensitive development.

These tasks of the government may be grouped into four categories for simplicity as exhibited in the table below. Understanding these roles and functions is also important in the context of federalisation as these roles and functions have to be allocated to different layers of the federal structure to ensure efficient and effective service delivery. The activities and roles below are set out more fully in Annexes 2 to 3, showing a possible division of powers and roles between various levels of government.

The current role division by hierarchy includes basic policy, macro level planning and monitoring and evaluation activities at the centre while the task of implementation is accorded to departments, regional, district level and field level agencies. Service delivery activities are carried out by district/field level offices, which are being increasingly empowered and given greater roles commensurate to the Local Self Governance Act, 1998 and its rules, 1999. Area level offices are the lowest level public administration system while as political units, the VDCs and particularly municipalities, have also important roles in extending various services to the people.

One of the key observations of the ARC report was that structures should follow functions. But the CA committee recommendations on the allocation of responsibilities across tiers do not lend themselves to the reorganisation of the public sector. A detailed functional analysis across sectors and levels is needed alongside further work on civil service reorganisation.

TABLE 1: Roles and Functions of Civil Service

Economic sector	Social sector	Infrastructure sector	Governance sector
• Macro economic Management • Agriculture, food security and irrigation, • land reform and management • Industry • Commerce and supply management • Tourism and culture • Forest and soil-conservation • Auditing	• Education • Health, nutrition and sanitation • Social security and protection • Inclusiveness (gender, ethnic, religious, regional) • Mobilization of youth force, capacity development, labour and employment, sports • Decentralisation, local self-rule and local development	• Energy (electricity, alternative energy and others) and drinking water • Transportation (road, air, water and railways) construction and management • Information and communication • Science and technology (Information technology) • Environment and climate change • Urban development and rural infrastructure	• Secretarial services to the Council of Ministers, supervision and coordination • Civil administration selection management • Peace and security • Defence • Foreign affairs and economic diplomacy • Law, justice and parliamentary affairs • Peace, reconstruction and rehabilitation • Corruption control • Statistics and planning

Human resource management: Human Resource Management (HRM) in the Civil Service covers all key elements of the personnel management system viz. human resource (HR) planning and establishment control, recruitment and classification, career management - including wage policies, performance management, HR development - and exit strategies. It also needs to focus on the organisational capacities to implement the system, i.e. the different institutions and agencies in charge of HRM in the civil service. While each civil service system is different because it is tailored to different cultural, political and administrative environments, the civil service HRM should encompass characteristics like efficiency, effectiveness, transparency, accountability, inclusiveness, and nurturing and promoting integrity. In light of the above, governments need to make the civil service sufficiently attractive to enable the recruitment of qualified people, in particular for the professional and senior managerial positions, and for retaining and motivating them and making sure that they carry out their duties with devotion, commitment and integrity and to constantly improve the quality and productivity of their work. The capacity to implement an HRM management system includes skills, systems, processes, attitudes and behaviour. It involves people and organisations. It usually involves a policy agency, an oversight agency to ensure fair and meritorious practices and a financial control and monitoring unit.

The recruitment system of the civil service is conducted by the Public Service Commission (PSC) including its regional offices, a constitutional body enshrined in the Interim Constitution of Nepal, 2007. The basic principles that the PSC upholds include meritocracy, inclusiveness as is mandated by the constitution of Nepal, and accountability. Other personnel and human resource management functions are conducted by the Ministry of General Administration (MoGA) that includes placement, development (entrusted mainly to the Nepal Administrative Staff College (NASC)), promotion, transfer, retirement/post retirement services, and recording/information system.

The present civil service comprises of nearly 100 service groups and sub-groups. Inclusive provisions have been made after the enactment of the Civil Service Act (Second Amendment), 2064. The Act sets aside 45 percent of the total posts in the civil service to be filled through open competition and out of that 33 percent of these seats are reserved for women, 27 percent for the indigenous communities, 22 percent for the people of Madhesi communities, nine percent for the Dalits, five percent for the disabled and the remaining four percent for the backward areas. The existing level of civil service strength in terms of positions is as followings:

TABLE 2: Existing Positions by Level and Sex

A	B	C	D	E	F	G	H
Level	Male	Percentage of Col. (F)	Female	Percentage of Col. (F)	Total(F)	Percentage	Percentage of Figure in corresponding row of total in F)
Gazetted	15,983	89.0	1,971	11.0	17,954	100	22.4
Non Gazetted	32,687	78.8	8,774	21.2	41,461	100	51.8
Classless	19,175	92.7	1,518	7.3	20,693	100	25.8
Total	**67,845**	**84.7**	**12,263**	**15.3**	**80,108**	**100**	**100**

Source: MoGA (Jan, 2014)

Note: The total figures for civil service are different across table 2, 3, 4 and 5 as data might have been collected at different points of time by different classifications being generated for particular classification purpose only. Hence data in each table will have to be used exclusively for the specific purpose without looking at their consistency.

The current positions are estimated to number 80,108 as shown by the records of the Department of Civil Personnel Records. The structure is heavily subordinate-dominated with only 22.4% officer level employees. Females constitute only 15.3% of the total employees with a relatively higher proportion in non-gazetted level. It should however be noted that this is a significant improvement with the introduction of the second amendment in the Civil Service Act before which the proportion of females in civil service is estimated to have been around 7-8 percent only. The total positions of civil service appear to be declining as earlier reports estimated the size of civil service at 102,000. The reasons for the decline in the total size may be due to the advocacy of the Administrative Reform Commission of 1991 that spelled out the need for reducing the civil service to 77,000 (ARCR, 1991). The structure is dominated by non-gazetted personnel meaning that the officer level personnel are limited. The officer level personnel numbered 17,954 (22.4%) in comparison to the non-gazetted positions that stand at 41,461 (51.8%) and classless personnel at 20,693 (25.8%). This bottom heavy structure has not been considered as efficient and capable by many administrative scientists.

TABLE 3: Civil Service by Category

S.N	Category	Number	Percentage
1	General Administration	37,044	46.30
2	Agriculture	4,925	6.16
3	Auditing	327	0.41
4	Economic planning and statistics	369	0.46
5	Education	1,644	2.05
6	Engineering	7,961	9.95
7	Forestry	4,829	6.04
8	Health	16,418	20.52
9	Justice	3,028	3.78
10	Parliament	221	0.28
11	Constitutional	52	0.06
12	Foreign Affairs	210	0.26
13	Miscellaneous	2,973	1.53
	Total Positions	**80,001**	**100**

Source: Department of Civil Personnel Records, MoGA, Mid-July, 2013

Note: All parliament services have been grouped in one category. There may be some discrepancy in the totals of various tables as stated by the Department.

There are 12 major civil service categories including Health and Parliamentary Services but excluding the miscellaneous category, which still persists, comprising personnel not belonging to any of the 13 categories. Of the 13, the general administration category has just under half of the personnel with 46.07% followed by health services (20.47%), engineering (10.01%), agriculture (6.14%), forestry (6.05%) and justice (3.78%). Others like economic planning and statistics, education, parliament and auditors general have a smaller proportion. It indicates the relative strength and structure of public administration in the country that it is characterised by the dominant pool of general administration.

TABLE: 4 Number of Civil Servants by Location

Level	Number	Percentage
Central	25,781	32.31
Regional	2,589	3.24
Zonal	770	0.96
District	32,825	41.13
Area	15,996	20.04
Municipalities	60	0.08
Sub-Total	78,021	97.77
Temporary	1,782	2.23
Total	**79,803**	**100**

Source: Department of Civil Personnel Records, MoGA, Jan, 2014

Note: Due to absence of categorisation of temporary human resources on location basis, it has been shown separately.

The government has opted for the policy for increasing decentralisation and placing services closer to the people, with the result that more field offices have been established.

The above table no. 4 shows that more personnel are placed at the field level. This does not include the personnel employed by the local agencies. The total central level personnel number 32.31%. Among the rest, 4.20% are in the regional/zonal level, 41.13% in district level and 20.04% in the area level offices.

> **The government has opted for the policy for increasing decentralisation and placing services closer to the people, with the result that more field offices have been established.**

A continued increment in the placement of personnel at the district and the area level offices means that the government is trying to reach out to the people and that activities are being decentralised.

TABLE: 5 Number of Civil Servants by Region

Region	Number	Percentage	Percentage share of total population
Eastern	13039	16.34	21.92
Western	12331	15.45	18.58
Far Western	6602	8.27	9.55
Central	37987	47.50	36.49
Mid western	9775	12.25	13.46
Total	**79734**	**100.00**	**100.00**

Source: Department of Civil Personnel Records, MoGA, Jan, 2014

However the distribution of personnel (despite notable improvement in recent times with the impetus for establishing field offices) is still skewed with 47.50% located at the central region while in other regions it ranged from 16.34% in the Eastern Region to 8.27% in the Far Western Region. This means that the district and other level personnel are still more at the central region districts including the Kathmandu valley. Of course, comparison with the total population size in the respective regions that mostly explain the service delivery requirement, the degree of disparity is significantly less. Concurrently, the real central level positions have declined significantly and the impetus is to have more people at the level of service delivery. A higher level of concentration of technical human resources at the district and the area level further indicate the effort to decentralise and devolve in the country.

Governance System: The government formulates the annual policy and programmes and the budget for achieving the objectives set by the long-term development strategy and periodic plans of the country, and it has devised a system of distributing the public services and implementing and running the development programmes on the basis of that. Work procedures and guidelines have also been implemented in some agencies for maintaining simplicity and uniformity in the implementation of the annual programmes after they are approved. Arrangements have been made for displaying the Citizen's Charter, addressing the public's complaints and holding public hearings and having social auditing carried out for making service delivery more effective and accountable.

The emphasis on decentralisation as envisaged by the LSGA, 1998 is gradually taking place. Further, area (ilaka) level offices were created, dividing the districts into sub-districts or areas depending on the size of population and geographical location to enable the government to reach out to the people in as close proximity as is feasible. The increasing efforts to empower local government have yielded these results. Currently, Nepal has emerged as a nation with strong local governance despite various challenges and limitations.

Efforts to Reform Civil Service: Globalisation, technology innovations, the quest for more efficient resource management, and alternative, cost-effective service delivery as well as new perceptions on work-life policies oblige governments to seek more flexible systems to manage their personnel. The focus is now more on mobility, employability and skill acquisition and development. There is however no single solution - more than any other reform process, political, economic, social and cultural conditions shape the way civil service reform is implemented in any country.

Civil service reform not only emanates from country specific reasons but also from an ongoing process that suits the specific conditions of the nation state. The emergence

of new public management (NPM) is one small example in this regard. NPM differs from traditional approaches in that it is client-focused, gives a priority role to management and emphasises empowerment, entrepreneurship, effectiveness and a dynamic organizational culture modelled on the private sector. This constitutes a major change since public administrations have traditionally emphasized values such as stability, hierarchy, compliance and risk avoidance. NPM reforms thus require a thorough change in culture which cannot come by simply changing regulations. There have been efforts to gradually incorporate NPM in the governance process albeit in limited sectors and dimensions. The characteristics of a sound civil service is provided by Kueleers (Kueleers, 2001:4) as specified in the Table 6 below, and deserves proper consideration in any civil service reform.

Civil service reform not only emanates from country specific reasons but also from an ongoing process that suits the specific conditions of the nation state.

Nepalese civil service reform started with the dawn of democracy in the country. Nepal, after the proclamation of democracy in 1950, made efforts to transform the country as a modern state that included reorienting and restructuring a civil service that then existed only on a rudimentary basis along feudal lines. The first important contribution was provided by Govinda Narayan (1951), an Indian Administration Expert. The Buch Commission is the first administration reform commission which reported in 1952. Some of the major recommendations included the establishment of the public service commission, adoption of meritocracy, limiting ministries to 11, rationalising categorisation and emphasising decentralisation.

TABLE 6: Characteristics of Sound Civil Service

•   Adjusted to the level of social and economic development in the country;
•   Efficient and effective in the delivery of services;
•   Highly professional and capable of offering the best technical advice to the democratically elected government;
•   Operated according to merit-based principles, combined with culturally sensitive management practices;
•   Loyal in the execution of the policies of the acting government, while operating in accordance with the Constitution and the laws;
•   Strongly committed to the public interest;
•   Disciplined and intolerant of unproductive or unethical behavior;
•   Honest and devoted to serving the population in an unbiased and impartial manner;
•   Broadly representative of society;
•   Upholding fair administrative practices, transparent in its operations and accountable to the citizens and their representatives;
•   Willing to hire the best people available at each level, based on a fair and transparent recruitment process and to maintain competitive pay practices that will foster a motivational climate for state employees;
•   Strongly in support of proper training and development at all levels;
•   Capable and willing to develop partnerships with various groups and organizations in civil society.

Source: Kueleers, 2001

The Administrative Restructuring Commission headed by Tanka Prasad Acharya (1956) also made some significant contribution in modernising public administration in the country. Some of the major recommendations included organising Nepal into seven regions, 32 districts, 78 sub-districts, 165 blocks and village panchayats, and categorising the civil service in nine categories viz. Nepal Education Service, Nepal Administration Service, Nepal Health Service, Nepal Judicial Service, Nepal Engineering Service, Nepal Forestry Service, Nepal Agriculture Service, Nepal Foreign Affairs Service, and Nepal Palace Service. It also established an Organisation and Method unit to review and improve administration, establish national planning commission, and promote district development planning.

The Administration Reform Commission headed by Vedananda Jha (1968) made recommendations in the areas of personnel management, programme budgeting, internal resource mobilisation, and reducing political role in personnel management. The Administration Reform Commission headed by Bhekh Bahadur Thapa (1975) recommended promoting regional services establishing regional offices, defining criteria for creating positions, increasing the levels of civil service, making civil service officer oriented, and improving personnel management. The Administration Reform Commission headed by Girija Prasad Koirala (1991) recommended the involvement of non-government sector in service delivery, increasing the levels of the civil service, opening lateral entry at higher levels, and reducing the overall number of positions, and also dealt with some personnel management issues. Administration Reform Commission constituted in 2007 has also made various recommendations, including some relating to the civil service in the federal context.

The Administrative Reform Commission (2008) in its report on "Public Administration in Federal System" (2012) has made some useful recommendations on structure, the allocation of responsibilities, and on the personnel management system, based on the functional analysis of roles and responsibilities as proposed by the thematic committees of the Constituent Assembly (CA). The premises and principles it has adopted are as follows:

- Work volume, roles and responsibilities should be taken as the main basis while setting up the organization;
- Work of similar nature should be done by a single organisation.
- Define the minimum standard and maintain uniformity while establishing an organisation which is of an autonomous nature.
- Every ministry at the centre will not require a parallel entity at the province and local level also. (ARC, 2011).

The premises regarding service delivery by ARC, 2011 for the sake of improving overall efficiency have been spelled out as:

- Adopt a one-door system;
- Carry out the works by making the decision process quick and prompt;
- Make the services people-friendly by bringing behavioral changes in the employees;
- Clearly provide information to the service-recipients regarding the service delivery by means of the citizen's charter;
- Protect the rights and interests of the consumers and make provisions for providing compensation if the given quality of service could not be provided in the given time; and
- Make all the works in the office transparent (ARC, 2011).

The roles, responsibilities and powers of the different tiers of government (details Annex 2 and 3) have been proposed by the thematic committees of the Constituent Assembly. The responsibilities defined for the federal level mainly include: protection and promotion of the constitution and federalism, giving policy guidelines to the provincial and local bodies, formulating the national policies and their implementation, facilitation, coordination, monitoring and evaluation, and conflict and dispute resolution. The roles and functions of the provincial government should be running the day-to-day administration and maintaining law and order, and protecting the life and property of the citizens within the territory under its control, as well as undertaking development works like operating small and medium scale projects and emergency works like disaster management. Its responsibilities should include the formulation, implementation, and monitoring and evaluation of plans for the entire province; giving policy guidelines and directives to local government, and carrying out monitoring and evaluation. Local government should have the objective of providing services and goods as per the needs of the people, and especially to settlements scattered in the remote geographical region of the country. Local government should run the day-to-day administration by maintaining law and order at the local level, collect various taxes under its jurisdiction, and deliver services related to the daily needs of the people like education, health services, irrigation, drinking water and sanitation, transport and electricity, promotion of tourism, protection of religious and cultural traditions, management of local markets, provision of sports and various other activities. It should also initiate development works and carry out rescue and relief works in the event of natural disasters and epidemics.

ARC, 2011 has proposed the following civil service structure,

a) National civil service: Constitute a national civil service to execute the national principles, policies and standards, to forge partnership, coordination, interrelations

and understanding and exchange information, to develop leadership and capacity and to maintain coordination and check and balance between the civil service of the province and centre by keeping intact the national unity and integrity.

b) Federal civil service: Constitute the federal civil services for conducting the regular administration of the federal government in necessary functional categories.

c) Provincial civil service: Constitute the provincial civil service comprising various sub segments as required

d) Local civil service: Constitute the local civil service to develop the local civil service based on such functional areas as administrative and law, security and inspection, planning and development, revenue collection and provision of services to the citizens.

In addition, the report makes suggestions to make the civil services more merit oriented, enable transfers with mutual consent, provide for promotion on the basis of defined criteria, and be more inclusive. It also provides some dispute resolution mechanisms and transitional management approaches. However, Nepal being a small country, the four tiers of civil service envisaged by ARC may not be affordable and also difficult to manage. Further, the functional analysis it relies on - though important and useful - may differ from the functional allocation by the constitution. ARC does not provide an action plan, albeit, it has laid down clearly the path forward for federalising the civil service. This current study attempts to take their work further.

A study on 'Administrative Restructuring in Federal Nepal and Local Government', Nepal et.al (2009) envisions central, provincial and local government tiers with central and provincial level regulations and service commissions, and positions being created autonomously but requiring consent of higher levels in the case of financial dependence. Nepal et.al (2009) also defined personnel management aspects including promotion, service transfer, code of conduct, trade unions, human resource development and management of retirement and other funds.

An attempt was made by a number of experts to allocate tasks to federal, provincial and local levels in a study commissioned by Asia Foundation. These were Deependra BickramThapa (2012) on social sector, Bimal Koirala (2012) on economic sector, Jagadish Pokharel on infrastructure sector (2012) and Bal Krishna Prasai (2012) in the general administration and other sectors. They have followed the standard format of classifying functions in five categories viz. policies, regulations and benchmarking, planning, asset creation, implementation and monitoring and evaluation.

There have been many efforts to reform the civil service in Nepal. The clamour for good governance has also been increasing both at home and abroad as the necessary condition for the advancement of the country. But the scenario is far from satisfactory as observed by the ARCR (1991), which also explained the reasons for non-implementation of many administrative reform measures due to want of government commitment (Shrestha, 2000: 4). They were:

- The low level of motivation of civil servants;
- The administrative machinery becoming too much bloated due to the government assuming the whole range of functions affecting people's lives;
- Unnecessary expansion in the number of government agencies and its employees;
- Too many layers in the decision-making process;
- Failure to make individual officials responsible; and
- A lack of decentralisation of necessary authority to the officials down to the field offices.

One major challenge in implementing decentralisation to date appears to be the unwillingness to implement the LSGA fully, as is evidenced by only gradual empowering of DDCs unlike the extent envisioned in the Act, a lack of willingness on the part of politicians/civil service to decentralise power, and a lack of access to resources or the power to raise them on the part of local government. These challenges have hindered the pace of change anticipated by the Act.

ARC (2011) spelled out the problems and challenges in civil service into six categories viz. policy related, structural, organisational, managerial, working procedure related and attitudinal. These problems basically capture the problems being faced by the Nepalese civil service adequately. Despite the many reform efforts the position does not seem to have changed notably. The challenges of civil service management may be listed as:

> **There have been many efforts to reform the civil service in Nepal. The clamour for good governance has also been increasing both at home and abroad as the necessary condition for the advancement of the country.**

- **Structural:** The weak capacity in terms of resources, processes and institutions (including institution building) is recognised as a big challenge because substantive reforms in the absence of capacity is clearly going to be an arduous task. There is also a lack of competence of the state administration vis a vis the requirements they face in terms of resources, ability, orientation and attitude/aptitude. Planning and implementation capacities are limited. The challenges and responsibilities are increasing but the size of the civil service is declining. Vacancies are lying unfulfilled,

hindering the capacity of service delivery further exacerbating the lack of capacity. Decentralisation processes have been particularly weak as also manifested by the inability to implement LSGA 1998 and LSGA Rules 1999 properly and adequately. It is not helped by highly centralized institutional and human resources emanating from weak position fulfilment in remote areas, human resources tending to be absent from their allocated positions with one or the other pretext, and concentration at headquarter levels even in the districts/regions and zones. Weak coordination and other structural problems lead to lack of clarity and poor service delivery including institution building. The tenure of top leadership is highly volatile and uncertain. Trade unions that cover all employees up to Gazetted class three officers are seen as institutions for bargaining rather than as institutions to strengthen the civil service. The multiplicity of trade unions in the same work place is a problem rather than strength. Despite adhering to the merit principle, it is reported that the civil service is attracting lesser talents and hence true meritocracy has not been able to be established, a situation not contributed to by various interferences.

- **Managerial:** There is a delay in service delivery particularly in offices with high levels of engagement with the public despite efforts to continually improve the situation and define completion time lines. The productivity of human and capital resources is poor, and is not helped by indifferent motivational measures and systems. The process of administrative reforms will take time as is experienced with the five reform commission reports and their implementation (Buch, 1952; Acharya, 1956; Jha, 2025BS; Thapa, 2032BS; Koirala, 2048BS and ARC, 2008). The norms governing the civil service are process oriented and not results oriented, and this is reported as a cause for the poor attainment of planned targets. In the absence of clarity of rules or transparency, transfers and placements and in some cases promotion have been reported to be contentious issues.

- **Behavioural:** Changing the bureaucratic culture will be a major challenge to transfer it from the status quo and from process orientation to result orientation, with a willingness to shoulder responsibilities and accountability.

Lessons Learned

3.1 Lessons Learned in Nepal

Some of the major lessons learnt from the past including efforts to implement various reform measures may be deduced as following:

- Decentralisation aids in bringing governance closer to the people that not only helps in easier service delivery but also empowers the people. The decentralised model increases the decisional autonomy of the line managers on most personnel matters, leaving the centre only with the responsibility to define broad guidelines and monitor their implementation. The majority of the personnel management functions (recruitment, promotion, grading, manpower planning and control, as well as training and development management) are handled by personnel management units in the ministries or agencies.

> **Decentralisation aids in bringing governance closer to the people that not only helps in easier service delivery but also empowers the people.**

- Strengthening local governance has brought many positive changes in planning, resource allocation, service delivery, small infrastructure development and improving the social sectors like education and health facilities.

- Local hiring both by PSC and the local agencies of personnel has helped to retain the personnel at the site and also aided to improve ownership.

- Many local level agencies feel that they can be sustainable and can initiate developmental and social welfare activities on their own, which is a result of their empowerment, particularly in terms of raising resources.

> **Strengthening local governance has brought many positive changes in planning, resource allocation, service delivery, small infrastructure development and improving the social sectors like education and health facilities.**

- The limitation defined that personnel cannot be transferred without completing the minimum tenure has to some extent helped to retain people at decentralised sites.

However, there are some negative lessons or weaknesses also noted in the public management area, some of which are listed below:

- Civil servants still prefer to work at convenient places and at the centre which probably explains the relatively large share of civil servants at the central development region.

- Civil servants tend to concentrate at the centre by relying on one or other excuse, making service delivery at the local level more difficult. Even the grassroots level personnel due to the prevailing conflict type scenario in parts of the country tend to be located at the district headquarters only, seriously affecting service delivery and other development initiatives in the field.

- The pace of decentralisation is slow and for a long time a number of provisions of LSGA could not be implemented, as they allegedly contradicted a number of existing laws. The inability to change laws to give real effect to national policies and constitutional dictums are a serious challenge in the country which tells us that laws should be quickly amended to avoid blocking national and constitutional provisions.

- The administrative culture at best is not results oriented, and this makes it harder to realize goals and targets efficiently. Risk avoidance behavior further leads to non-decision making, which is also not at all conducive to development.

- Incentives are limited and not tied up to performance except in certain cases like mobilizing resources, which has promoted some kind of dichotomous system that does not help to motivate civil servants.

- There have been many amendments in the civil service law but most have concentrated on promotion systems rather than addressing other equally pertinent issues.

- There is no culture of shouldering accountability, a further result of risk avoidance behavior.

These are some of the positive and negative lessons from Nepal's own experiences that need to be carefully considered in any civil service reform and restructuring processes. But there are also lessons from elsewhere to be drawn upon.

3.2 Lessons Learned from Elsewhere

What are those lessons and learning, and how do they relate to Nepal? The lessons below are drawn from many countries in all parts of the world, and they concentrate on those societies which have experienced conflict and which are developing. Reform of the civil service will form only part of the major change process which will be needed to transform Nepal's government and administration. There are four major dimensions of government and administration which are critical in creating the conditions for successful development.

Reform of the civil service will form only part of the major change process which will be needed to transform Nepal's government and administration.

These are, first, organisational design and management, secondly the political system design, thirdly the basis of legitimisation, and fourthly cultural and structural factors. The bulk of transferable knowledge from one country to another lies in public administration and the design and management of individual organisations (and to a lesser extent in the second and third). But even within this limited domain, there is no optimal form of organisation and no globally valid rules for organisational design. Most good solutions will not be clear cut best practices because they will have to incorporate a great deal of context specific information. The lessons below are drawn from established international lessons, and evidenced particularly by the countries indicated. They are set out more fully in Section 10. Each lesson is also related to the situation in Nepal, drawing on the first part of this paper, on the consultation with stakeholders, and on key materials including the report 'Public Administration in a Federal System' of April 2011 by the Administrative Restructuring Commission.

Lesson One - Time: Fundamental civil service reform takes a long time – longer than many people hope and anticipate. Consequently, it is necessary to plan for this accordingly and view reform as an ongoing process rather than an event. It also is possible that some fundamental civil service reform goals could take decades to achieve in their entirety, especially if they require a change in the culture of the civil service itself. Donors in particular must be aware that

> **Fundamental civil service reform takes a long time – longer than many people hope and anticipate. Consequently, it is necessary to plan for this accordingly and view reform as an ongoing process rather than an event.**

achieving results may take a long time, and should not abandon projects hastily because they do not see immediate results. (Yemen, Zambia, Indonesia, Vietnam).

■ **Lesson One and Nepal:** The ARC has recognized that the reform and transition period is likely to take 10 years or more to be fully complete. This has considerable implications for ensuring that service delivery issues in the civil service are addressed directly during the period of the Nepal transition, because they clearly should not be delayed for such a long period.

Lesson Two - Context: Individual contextual factors of public administration in each country must be taken into account in civil service management/reform efforts. (Nigeria, Tanzania, Russia).

> **The ARC has recognized that the reform and transition period is likely to take 10 years or more to be fully complete.**

■ **Lesson Two and Nepal:** The work of the CA and ARC set out the key aspects of context for civil service reform and decentralisation. However one major part of the context is currently unresolved, and that is the political and constitutional situation,

including in particular the need to finalise the constitution and settle the number of Provinces. The number of Provinces is not simply a question of how many there are, and therefore the number of additional governmental units there will be at that level. There are also questions about the type of Province that is decided on, including their powers and boundaries. These have direct implications for issues of inclusion and capacity, and the degree of autonomy at Provincial level, as well as forming a key part of the future political landscape in which civil service decentralisation will take place, and which will shape that process.

Lesson Three - Leadership: Political and bureaucratic leadership that is truly committed to reform is a prerequisite for the successful implementation of changes to civil services. As between these it is probably political commitment and leadership at all levels of government and public administration which is required for civil service reform to be successful. In order to make fundamental changes to the operation of the civil service (e.g. through decentralisation) all stakeholders must be dedicated to the initiative, both in terms of the end goal and the process of achieving that goal. The government should act as the ultimate leader and guiding force for the initiative, but civil servants themselves are crucial to the implementation of change and their views on the reforms should be considered. A lack of political will has been identified as the cause of the failure of previous reform efforts in Nepal. When implementing civil service reforms it is better for leadership of the process to be established within the government and bureaucracy, rather than being directed externally (through external partners, aid agencies etc.), because it generates a greater sense of ownership of the process. Continuation of administrative leadership is essential for civil service reform to be facilitated and effective, particularly in those bodies that are providing leadership on implementation. The creation/development of a new body designed to lead implementation of new civil service procedures/reforms to the civil service may be useful in changing public administration processes. (India, Russia, Nepal, Sierra Leone, Liberia, Zambia, Malaysia, Bosnia/Herzegovina).

■ **Lesson Three and Nepal:** The position in Nepal in relation to problems of leadership in civil service reform is already part of the wider international lesson in how not to do it. The frequent changes of civil service leadership in the top bureaucracy and the failure to implement earlier decentralisation reforms suggest that leadership is a critical issue. This was reinforced during the stakeholder consultations for this paper, and is reflected in the very substantial problems which ARC and others have identified in the civil service.

Lesson Four - Planning: Successful reform to public administration requires clearly defined planning and management procedures that address a holistic process of decentralisation of the civil service. Without a clear strategic and operational plan for the initiation, implementation, and ongoing improvement of reform processes, efforts are

likely to be inconsistent, piecemeal, and have little impact in the long term. Reformers must ensure that they do not mandate reform that is unrealistic in its demands. It is important to emphasise the need to include a variety of stakeholders in the planning design of public administration reform – including the government and civil service staff. In the planning phase, civil service reform project should define its objectives from short to long term, describe the project activities to achieve intermediate goals, give precise estimates of necessary human and financial resources, and outline the long term goals and the processes by which they will be achieved. This plan should also take account of the specific national context of the reform plan. Defining the management process should determine standard operating procedures and the key management bodies/figures involved in the project, as well as the mechanisms

Successful reform to public administration requires clearly defined planning and management procedures that address a holistic process of decentralisation of the civil service.

by which these two elements can be changed. Maintaining a degree of flexibility in the planning and management processes is important in order to address emergent issues, or to change reform priorities. (Somalia, Kenya, Ghana, Afghanistan).

■ **Lesson Four and Nepal:** Nepal has a good record of detailed planning in matters of civil service reform but a much less good record of implementation. Planning has taken place as part of a need to strengthen public administration and governance in almost all past periodic national development plans. Moreover, it has been a part of other reform initiatives often taken after changes in government, or where there has been dynamic administrative leadership. It is a critical area in the process which lies ahead.

Lesson Five - Resources: Sufficient and appropriate resources, in terms of knowledge, skills, experience, funding, and facilities are required for civil service reforms and decentralisation to be successful. This is particularly important in decentralisation initiatives, because without sufficient resources, newly decentralised civil service units may be unable to perform their new duties properly. Not only does this mean providing the resources required to carry out the work of the civil service, it also means providing the resources required to attract and retain the skilled individuals that have the ability to operate in the civil service and to implement new programmes. It is also important, therefore, to ensure that resources are dedicated to ensuring that there are employee incentives and attractive (or at least appropriate) pay. (Liberia, Indonesia, Somalia, Russia).

■ **Lesson Five and Nepal:** There do not yet appear to be any substantial available estimates of the costs of transition, let alone where the resources are going to come from to pay for them. This is a major problem area and one which needs urgent discussion with the donor community and the Ministry of Finance, which has done some background work.

Lesson Six - A Clear Framework: It is imperative to ensure that there is a clear legal, institutional and constitutional definition and framework of the role of the civil service and civil servants, the concomitant duties and responsibilities distributed within the system of public administration, and that the relationship with central government is established on democratic principles for the country as a whole. In order to implement changes and reforms to the civil service, an institutional and legal framework must be put in place which enshrines fundamental civil service principles in law, and within which the new civil service procedures for a decentralised state can be developed. This framework may include provisions on the position of civil servants within the overall governance structure, issues rights, duties, and conflicts of interest, and matters relating to recruitment, evaluation, promotion and general management of the civil service. (Bosnia/Herzegovina, Somalia).

■ **Lesson Six and Nepal:** There is a clear framework of law and detailed regulation for the existing civil service. However, there will need to be a new framework which not only creates the civil service at provincial and perhaps also local level, but also which regulates relations between them. Ideally the new framework would also reflect the need for changed functions at the centre – see lessons eleven and twelve.

Lesson Seven - Merit: An institutionalised merit-based and inclusive recruitment, training, progression, and promotion procedures are required at all levels of the civil service. In order to foster greater transparency and professionalism within the civil service, and thus improve public service provision, civil servants must be recruited on the basis of their ability and suitability for job roles. In terms of training and progression, it is necessary to identify competent individuals that are able to accept greater responsibility and more demanding roles (especially if decentralisation allows civil servants some flexibility in policy implementation in particular regions/geographical areas), and make appropriate training programmes available (either through internal capacity or by seeking assistance from external partners). Furthermore, particularly in the case of moving from a centralised system to a decentralised one, there is the need for a clear categorisation of job categories and job roles. (Liberia, Vietnam, Russia).

■ **Lesson Seven and Nepal:** The civil service in Nepal is familiar with the merit principle but there are various ways in which it is weaker than it should be. Political interference weakens the merit principle because it introduces considerations which may not be related to merit but to political patronage and advantage.

● The principle of inclusiveness also moderates the merit principle by introducing broader considerations beyond technical competence and ability. Inclusiveness is very important in Nepal, and there are already legal requirements in that regard. These may be intensified during or after federalisation. If it is not to weaken the competence of the

civil service at a moment when it will need all of its capacity to support the federalisation and state building process, inclusiveness will need to be associated with training and development and clear performance criteria.

● There is also a need to see 'merit' as extending beyond the existing civil service and to look at how far recruitment at senior levels should occur from outside, rather than by time serving internally, in order to get fresh and new talent, and to help develop a stronger performance culture.

Lesson Eight - Trust: It is necessary to provide for the development of trust in the civil service at every level, particularly if the civil service is to be decentralised from a strong central system. In nations which have experienced conflict or oppression, the civil service may be viewed as a tool of state authority that is marshalled against them. It is therefore necessary to build trust and confidence of citizens in the civil service through enacting measures such as merit-based recruitment, anti-corruption measures, and greater sharing of information on civil service operations, practices and performance. If the people do not trust in the civil service, then it is difficult for the service to have an effective impact on public administration. Trust is inherently connected with politicisation – the greater the length of time and degree of politicisation of a civil service, the less likely it is that citizens will trust in it. This is particularly the case with corruption in the civil service. Not only does this mutual trust have to be fostered between the public and the bureaucracy, but also between the government and the civil service. The civil service must trust that the government is not attempting

> **It is necessary to provide for the development of trust in the civil service at every level, particularly if the civil service is to be decentralised from a strong central system.**

to gain political influence over the neutral organ of the state, and the government must trust the civil service to implement policies on their behalf without the need for greater control. (India, Somalia).

■ **Lesson Eight and Nepal:** The ARC recognizes the challenge of corruption and its implications for trust in Nepal, and the same is true of the poor levels of service delivery which are experienced by the people in many services. The issues of trust and politicisation, and between government and the civil service, are also major issues for Nepal.

Lesson Nine - Neutrality and Avoiding Politicisation: While political will is necessary for successful civil service reform, the civil service (whether decentralised or not) must not become politicised. When civil servants begin to see their function as acting as agents of particular political groups or parties, their position as a neutral public servant is negated and issues of party political meddling and venality emerge and the public service suffers. The ability of political parties to interfere in the work of the civil service outside of the established parameters must be limited as much as possible. (India, Pakistan, Vietnam).

■ **Lesson Nine and Nepal:** This is a critical area for Nepal. Everyone is aware of the problem. Linked also to the role of trade unions in the civil service, it appears to be making a difficult situation much worse. The issue needs to be the subject of some honest national dialogue. It is difficult to achieve that inside those relationships.

Lesson Ten - Performance: A failure to set goals, implement effective accountability mechanisms, and measure the performance of the civil service and civil service reform programmes will seriously weaken the reform and decentralisation process. In order to ensure transparency and accountability in civil service reform programmes, and assess the progress of reform and the performance of the civil service, goals must be established alongside accountability and performance measurement instruments. This is particularly important when moving from a centralised civil service system to a decentralised system, as this process can be quite an impact-bearing change and policymakers must be able to evaluate its effectiveness, and identify areas for improvement. They also assist in combatting corruption and identifying areas of weakness for improvement, (India, Pakistan).

■ **Lesson Ten and Nepal:** This is another critical area for Nepal. There is not a sufficient culture of performance, achievement, and results. This does not only affect the people but also the relationship with politicians, especially those politicians who represent communities who have suffered disadvantage and exclusion, because it encourages politicians to believe that they must have their 'own' people running things in order to get results. Nepal has practiced performance management in the form of managing for development results, performance incentives, performance contracting and so on covering certain development sectors and organisational functions or system. But these are considered by many to have been executed in a half-hearted way, lacking consistency and continuity, and failing to demonstrate real impact and prove itself to have the real value it ought to have in the Nepalese context.

Lesson Eleven - Technology: The impact of technology on both administrative processes and service delivery is widely recognised. But such developments have yet to give rise to significant transferable knowledge, and especially in respect of civil service decentralisation processes in post-conflict and developing societies. Moreover, the introduction of technology into the civil service can cause problems when it is perceived to be replacing employees. This is particularly the case in developing countries which historically have a large bureaucracy, such as India, and becomes even more pronounced in times of increasing unemployment and economic depression. In the past, computerisation of office work, procedures, and records has been opposed by unions and employee organisations. Also, many government employees deliberately avoided the adoption of ICT systems because it prevents them from adopting corrupt practices. (UK, Uganda, Pakistan).

■ **Lesson Eleven and Nepal:** The ARC has recognized the importance of e-governance but it remains unclear whether the civil service has learned and is able to apply the lessons. There are isolated examples of service modernisation using new technology. In the public sector, these are offices concerned with public utilities, registration and record management. In contrast the private sector (e.g. banking and airlines services) are already well advanced. But there has been no general or widespread implementation in the public sector. This is important not only because the use of technology could reduce cost, improve efficiency, and create a better service delivery experience for the people. Further, the people will increasingly use their mobile devices for services such as banking and private travel, and the gap between these experiences and the long queues and repeated demands for information from the public sector will become ever more stark. This will reinforce a lack of trust and respect for the public service and may damage it fundamentally.

● The related problem is that the Nepal civil service currently has a large unskilled workforce supporting a more senior group which is itself not keyed into the possibilities which digital technology can offer. The degree and character of skills and culture change required of the senior staff (gazetted and non-gazetted) will be considerable. The impact on the unskilled workforce will be very considerable indeed, including potentially large job losses.

Lesson Twelve - Changing the Way the Central Civil Service Works: In the process of undertaking decentralisation of the civil service, it may be necessary for the federal (central) civil service to re-evaluate its organisation and functions. For example, during or following a decentralisation process the federal civil service may realise that it may need to restructure and/or rationalise these agencies. (Pakistan).

■ **Lesson Twelve and Nepal:** In the Nepal context this is fundamental. The ARC recognises the need for the civil service which remains at the central/federal level to develop new capabilities in a federal system, and they are right to do so. It is not just a question of transferring some staff to the Provinces and for those that remain at the centre to focus on the 'bigger' questions and the policy level. New kinds of relationships will need to be fostered and managed between the federal and the provincial levels. If these are conducted in a ham-fisted way they have the potential to weaken the essential function of the civil service in contributing to national unity based on diversified government and relations of mutual inter-dependence between the different governmental units.

From Lessons to Choices

The lessons learned from the experience of other countries provide a framework within which to explore choices, and then develop Options and test them. Many of the lessons create real choices, but some simply need to be applied to any option. First of these is planning, which is critical. A clear strategic and operational plan for the initiation, implementation, and ongoing improvement of reform processes, is essential. Reforms must not mandate unrealistic demands. It is important to include a variety of stakeholders in the planning and design of public administration reform, including the government and civil service staff. Secondly, there is no option but to resource the changes and transition properly. Choices may however arise in relation to the relative priorities accorded to the many different areas of expenditure. These include the cost of new/altered buildings and equipment and the cost of staff, including:

- Pay incentives to staff to move to the new Provinces;
- Associated expenses to staff moving to the Provinces;
- Additional costs of staff not willing to move or not needed/wanted in the Provinces;
- Redundancy/retirement costs of staff not willing to move or not needed/wanted in the new Provinces;
- Cost of new staff in the Provinces, including cost of recruitment, training and development; and
- Cost of affirmative action and inclusiveness policies in the new Provinces.

Where there are real choices are:

1. Leadership: Whilst there is no choice about whether strong and effective leadership is needed from both politicians and civil servants, and more generally. The main choice is whether:

A - to create a separate Commission to oversee the transition of the civil service to a federal arrangement; or[1],

B - to invest heavily in the learning and development and capabilities of the senior politicians and administrators: or,

C - to extend the powers and capabilities of the existing Public Services Commission, and to enshrine its independence and freedom of action.

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[1] *There is overwhelming response favouring this modality in various interactions and discussion programmes held in course of this study.*

2. Time and Decision Making: There is no doubt that the changes in civil service functioning will take a long time to embed and mature (minimum 5-7 years). The main choice is whether:

A - try and settle the long term arrangements for the functioning of the civil service from the outset and implement those changes over a lengthy period; or,

B - put in place initial arrangements, and also identify key decision points 3-5 years out when next steps will be determined; or

C – only take initial steps including the distribution of civil servants across the various levels of government within a single civil service, and leave outstanding issues to be dealt with in due course.

3. Framework: It is imperative to have a clear legal, institutional and constitutional definition and framework of the role of the civil service and civil servants. An institutional and legal framework must be put in place which enshrines fundamental civil service principles in law, and within which the new civil service procedures for a decentralised state can be developed. Key choices include the overall governance arrangements, and issues relating to HR and general management, and will impact directly on issues of trust but also confidence in relation to issues such as the possible capture of the public administration by provincial elites, potential corruption, and excessive political interference. They include:

A[2] – a civil service structure which provides for separate civil services at the Federal level and in each of the new Provinces, possibly with some transferability between these different services; or,

B – an arrangement which begins with being essentially unitary and creates a 'decision point' after (say) 3-5 years around essentially separate civil services; or

C – a civil service structure which is essentially unitary in character, with certain rights and duties delegated to the Governments of the new Provinces;

D – variations on both A and B and C such that the framework would also cover matters relating to recruitment, evaluation, promotion and general management. This would include considerations of the place and structure of the Public Service Commission and of the Nepal Administrative Staff College.

4. Merit and Inclusion: The merit principle is fundamental in relation to recruitment, training and promotion. It is consistent with a strongly inclusive approach, although if there are separate civil services in each new Province there would need to be separate inclusiveness categories in each of them as well, perhaps under an 'umbrella' principle that the civil service in each Province should reflect the ethnic composition of that Province.

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[2] *Responses in the interactions identified it as relatively more suitable option. However, there is notable response favouring option B as well.*

This is very important, but perhaps not appreciated by many. Generally, inclusion is thought of only from a national perspective. The principal choice is likely to be around how radically the civil service at provincial level is changed to reflect the Provincial ethnic composition, the speed at which the change is attempted, and the costs of securing the change. The likely options are:

A – radical change, attempted quickly, and at high cost; or,

B – radical change but over longer timescales and at more reasonable cost or limited change, attempted quickly, and at more reasonable cost; or,

C – limited change, over longer timescales, and at relatively low cost.

5. Performance, Technology, and Ways of Working: These are three dimensions of possible transformation of the civil service in Nepal. The broad options are:

A – take the opportunity to change ways of working in the central and provincial civil service at the same time; or

B – retain the existing ways of working and approach to performance in the centre, but take the opportunity to develop new ways of working in the Provinces; or,

C - reproduce the existing civil service in the Provinces as far as possible, whether they remain part of an essentially unitary civil service or constitute separate civil services in each province; or,

D – adopt either B or C but identify a decision point at 3 years capable of triggering transformation across both the central and provincial civil service.

6. National Conversation and Consensus: There are a number of areas where there is no real option if civil service change is to support the transition to a federal Nepal and underpin better service delivery, but they are also areas where it appears that Nepal is not currently on the right track. What is needed is a national conversation between politicians and civil service leaders about the conditions for successful transition. They include:

- The role and function of the trade unions within the civil service
- The relationship between politicians and civil service leaders, addressing both the issues of potential/actual politicisation and also the issue of responsiveness and competence of the civil service.

Potentially such a national conversation could be extended to matters such as designing and practicing performance-based or results based management (including performance incentives), diversity management with an increased national focus on inclusiveness, service delivery in relation to decentralisation, the role of the civil service in relation to inter-governmental relations, and other difficult issues which face the future civil service.

From Choices to Options

The framework above can be restated in a Table and projected into Options. Each Option represents a combination of the choices set out above, together with those which really permit no choice at all. They are:

A- the 'Hard and Fast' option: This would aim for extensive change and maximum speed.

- On leadership it would involve creating a new and separate Commission charged with driving the process of federalising the civil service, and with the powers to allocate staff and to hear and determine appeals, to create model frameworks, laws and regulations for adoption at the centre and in the provinces, to advise on the structures, recruitment and training of staff at both central and provincial levels, and to judge whether provincial arrangements comply with national requirements on key practices such as recruitment on merit and inclusiveness.

- On decision making it would involve setting out a detailed plan for all the changes required, and then supervising their implementation over a considerable period.

- On the framework it would mean a civil service structure which provides for separate civil services at the Federal level and in each of the new Provinces, possibly with some transferability between these different services.

- On merit and inclusion it would mean radical change, attempted quickly, and at inevitably relative high cost.

- On performance and ways of working it would mean taking the opportunity to change ways of working in the central and provincial civil service at the same time.

B - the 'Measured' option: This would represent a middle path.

- On leadership it would involve investing heavily in the learning and development and capabilities of the senior politicians and administrators.

- On decision making it would mean putting in place initial arrangements, and also identifying key decision points 3-5 years out when next steps would be determined.

- On the framework it would mean an arrangement which began with being essentially unitary and created a 'decision point' after (say) 3-5 years around whether to create essentially separate civil services

- On merit and inclusion it would mean radical change but over longer timescales or limited change attempted quickly, both at more reasonable cost.

- On performance and ways of working it would mean retaining the existing ways of working and approach to performance in the centre, but take the opportunity to develop new ways of working in the Provinces.

C - the 'Cautious' option: This would take change forward at a much slower pace and on a 'minimalist' basis.

- On leadership it would involve extending the powers and capabilities of the existing Public Services Commission, and to enshrine its independence and freedom of action.

- On decision making it would mean taking only initial steps including the distribution of civil servants across the various levels of government within a single civil service, and leave outstanding issues to be dealt with in due course.

- On the framework it would mean a civil service structure which is essentially unitary in character, with certain rights and duties delegated to the Governments of the new Provinces.

- On merit and inclusion it would mean limited change, over longer timescales, and at relatively low cost.

- On performance and ways of working it would mean reproducing the existing civil service in the Provinces as far as possible, whether they remain part of an essentially unitary civil service or constitute separate civil services in each province.

Variants on these options are possible which draw on the D options which are available on some issues, or combine some of the A,B, C elements. These can be represented in a Table and new combinations created. (Table 7 on Page 36)

TABLE 7: Choices and Options

Choices	Option A 'Fast and Hard'	Option B 'Measured'	Option C 'Cautious'	Comments
Leadership	A	B	C	D could be added but is not a best practice. It would also be possible to combine B with each of A and C.
Time and Decision Making	A	B	C	
Framework	A	B	C	D can also be attached to any or all of the other options.
Merit and Inclusion	A	B	C	
Ways of Working	A	B	C	D is optional in association with other options
Planning	Essential	Essential	Essential	
Resources	Essential	Essential	Essential	
National Conversation on olitical/ civil service relationships, and on the role of trade unions	Necessary	Necessary	Necessary	

The selection of one of these options (or some other combination) is not so much a question of one being better than the other. It depends rather on context and on policy and political views, and the judgement as to how different dimensions of choice will affect one another – for example, a 'cautious' or a 'measured' approach/combination might seem obviously the best, but may create major issues in terms of trust and overall political and social stability.

6
SECTION

Options for Structures

The choices and options identified above cover the whole process of civil service decentralisation at a high level, grounded in lessons and best practices drawn from numerous international examples. It is necessary to focus at this point on the different options for civil service structures in a federalised Nepal, and for the management models that will underpin their operation. There are essentially three options. The first would retain the unity of the civil service between the federal and the provincial level, with various managerial freedoms delegated or allocated to the provincial level. The second would provide for entirely separate civil services at federal/central level and in the provinces, operating according to separate laws enacted within the provinces and centrally. The third would provide for a combination of an all-Nepal civil service operating at both federal and provincial level in respect of certain functions and levels of seniority, together with separate provincial civil services in respect of services and functions within provincial prerogatives. Examples of all three approaches can be found in other countries, but none represent 'best practices' as such because in all cases they are context-specific to a degree which would make their adoption on that basis flawed and dangerous. Often they have arrived at a particular civil service structure from a completely different starting point from that which is found in Nepal, let alone a different context. Even in those countries where examples of these models are to be found, it is perfectly possible that if they had the opportunity to start again they would do it differently. Moreover, most countries continue to struggle to change and reform their civil service over and over again, as indeed Nepal has done.

> There are essentially three options. The first would retain the unity of the civil service between the federal and the provincial level, with various managerial freedoms delegated or allocated to the provincial level. The second would provide for entirely separate civil services at federal/central level and in the provinces, operating according to separate laws enacted within the provinces and centrally. The third would provide for a combination of an all-Nepal civil service operating at both federal and provincial level in respect of certain functions and levels of seniority, together with separate provincial civil services in respect of services and functions within provincial prerogatives.

The three options are set out below, with their associated assumptions and risks. All three must observe the requirement that 'form and structure follows function', so for present purposes they are based on the functional distribution of responsibilities and powers set out in the ARC Report of 2067/2011 which draws upon various CA reports (see Annex 2 and 3).

However, before describing the three options in more detail it is necessary to set out briefly what are best seen as certain universal principles for civil service management. These are a combination of principles which developed in civil service of ancient societies, and which were refined and developed and applied to the modern world in the 19th and 20th centuries, together with modern management principles which have become effectively universal in their acceptance and application in the 20th and 21st centuries. Many of them have already been enshrined in the Nepal civil service through the reforms dating back to 1956, or have been identified in various official proposals for change and reform since that time. These universal principles must either be enshrined in the constitution or a subordinate constitutional instrument, or through a national law made under the constitution which would have applicability to the civil and public service throughout Nepal. They are:

> **These universal principles must either be enshrined in the constitution or a subordinate constitutional instrument, or through a national law made under the constitution which would have applicability to the civil and public service throughout Nepal.**

6.1 Principles

a) Values: The civil and public service should be guided by appropriate values. One formulation is that a member of the civil service in discharge of his/her functions is to be guided by maintaining absolute integrity, allegiance to the constitution and the law of the nation, patriotism, national pride, devotion to duty, honesty, impartiality and transparency. There are of course many variants of this, but the core proposition is the same.

b) Management Practices and Code of Ethics: Civil servants are required to operate to standards of conduct. One formulation is:

- To discharge official duty with responsibility, honesty, accountability and without discrimination.
- To ensure effective management, leadership development and personal growth.
- To avoid misuse of official position or information.
- To serve as instruments of good governance and foster social economic development.

c) Political Neutrality: Civil servants serve the Government of the day, whatever its political complexion, and they must conduct themselves to deserve and retain the confidence of Government Ministers. Decisions on policy are the responsibility of the Minister and it is the duty of the civil servant to give the Minister all relevant information and experience, and honest and impartial advice without fear or favour, and whether the advice accords with the Minister's views.

d) Merit and Skills: All civil service appointments should be made on merit, as should matters of promotion and advancement. There is a need to deploy both generalist and specialist skills, and to allow lateral entry at senior levels to ensure that civil service skills are relevant and sufficient to meet constantly changing demands and expectations.

e) Inclusiveness: The civil service should follow not only requirements on non-discrimination but also inclusiveness. This takes different forms according to context, such as the Nepal requirements in relation to 45% of appointments being within six designated groups

f) Service Delivery: In the modern world there is a requirement that the civil and public service should deliver services which are efficient, effective, and responsive to the needs of the people. This includes direct delivery by the public service but also by 'agents' of the public service including the private sector and civil society.

g) Implications of a Federal Approach: Federalism is the distribution of powers and responsibilities between the federal government and its constituent units both vertically and horizontally. There are only limited number of services/functions that are exclusively exercised by the federal government and hardly any functions that solely practiced by the sub-national governments only. This is because what happens at the sub-national level (e.g., educational attainment, condition of the roads, etc.) is important to the higher levels of government as well – each will have its own democratic mandate for educational attainment, for example, and will need some involvement. Often the character of that involvement will be that the federal level sets the legal framework, while the provincial level has some flexibility within that framework, and with delivery shared between federal, provincial and local levels (for example, universities at federal level, secondary at provincial, and primary at local level.)This suggests that all levels of government have to be involved in many of the services. This has a direct bearing on the restructuring of the civil service.

6.2 The Structural Options:

The structural options use the functional analysis of the ARC/CA as their assumptions

Table 8: Summary of the Proposed Level-wise List of Responsibilities and Powers

Work area of only the federal government	Common powers of governments at different levels			
	Federal, province and local	Federal and provincial	Province and local	Federal and local
• National security • Foreign trade, intellectual property Telecommunications (management, regulation), postal services • Money, monetary policy, banking, insurance • Immigration, foreign relations, international treaties and agreements, international border security • Statistics, population • Standard, quality • Civil aviation • Labour protection and relations, trade union	• Planning, social development, environment • Irrigation, drinking water, agriculture, watershed areas • Education, health, Sports, electricity • Industry and mines, tourism, protected areas, heritage sites • Promotion of language and culture	• Police • Investigation • Organizations • Airport • Railway • Biodiversity • Land management and use policy	• Alternative energy	• Family planning

Source: ARC, 2011

There are two types of powers – exclusive jurisdiction of the federal government and the concurrent jurisdiction of government at different levels. The ARC goes on to analyse government functions according to four 'results' sectors – social, economic, infrastructure, and governance. The ARC also assesses the bodies which will continue to be required at central/federal level as shown Table 9.The ARC proposes four levels of civil service – national, federal, provincial, and local. It also addresses the issues of recruitment, transfer, promotion and inclusiveness.

It is on the basis of all of these assumptions that the three options are scoped below.

Option One: A Unitary Approach: The first option retains the unity of the civil service between the federal and the provincial level, with appropriate managerial freedoms delegated or allocated to the provincial level. Under this option there would be fundamentally one Nepal civil service delivering all functions at both federal and provincial level. The civil service could still be divided into different services, but not into the current 10 services. A smaller number would be desirable than at present. There is a need for further detailed analysis in terms of the distribution of staff at different levels. This is important because some services (e.g. foreign) will not be affected at all, but others will be affected a lot.

> **The first option retains the unity of the civil service between the federal and the provincial level, with appropriate managerial freedoms delegated or allocated to the provincial level.**

Table No 9: Different Bodies that are to Remain at the Centre

Bodies	Description
• Ministries	• Ministries to remain for policy formulation, facilitation, and monitoring and evaluation.
	• Adopt the policy of significantly reducing the existing number and size of the ministries.
• Departments	• Adopt the policy of not keeping departments at the centre.
	• A few departments might be necessary as an exception to carry out some residual executive functions.
	• Gradually closing down some of the existing departments that number 60 in the transition and handing over works carried out by a few of these departments to the federal ministries and many to the provinces.
	• Eleven offices of the constitutional bodies to remain in the centre as proposed by the thematic committees of the Constituent Assembly.
• Offices of the constitutional bodies	• Some regulatory bodies to remain in the federal level to regulate sectors like telecommunications, water and energy etc.
• Regulatory bodies	• A few autonomous bodies to work in sectors like science, technology, academic sector, literature, culture, art, capacity building, inclusiveness and poverty alleviation and to be established by separate Act to remain in the centre.
• Autonomous bodies	• There are more than 100 bodies like commissions, development committees, centers, academy and council in the name of autonomous agencies the works of which the ministries could carry out or should have carried out. The technical committees of the ministries concerned should make an extensive review of this and reduce the number by more than half.

With the civil service distributed between the federal level and the provinces there is a strong case for creating continuity between federal and provincial level within service areas, but on the basis of considerable flexibility between them. So, fewer separate services would be desirable.

Provinces would have the right to make appointments to an agreed level of seniority,

and to manage related human resource functions. At the most senior levels within the provinces staff would be jointly exercised by the federal and provincial governments. Provincial governments could create their own staff and organisational structures, but within guidelines promulgated by the Federalising Commission.

The strengths of this approach would be to strengthen links between federal and provincial levels, and to retain a clear line of sight between policy and delivery within each functional area. It would, in effect, mean a continuation, in terms of structure, of the current arrangements. This has obvious advantages in terms of continuity and the role which the civil service plays as part of the national fabric of institutions. The principal risks would be a sense in the provinces that they were being deprived of appropriate control of 'their' own staff, but also that the many current weaknesses in the Nepal civil service would continue and not be tackled. Making a change to another structure is likely to carry more risk, but also more opportunity.

At local level under this option there would be a choice as to whether the local public service also formed part of the Nepal civil service or remained separate, and under the jurisdiction of the provinces. If there were to be an all-province service for those serving in local government in each province, to be formed and administered by each province with coverage for each area of each local government, this would help to ensure cooperation and coordination among local governments as well, and potentially an easier sharing of administrative resources between them.

Option Two: Separate Civil Services: The second option provides for entirely separate civil services at federal/central level and in the provinces, operating according to separate laws enacted within the provinces and centrally. The federal level would clearly deal with all the functions in the Table above which were those of the federal level only, although of course this would still involve some of these civil servants delivering federal services in the provinces or, in effect, 'contracting' them to the provincial level for delivery purposes. Those which are to be shared would need to be determined with regards to civil service responsibilities as between federal and provincial levels.   The best arrangement would probably be for the provincial civil services to operate the shared functions at provincial level on an agency basis. However the arrangements could also be different in different provinces.

The second option provides for entirely separate civil services at federal/central level and in the provinces, operating according to separate laws enacted within the provinces and centrally.

At the local level under this option it would be desirable to make the local civil service part of the provincial civil service in order to optimise the use of scarce human resources and to minimise the overhead of supervisory management and oversight.

This option would give the provinces greater scope and self-determination in respect of their civil service. It risks creating harder boundaries in the civil service between federal and provincial levels than may be desirable.

Option Three: A Combined Option: The third option provides for a combination of an all-Nepal civil service operating at both federal and provincial level in respect of certain functions and high levels of seniority, together with a central service, and separate provincial civil services in respect of services and functions within provincial prerogatives.

The All Nepal Services would be small in number and would comprise persons recruited centrally on an all-Nepal basis and whose induction training would be centrally arranged, before allotment to one provincial cadre and whose cadre management (regarding promotions, transfer and postings, etc.) would be jointly managed by the Federal and by the concerned Provincial Government. Such officers would serve either in the province of their allotment or in the Federal Government where they go for fixed tenures before returning to their province. When they go to the federal level they carry the experience of working

The third option provides for a combination of an all-Nepal civil service operating at both federal and provincial level in respect of certain functions and high levels of seniority, together with a central service, and separate provincial civil services in respect of services and functions within provincial prerogatives.

at provincial and lower levels which then becomes available to the Federal Government, and when they return to the Provincial Government they take back experience of working on All Nepal issues and dealing with all the various Provincial Governments in the country.

All Nepal Service officers could staff senior posts in the Federal Government and in the Provincial Governments, as well as at the sub-state level since they could also staff the top district level posts.

Central service civil servants would also be recruited centrally, and could staff key service areas including the Foreign Service, Central Secretariat Services, Customs and Excise Services, Income Tax Services, Audit and Accounts Services, Statistical Services, and so on. Provincial civil servants would be recruited and managed at provincial level, and staff the functions allocated to the provincial level.

At local level, civil and public servants would form part of the provincial civil service.

The advantage of these arrangements is that they would use the scarce senior human resource talent of the Nepal civil service in a way which enables it to be deployed to best effect where it was most needed in tackling issues of national significance wherever in the country they arose. It would also be a major force in helping to bind the country together, and bridging what might otherwise be difficult boundaries between the federal and the provincial levels. On the other hand, the risk would be that the provinces would feel that they were having an elite foisted on them. However, even at the All Nepal level it would be possible to construct recruitment and promotion arrangements which would help to ensure inclusiveness and local representation.

Structures and Processes: Three broad options have been outlined for the future of the Nepal civil service, along with three broad options for the process of 'federalising' the civil service. The relationship between them is best seen in Table 10.

Preferred Models

There are two preferred models for the future of the civil service in a federalised Nepal. The first is the 'Federal' model and the second is the 'Provincial' model. As their names suggest, the first envisages a greater federal focus and the second a greater provincial focus, but both of them provide for considerable autonomy for the provinces in relation to the civil service. The first retains more common elements across Nepal, and as between the central state and the provinces, whilst the second provides for maximum differences between the provinces and the central state, as well as between the provinces.

> **There are two preferred models for the future of the civil service in a federalised Nepal. The first is the 'Federal' model and the second is the 'Provincial' model.**

Table 10: Three Broad Options

Process/ Structure	Unitary	Separate	Combined
Hard and Fast	• Relatively easy to accomplish given continued unity of the chain of command	• Difficult to accomplish but if there is clear and strong political will for separate civil services then this may be the best way to do it. Great care will need to be taken in the detailed design of the structure. It will almost certainly be necessary to leave some issues open for later decision. A real concern about the capacity and capability of the provinces to do this without real damage to service delivery.	• Very difficult to accomplish. Almost more difficult than the 'Separate' option, because in that case much more will be left to the provinces to settle. Great care will need to be taken in the detailed design of the structure. It will almost certainly be necessary to leave some issues open for later decision.
Cautious	• Easy to accomplish, but not much may be gained against the current weaknesses and failings of the Nepal civil service.	• A move to separate civil services cannot be a cautious option on any basis.	• A move to the combined structural option would not be a cautious option.
Measured	• Easy to accomplish. It holds the civil service broadly stable while the political and constitutional arrangements change, leaving open options for subsequent change against a defined decision point.	• This combination of process and structure only really works by phasing changes over a lengthy period, with continuing risks of uncertainty. An immediate move to separate civil services cannot sensibly be done in this way.	• Relatively easy to accomplish. It makes some changes in the civil service while the political and constitutional arrangements change, with subsequent change being lodged against a defined future decision point.

Both models as described here assume that a federal Nepal will adopt multi-identity provinces – both would be possible single-identity provincial arrangements, but that would introduce additional and different considerations and costs and benefits. Both models are possible under a variety of fiscal and taxation arrangements as between the central state and the provinces, although the Provincial model would sit more naturally under arrangements where the provinces had greater autonomy in respect of tax raising as well as spending powers. Both models assume that there will be explicit constitutional provisions governing the civil service both in the centre and the provinces in terms of common requirements regarding key behaviours and values such as neutrality, objectivity, integrity and honesty. Both models also assume that there will be a Public Service Decentralisation Commission (or similar) to oversee transition which would have representation from the new Provinces as well as the National Government, and that resources will be made available to fund the transition.

Both models as described here assume that a federal Nepal will adopt multi-identity provinces – both would be possible single-identity provincial arrangements, but that would introduce additional and different considerations and costs and benefits.

The models are concerned principally with what will be the central and provincial civil services – that is, those public servants currently part of the Nepal Civil Service as described earlier in this paper. Public servants in local government could be included in either model, and in a variety of ways, either fully incorporated or partly connected. Local government is touched in within the models as set out below, but is necessarily treated superficially because local government is not part of our brief and we have not analysed it in detail.

The models are described after transition – many of the transitional activities would be common to both models, and are reviewed later in Section IX. Where they will differ will be in areas in which the provinces would have complete freedom of action, and those aspects are obviously therefore impossible to describe.

The two models represent distinct choices. It would be possible to select some intermediate or mixed approach between them but those possibilities are not explored here. When a model is chosen and put in place it would be possible to convert it into the other model at some point in the future. This will be easier to do in the direction of going from the Federal to the Provincial model, although there is at least one example of a country which has gone in the other direction. Neither of them would need to be for ever, but in no sense is either of the models intended as an interim solution, especially given the costs and disruption associated with changes such as these.

The two models are described below under the following headings:

- Pen picture of each model
- Constitutional and legal arrangements
- Structures and size
- Recruitment and human resource management, including merit and inclusion, and pay and grading
- Systems and procedures, including performance management and service delivery
- Local government
- Relations with civil society

7.1 Models with Different Features

a) Pen Pictures

Federal Model: There will be a common civil service across Nepal covering both the central and provincial levels of government, but with considerable freedoms and autonomy for the Provinces in respect of recruitment, selection, promotion, and inclusion of staff at all levels, and with freedoms also in terms of the structure of the civil service at provincial level.

Provincial Model: Apart from broad constitutional provisions to ensure the integrity and impartiality of the civil service at all levels of government, each Province would have a completely separate civil service which it would design, establish and change as it chose to do. There would be a completely separate National Civil Service which would support the central government.

b) Constitutional and Legal Arrangements

Federal Model: The constitution would provide for there to be a civil service to support both the central and provincial governments, and would enshrine the principle of relative autonomy for the Provinces in matters of recruitment, selection, inclusion, and so on, in respect of those functions allocated to the Provinces by the constitution and in respect of those parts of the functions shared with the National Government to be performed by the Provinces. It would also provide for a legal framework to be established to govern the way in which public administration is conducted and civil servants are organised and managed. It would re-construct the Public Services Commission so that its composition fully reflected the identities and able to engage the interests and needs of the provinces as well as that of the central government, whilst remaining wholly independent and of impeccable standing.

Provincial Model: The constitution would provide for a National Civil Service to support the central government, and also for the Provinces to create their own legal frameworks for their own civil services. The National Civil Service would deal with those functions (e.g. defence) reserved entirely to the National Government, and with the 'national' component of those functions shared between the National and Provincial Governments. 'Model' drafts of legislation could be provided to the provinces to assist them to establish their own legal frameworks. The constitution could also lay down additional principles that would have to be followed by each Province in establishing their own civil services, but subject to the requirement that constitutions are intended to operate at relatively high level. If Provinces failed to observe the relevant constitutional principles they could be held to account either by the courts or through a standing Commission.

c) Structures and Size

Federal Model: The structure and size of the civil service would be determined partly by the National Government and partly by the Provinces. The Public Service Decentralisation Commission would give guidance, but the Provinces would have a considerable degree of autonomy in directing civil service resources to the particular needs and concerns of their communities and territories through the structure and size of the civil service in their Province. The constraint would be resources, because the Province would pay for the cost of the civil service in their Provincial government from the overall resources afforded to them through taxation or funds provided from the National Government.

Provincial Model: The structure and size of each province's civil service would be entirely a matter for them to decide.

d) Recruitment and Human Resource Management

Federal Model: The principles of merit and of inclusion would apply across the civil service, but it could be made open for the provinces to apply the principle of inclusion in the context of the ethnic and linguistic identities of their communities. This could be provided by specific constitutional provisions and freedoms, or according to the principle that each Province should ensure that the civil service in the Provincial Government should broadly be representative of its population according to key criteria of ethnicity, language, gender, and disability. Pay and grading would be standardised across the civil service, but the Provinces would have the freedom to vary grades and pay in order to attract and retain the skills necessary to deliver services.

Provincial Model: The principles of merit and inclusion would apply to the provinces through constitutional provisions, and would be enforced through the courts or through a Standing Commission. Issues of pay and grading would be entirely a matter for each Provincial Government to determine.

e) Systems and Procedures:

Federal Model: The Nepal civil service already has in place extensive systems and procedures, but that is both a strength and a weakness, because current performance and service delivery is very poor, and performance management is not effective. The Federal model would make it easier to transfer systems and procedures throughout Nepal, and to implement agreed changes, and it would be less costly in these respects. But if the result was a poorly performing civil service at provincial as well as central levels, that would be a negative result.

Provincial Model: The Provincial Model offers more opportunities for change, and for the provinces to organise civil services systems and procedures as they wish. It could also involve considerable duplication and waste of effort, and greater difficulties in coordination, both vertically and horizontally. It could be a significant diversion of administrative energy and resources.

f) Local Government:

Federal Model: In principle it is possible to envisage one civil/public service which includes local government as well as the central and provincial levels. In practice, and even with significant human resource management powers devolved to the provincial and local level, it would create a very complex and extended bureaucracy to organise it in that way. It would therefore be better to have separate arrangements for local government, and to give the provinces the power to make arrangements at the local level. This would not prevent transfers between the local public service and the Federal civil service (either at provincial or central level) under certain conditions.

Provincial Model: Under the Provincial Model it would be a matter for the provinces to decide what to do about the local government public service in their area. A province could decide to have one public service for the province at both province and local level. Or it could create a local government public service for that province and put in place transfer and common training arrangements, and so on, between the provincial and the local government public service. Or it could leave it up to the local government level to make its own arrangements. The first two of these three possibilities would appear to be more sensible, but it is important to recognise that under a Provincial Model it is for the Province to decide, unless the Nepal constitution in some ways constrains the choices for the provinces.

g) Relations with Civil Society

Federal Model: There should be little difference between the models in terms of relationships with civil society, but that depends on sensitivity at central level to the importance of civil society, and a recognition that within the provinces there will need to be close relationships between the provincial government and civil society, properly supported by the civil service.

Provincial Level: Under the Provincial Model there could be close relationships with civil society. The risk would be the 'capture' through relationships which were too strong and too close. This is part of the more general potential problem of capture at provincial level by local elites or particular ethnic groups. The emerging preference for larger and fewer multi-identity provinces will help limit this problem.

7.2 Choosing Between the Models: Risks and Opportunities

The choice between the Models (or some variation between the two) is largely a matter of policy preference. Both are credible and possible, and both reflect models which operate elsewhere. They operate elsewhere successfully in some cases, and with real difficulties in other cases. This highlights the fact that creating a civil service for a federal Nepal is only partly a matter of choosing the 'best' model. Just as important is the issue of how the chosen model is implemented. This is why this paper has provided material and lessons about the process of change, as well as the various structural options, and the two models presented in this Section.

Federal Model: The major opportunity of the Federal Model is the continuity it provides, and the ability to balance the national 'glue' which a civil service can provide with rights and privileges for the provinces so that they can recruit and manage the civil service at their level with a reasonable degree of autonomy. It would be less costly overall, and it should result in a better use of scarce administrative resources. The major risk is that there will not be the degree of change that is needed both in terms of performance and of service delivery, and that the 'centre' will try and continue to dominate arrangements. This risk could be mitigated through the oversight of the Public Service Decentralisation Commission during the transition, and by a re-constituted Public Services Commission going forward, but it remains a real risk.

Provincial Model: The major opportunity of the Provincial Model is that each province could design its civil service entirely to meet its own needs, and in the process of doing that it could tackle many of the current weaknesses in the civil service in terms of performance and service delivery. The risk is that a lot of time and resources would be

invested in 'reinventing the wheel', with associated disruption and waste. There would also be a risk of more problems in terms of vertical and horizontal coordination between the different provincial and the central governments. To a degree the risk could be mitigated by constitutional provisions which constrained the provinces to be guided in the development and operation of their civil services by (say) the Public Services Decentralisation Commission – although this takes the Provincial Model more closely towards the Federal Model in any event.

7.3 The Best of Both Worlds?

There is one approach which might be thought potentially to give the best of both worlds. That would be to start with the Federal Model, and take advantage of the continuity and more efficient use of scarce resources that it would entail, but specifically leave open the possibility of moving to a Provincial Model at a decision point of the year of transition plus seven or plus 10 years. The decision would be made against agreed criteria signalled in the constitution and judged by the Public Services Decentralisation Commission or its successor body – the Civil Service Benchmark referred to in Section VIII, below, could be the framework for the judgement.

If the civil service failed to change, failed to become more performance oriented and better at service delivery, and failed to ensure that the Provinces were able to exercise reasonable autonomy in selection, recruitment, management and so on of the civil service in their territory, then that would be a strong basis to move on from the Federal Model to the Provincial Model.

Further Preparatory Work

Whist a great deal of work has already been done, it is necessary now for PREPARE and MoGA to undertake additional preparatory studies. These should be got underway in parallel with the renewed constitutional and political processes triggered by the elections of November 2013, because the outputs of this work will have value whatever the precise form of federal structure is finally agreed, and whatever model for decentralising the civil service is eventually arrived at.

The following studies (some of which are already underway) would have real value:

a) Detailed Functional Analysis: A high level functional analysis has already been conducted which identifies which governmental functions should provisionally be allocated to the different levels of government, including which functions should be shared between them. This is a useful start, but it does not go far enough. Unsurprisingly, it proposes that many functions would be shared but it does not sufficiently clarify what the respective roles of the different levels of government should or could be in respect of the same functions. It is tempting to assume that the policy role for all functions would remain with the federal government, with strategies for implementation being determined at province level, and with operational delivery being at either province or local level. However, whether that is the case for any given function of government will depend partly on the federal model which will be adopted in the final constitution, and on the degree of authority and power which is allocated to the provinces. Experience from elsewhere suggests that in many functional areas there is likely to be a policy role at the level of the province as well as at federal level, and especially in matters of public services. So a more detailed analysis is needed which is able to draw up the roles of the federal, provincial and local levels of government within each function. This would provide a much sounder base from which to assess the numbers, seniority, and skills needed of the civil servants to be allocated to each level of government.

b) Human Resource Assessment and Data: There is a need for much fuller and better information about the human resource position of the civil service. At the present time it is not straightforward even to establish with precision the numbers and grades of civil servants. The following areas of human resource information is needed:

- Core data including grades, pay, functions, locations and job descriptions;
- An audit of skills and capabilities, including skill gaps, to be undertaken against what is already known about current weaknesses in the civil service;
- An assessment of the linguistic capabilities of the current civil service, its capacity to conduct and deliver public service to diverse ethnic and linguistic groups, and its receptivity to training in languages and diversity;
- Survey and focus group data about attitudes and preferences in relation to federalisation, including willingness to work in the provinces and the incentives and changes needed to encourage civil servants to move.

c) Training in Decentralisation: There is a major need for training civil servants and others (for example from the professions and civil society) in decentralisation and federalisation, so that they better understand the new issues and problems that will arise, and the new skills they will need to bring to bear. Major topics would include inter-governmental relations (both horizontal and vertical) and policy coordination, as well as the issues of fiscal federalism, service delivery, and economic and social development in federal contexts. Gender and other equalities considerations will also be very important.

d) Service Delivery: Federalising Nepal will clearly have profound effects on public service delivery. When the federal constitution is implemented there will obviously need to be detailed and very comprehensive planning across all areas of service in order to minimise the inevitable disruption associated with the change, and to put in place the new decentralised arrangements. However, it is also clear that current levels and styles of service delivery in Nepal are very poor, and do not serve the citizens well. So the emphasis should not be just to have a smooth transition to equally poor services, but to make changes happen so that services are:

- Better managed, and using third party delivery where appropriate;
- Operated according to LEAN principles (eliminating wasteful effort);
- Performance focussed;
- Partnership focussed and joined up with related service areas;
- Citizen responsive; and,
- Digitally enabled.

There should be two or three studies of specific service areas in order to assess how they would work in a federalised Nepal, looking at how they would change from the present so that they meet these criteria. They would provide examples of what might be possible in order to inspire and inform wider change.

e) Benchmarking the Civil Service: One of the major problems of the Nepal civil service is that it has not changed sufficiently in response to repeated analysis and policy. Its current condition should be benchmarked against international standards and principles in order to establish a baseline and against which to set targets for change and measures of progress. This need not and should not wait until federalisation has taken place – indeed, the process of federalising the civil service should be a major opportunity to make progress against these standards. The framework provided by Keuleers cited earlier is a basis for developing a viable benchmark. The civil service should be:

- Appropriate to social and economic development;
- Efficient, effective and thoroughly modern in the delivery of services;
- Strongly committed to the public interest;
- Merit-based, combined with commitment to diversity;
- Broadly representative of society;
- Operating in accordance with the Constitution and the laws;
- Professional and capable of offering the best technical advice;
- Loyal to the policies of the government;
- Disciplined and intolerant of unproductive or unethical behaviour;
- Honest and devoted to service in an unbiased and impartial manner;
- Upholding fair administrative practices and transparent in its operations;
- Capable and willing to develop partnerships with civil society; and,
- Accountable to the citizens and their representatives.

f) Costing Study: All these models and options will have varying imperatives on investments and operational costs. These would have important implication on the choice as the decision makers would like to understand all the pros and cons of selecting various models and approaches. Hence, costing studies will have to be undertaken to understand cost imperatives of federal and provincial models. These should encompass costing elements at disaggregated levels in order to ensure that even if mixed model is adopted, the cost implications could be assessed. It should be noted that costs alone should not be the basis for selecting the appropriate modality particularly while making epoch making decisions, but costs and investments required cannot be ignored and the implications should be clearly understood whatever the choice may be.

g) Overall: Between them these further studies and projects would help make significant progress in preparing the civil service for the challenge of federalisation.

Transition, Action Plan and Conclusion

9.1 The Challenges of Transition

The attempts in the past to reform the public administration and its civil service were reported to yield very limited results. The poor record was mainly due to limited political interest or resistance from within the bureaucracy. Reform plans emerged and got archived, without much change to the existing patterns of bureaucratic behavior. There is now at least a powerful driver of change that should steer the reform process in a different direction. That also means that future reforms of the public administration will need to take into account the demand side of the equation. While differences are to be expected in the way the public administration and civil service will be organized and public services are delivered, a minimum set of principles, norms and standards on state organisation will be needed.

a) The state restructuring process will require a massive re-distribution of civil servants currently employed in the central administrations in the Kathmandu Valley to the new provincial and local administrations. Today, it is estimated that over 50% of the civil service is located in the Kathmandu valley, with the rest essentially located at the district level. Transfers will be even more complicated if they would take place without there being clarity on the kind of statutory system these staff will be managed from: i.e. a unitary civil service statute that applies to all staff in the federal, provincial and municipal administration, or a unitary system

> **The state restructuring process will require a massive re-distribution of civil servants currently employed in the central administrations in the Kathmandu Valley to the new provincial and local administrations.**

for the federal and provincial administrations with a special statute for the staff working in the municipal and village administrations, or a statute for the federal civil service, a statute for the provincial state employees and a statute for the staff of the local governments or a combination of either of these.

b) Motivating the existing civil servants to provinces or other levels will be an arduous task and may require special measures.

c) Defining the size, structure and functions will be another issue.

d) Revenue sharing is likely to be another topic that could be included in the transitional matters.

e) Financing the transition will be another issue.

f) Changing the bureaucratic culture will be a major challenge. The civil service culture may not yet be attuned to the more transparent and interactive relationship between state and society that is badly needed. New rules of engagement will be needed to guide the interaction between the public service and the government of the day, the Parliament and non-state actors at federal and provincial/state level.

g) The process of administrative reforms will take time.

h) A rapid and significant increase in the productivity of the public administration is therefore also not to be expected in the short term. On the contrary, it may well be that the quality and quantity of service delivery will initially suffer during the transition period to only take up again when the new institutions are consolidated and new staff are trained and socialised in their new jobs.

In the backdrop of these challenges, Nepalese civil service, despite improvement efforts and capacity development periodically, does not seem to have been able to deliver as is expected as evidenced by slower than targeted growth, poor service delivery, inadequate social service and less than desirable security and safety situation. These are, of course, issues that need to be tackled by broader civil service reform. The immediate issue is how to shape and structure civil service in the context of federalisation and in view of conflicting expectations and demands. Besides, the broad task of state restructuring and functional division lies with political decisions and until and unless there is clear political decision, it may not be easy to consider civil service structuring.

The issues for consideration for federalisation of civil service include the structure of civil service, unified or independent national, provincial, or local level civil service, the viable criteria for restructuring, role division among central, provincial, local, coverage of civil services management at different tiers of the state (i.e. centre, provincial and local) etc. the basic issue will be independent Vs collaborative civil service at the central and the provincial

Changing the bureaucratic culture will be a major challenge. The civil service culture may not yet be attuned to the more transparent and interactive relationship between state and society that is badly needed.

levels. Similarly, the issue of position creation will continue to be a thorny issue and will require a robust strategy or formula to do so. The fundamental requirements will be to come up with viable structures and models.

In view of the enormity of the task and limited resources given current capacity levels – human, financial, infrastructure - reforms will be hard to do, and especially in a short period. A phased approach may be needed to avoid any disruption in the quality and

coverage of service delivery, especially to the most vulnerable, and to avoid further compromising integrity and respect for the rule of law in public management. Hence, transitional measures should be designed to ensure smooth transition.

As seen above, there are a plenty of lessons from various countries to draw on. But each country needs to decide on the degree of centralisation/decentralisation of its civil service personnel management. Successful centralised systems display a high degree of control over most personnel functions but micromanagement is a constant danger. Successful decentralisation systems usually operate within an appropriate and robust accountability framework with strong oversight and monitoring from the centre. Developing countries need to cultivate well-functioning and accountable centralised recruitment systems before they consider giving their line ministries total discretion in recruitment (ADB, 436). Once a certain level of administrative discipline is achieved, the country can move towards a more decentralised system.

Improving public administration and civil service personnel management systems is one of the most difficult challenges in developing countries, because of the complexity of the process and the political, social and economic implications. One possible conclusion is thus to be cautious when implementing civil service reforms in developing countries and to avoid imitating the human resource management practices of some developed countries. Many of these innovations presuppose a robust personnel system and some even have high inequity and corruption risks that can be particularly high in developing countries (ADB, 462).

The tasks of transition and activities may be listed as:

- Defining the functional distribution of the different tiers of the government commensurate to the political decisions. The Constitutional Committee has defined the allocation of functions as specified in Annexes 1 to 5, and Bhatta proposes that functions like social development, infrastructure development, economic development, agriculture and rural development and governance system should be allotted to the provinces. But he nonetheless suggests that a proper distribution of human resources should be made on the basis of a detailed Organisation and Management study (O&M Study).
- Once the activities are delineated, the necessary human resources should be identified and positioned providing encouragement measures to go to different layers or opt for voluntary retirement schemes (VRS).
- Agencies identified including constitutional, operational and monitoring agencies should be created gradually to take over the total tasks from the transitional management system.

Personnel management including the division of task for hiring, recruiting, developing, positioning, transferring and post retirement management will be other pertinent issues. The issue of flexibility or exactness in central and provincial and local level civil services will be another issue.

Particular attention will also be required to manage transition in terms of managing provincial functions during transitional period, disposing surplus human resources at the centre and coaxing central level personnel to go to provinces even if the transitional management is to be handled by the central level human resources.

A brief roadmap and considerations for transitional management is presented hereunder based on the aforementioned theoretical and practical propositions.

9.2 Transitional Management Plan

The transition should be gradually managed, of course by selecting the appropriate option given viz. hard and fast, measured or cautious, in conformity to the spirit of the new constitution. The most important tasks during the transition will be conducting functional analysis based on the allocated functions, creating appropriate structure, rules and procedures as envisioned and managing human resources. Suitable organisational structure or agencies should be created to carry out the transitional plan.

a) Creating suitable organisations for transitional management

It is essential to make laws or appropriate framework in respect to creating agencies and empowering them to carry out the tasks of transition efficiently and effectively. It will be necessary to make the following organisational provisions for transitional management of civil service:

- *Creating a Transition Unit to Manage Transition:* It is necessary to constitute a transition unit in the form of an independent commission or Public Service Commission or the prime ministers' office (PMO) or Ministry of General Administration (MoGA) or any other designated unit as per the selected alternative from among given alternatives for the transformation of civil service in the federal perspective and for coordinating and managing it during the transition period. This agency should prepare an outline and the roadmap for structuring, allocating, transforming and ensuring operations of civil service at the federal and the provincial/local level. Close cooperation should be promoted among the stakeholders including obtaining assistance and support, if needed, from the stakeholders including our development partners.

- ■ *Technical and Coordination Committees:* Technical and coordination committees may be constituted at the ministries and the central level bodies as is suggested by ARC (2011) in the restructuring works of the related sectors.

The process is going to be successful only with the strong ownership and participation of the people as the issue of federalisation is related to the people at large and the participation of the government bodies as well as other stakeholders, and adequate forums and platforms should be created to take the issue further enabling to greater understanding and ownership in order to ensure sound discussion. A forum of the kind, therefore, should be held among the service-recipients, the members of the civil society, professional groups, journalists and other stakeholders.

9.3 Transitional Roadmap

Considering the experience of different countries it can be seen that it takes nearly 10 years to manage the transition. In the context of Nepal too it would be appropriate to manage the transition period generally under the following three stages -

a) Initial phase: The period since the writing of the new constitution or the promulgation of the new constitution until the first federal elections are held could be taken as the initial phase and mainly works such as functional capacity development and expansion, policy formulation and preparing the outline and the policy arrangements (ARC, 2011) and laying down detailed plan of action and steps to be followed for the future administration for the transitional management should be carried out in this phase.

b) Federalisation phase: The period until the first elections of the provincial and local governments may be taken as the second phase. In this phase, as the shape of federal structure and the number, functional distribution, and roles would have already been defined, basic civil service support should be established/ allocated. Secondly, suitable structure as is envisaged in the constitution should be created and tasks of furnishing human resources to structures, establishing procedures as per the basic legal framework and establishing and testing the rationale and appropriateness of the policies, and the functional mechanisms should be carried out.

c) Operational phase: In this phase, civil service at the provincial and local level should be created as per the constitutional provision including the provincial laws and the framework as envisaged and the transitional mechanism should hand over to the civil service, thus, created.

9.4 Transitional Activities

(i) Designing and Placing the Structure

- Design and develop the policies and legal framework/guidelines including for position creation and federal/provincial/local relations and coordination
- Design the civil structure as per the constitutional provisions and the allocated division of tasks.
- Give final shape to the functional analysis and assignment.
- Place the structure.

(ii) Designing and Placing the Rules and Procedures

- Review the government's present work procedures and rules, and prepare a proposal along with an extensive outline on how the administrative bodies and mechanisms in different levels of the government are going to function.
- In case it is provisioned for the provinces to design the rules and procedures, support the provincial government to do so and accordingly design and place the civil service rules and procedures.

(iii) Planning and Financial Management

- Design and place the transitory planning and financial system.
- Provision, allocate and manage the necessary finances from to carry out the envisaged functions until the time the first provincial budget is brought out or mechanism placed for planning and financial management at the provincial/local level.

(iv) Human Resource Management

- Prepare the policy and regulations for transitional management specifying how to allocate the existing civil service or make fresh recruitments, if defined so.
- Identify the needed human resources based on functional and structural analysis including the number, level and expertise/skills needed.
- The strategy should be to place the local level current employees to provinces/local levels on proximity basis.
- General preferences of the employees should be asked in relation to working at various hierarchies.
- In case of discrepancy in the needed employees (size, skills and levels), a motivating plan to go to provincial/local levels should be devised that includes offering one level promotion; however, within basic hierarchies like within gazetted or non-gazetted class or only with arduous procedures and scrutiny across the classes or providing

financial incentives or retiring from the present central system and enabling to opt for provincial/local levels with flexible retirement age (adding 2 to 4 years or as agreed upon) ensuring full benefits irrespective of the retirement benefits at the centre viz. pension.

- The surplus human resources not opting for such options should be retired providing voluntary retirement schemes (VRS). The need appears more for non-gazetted and the classless group in view of their existing size.

- The possibility of outsourcing support staff including of various skills and logistics should be explored and a policy designed accordingly.

- The surplus number that may not agree to move or accept VRS should be managed separately including abolishing their positions after their retirements.

- Local level employees directly hired by local agencies may be positioned at the discretion of the provincial government or the local agencies as is suited or agreed upon.

- Establish and develop the necessary mechanism for the selection, appointment, posting, transfer and promotion of employees at each designated level as per the constitution/federal regulations/provincial regulations.

(v) Physical Infrastructure

- Assess the need of the physical infrastructure needed for the provincial and the local government as per the allocated function and provisioned structure as envisioned and provided in the constitution.

- Assess the existing physical infrastructure and identify their possibility of transforming to provincial/local governments and identify the gaps including new infrastructure to be developed.

- Develop the transitional and development plans for physical infrastructure.

(vi) Capacity Development

- Make an assessment of the status of present human resources available at local levels, human resources agreeing to move to provincial/local levels.

- Develop a plan for developing such human resources as well as new human resources that may be hired under various given alternatives.

- Assign the task for capacity development to National Administration Staff College (NASC) unless otherwise provisioned differently for human resources to be provisioned at the provincial or local levels or other agreed agencies.

An action plan covering major transitional activities is suggested in Table 11.

9.5 Conclusion

The options in relation to the process of federalising the civil service and of the structures to be adopted can be informed by good (and bad) practice from elsewhere. However, the selection of one of these options (or some other combination) is not so much a question of one being better than the other. It depends on context and on policy and political views, and also on the leadership which the civil service itself demonstrates in helping to shape its own future so it can best support the huge national challenge which federalisation will give to Nepal and all its people.

Table 11: Action Plan

Activity	Responsible agency	Time frame
Benchmarking civil service, costing study, human resource and data, service delivery and functional analysi	MoGA, PREPARE	2014-2015
Training	MoGA, PREPARE, NASC	2014-2016 and continued
Promulgation of the constitution, functional allocation, defining federal structure	Constituent Assembly	2015 or as it is declared
Creating agency for transitional management	Parliament, GoN	2015-16
Defining human resource requirement and developing strategies based on proposed approaches	MoGA, GoN	2014-16
Designing and placing the structure	MoGA, GoN	2015-16
Designing and placing the rules and procedures	MoGA, GoN	2015-16
Planning and financial management	MoGA, GoN	2015-16
Human and physical resource management	MoGA, GoN	2014-16
Capacity development	GoN, MoGA, NASC	2014 and continued
Creating federal structure	GoN	After the promulgation of the constitution
Placing the civil service at provinces	GoN, MoGA	After the promulgation of the constitution
Allocating functions and resources	GoN, MoGA, MoF	After the promulgation of the constitution

Best Practices and Lessons Learned for Civil Service Decentralisation:*
Ten + Two Possible Lessons for Nepal

Introduction

This document brings together lessons learned in the decentralisation of the civil service in many different countries. Its purpose is to inform the process of decentralisation of the civil service in Nepal. The lessons are drawn from many countries in all parts of the world, and they concentrate on those societies which have experienced conflict and which are developing. Necessarily, many of the lessons relate to civil service reform more generally than to the specific situation where a civil service is being reformed as part of a process of decentralisation in a post-conflict and developing society. They are nonetheless highly relevant to the situation in Nepal. Conversely, it will soon be apparent from the list of lessons that some have already been applied to Nepal, and so represent best practice building blocks which are in place and which can be built on further – and which should be protected.

In identifying lessons from other places and in seeking to apply these to Nepal it is imperative to keep in mind the fact that reform of the civil service will form only part of the major change process which will be needed to transform Nepal's government and administration. Francis Fukuyama identifies four major dimensions of government and administration which are critical in creating the conditions for successful development. These are, first, organisational design and management, secondly the political system design, thirdly the basis of legitimisation, and fourthly cultural and structural factors. In his book, State Building, he says that the bulk of transferable knowledge from one country to another lies in the first component, that is, in public administration and the design and management of individual organisations. But he also says that even within this limited domain, there is no optimal form of organisation and no globally valid rules for organisational design. Most good solutions will not be clear cut best practices because they will have to incorporate a great deal of context specific information. This has direct implications in how best to help strengthen states in developing countries and how practitioners should be trained in this field.

Lessons Learned

The lessons which can be learned from experience in other countries are set out below. Some of them are positive lessons, that is best practices, and some are lessons to avoid. All of them are directly relevant to the situation in Nepal. They can neither substitute for the decisions which Nepal will itself be making about these matters, nor provide a sure roadmap of how to proceed towards Nepal's objectives once they are defined and agreed. Above all, they are powerful warnings about what can happen and what can go wrong.

Lesson One: Time

Fundamental civil service reform takes a long time – longer than many people hope and anticipate. Consequently, it is necessary to plan for this accordingly and view reform as an ongoing process

While the length of time that civil service reform such as decentralisation will take to be effective depends upon the specific circumstances of a respective country (some countries may be able to implement successful changes more quickly than others), generally it is not helpful to expect large-scale fundamental changes to be achieved in a short period of time. Reform programmes that aim to achieve significant civil service reform quickly with a definitive timescale containing a start and end date are likely to achieve only some of their goals. This especially seems to be the case with external-donor funded projects in countries such as Yemen. Rather than adopting a 'Big Bang' approach, it is better to view civil service reform as an ongoing incremental process. Incremental programmes may also have more success in countries in which there are entrenched problems of politicisation, because they will not attempt to change the whole system dramatically in one go, but address different aspects over time to make gradual improvements to the system.

Reform can take on a momentum of its own if deepened by successive political and administrative leadership teams over time, assuming that the desire for reform is maintained over time. Gradual changes to the internal culture of the civil service may also result in an internal desire to implement reform policies which could further the process. It is generally helpful to see civil service reform as a long term and continuous process, as there may be many unforeseen events and circumstances that can lead to delays. The plan for civil service reforms must also take this into account.

In Zambia, for example, a World Bank funded civil service reform initiative suffered several unexpected delays due to the need to form a team within the bureaucracy to oversee the initiative, and to wait for government approval processes for acquisition of goods and

services (such as training). Approval for a new pay policy for civil servants, for example, took several months. The launching of a new public-servant anti-corruption drive caused further delays due to turnover among ministers and permanent secretaries. Ultimately, however this reform was successful due to continuity in the technical reform staff.

It also is possible that some fundamental civil service reform goals could take decades to achieve in their entirety, especially if they require a change in the culture of the civil service itself (e.g. from politicisation to neutral public servants). Civil service reform can mean shifting the fundamental basis on which civil servants perform their everyday job, or instigating a cultural change across the civil service as a whole (e.g. to merit-based system), change activities must be supported by long term follow-up actions such as training or monitoring. An incremental process of change is also generally preferable, because it does not place too much of a burden on the civil service, and it may be the case that it is preferable if certain aspects of civil service reform are enacted before others (e.g. necessary lay-offs should occur before civil service pay rises). This may make the whole process take longer, but it is more likely to yield long term results.

Donors in particular must be aware that achieving results may take a long time, and should not abandon projects hastily because they do not see immediate results. In Zambia, the World Bank initially suggested that an external expert should lead a civil service reform programme, in order to provide consistency over time. However, it was determined that this would not generate the required ownership within Zambia, and so a team was formed to lead the programme within the Zambian bureaucracy. This was significantly less efficient in terms of time, and further delays were caused by the necessity to participate in lengthy government approval processes. Nevertheless, despite these and other unforeseen delays, the continuity in technical reform staff was maintained and this allowed Zambia to successfully implement incremental civil service reforms over a number of years.

The Aceh Governance Transformation Programme (AGTP) is a good example of how some civil service reform programmes have unrealistic expectations of what can be achieved in a relatively short period of time. Although, as mentioned above, the AGTP was well resourced in terms of financial funding, other aspects hindered its effectiveness, including an expectation for quick results. It is particularly important in post-conflict countries to allow a long period of time for civil service reforms to take effect, because in many cases sweeping institutional changes must be made, and distrustful former adversaries brought together in the civil service. In the AGTP these kinds of factors were not taken into account by international donors to the project – initially donors committed

to the project for a period of four years, and later extended this by a further two. This failed to anticipate that meaningful civil service reform could take a generation – the modernisation of Malaysia's civil service took fifteen years. Donors often do not have the patience or resources to commit to long term institutional transformation projects that may be required. AGTP's timeframe was far too short to have a meaningful impact.

Due to the entrenched one party system in Vietnam, and the years of 'serving the party not the people' culture that exists within the Vietnamese civil service system, expecting 'big-bang' reforms in a short period of time is unrealistic. In situations such as this a long period of incremental reform must be anticipated in order to achieve significant results, and in order to identify starting and sequencing issues. These are the basic reforms that are needed to address initial situations and will provide a foundation on which long term reform can be based. It is also important to realise that modest and partial successes can provide the basis for later progress or gradually add up to a tipping point of change. Reform is needed but it must be incremental and implemented at an acceptable pace that does not create instability.

Lesson Two: Context

Individual contextual factors of public administration in each country must be taken into account in civil service management/reform efforts. While it is possible to draw some general lessons on how civil service reforms should be undertaken and managed within countries, the particular context of civil service reforms, the environment in which they are being implemented, and the goals they are attempting to achieve must be taken into account in their design. For example, reforms designed to decentralise the civil service may be constructed very differently from those designed to facilitate greater centralisation. Another example of how context can have an impact is that civil service reforms in a post-conflict country may have to take account of the fact that former enemy groups will be working alongside one another in the same public administration. Policymakers must develop a civil service model which recognises the particular developmental needs for their country while accounting for those specific contextual factors which may be impediments or opportunities. 'Good fit' should be the guiding principle.

This principle is particularly relevant to the African context, where the civil service systems are often a legacy of the colonial era, and were designed in a centralised fashion to facilitate the control of colonial systems. It has been suggested that some African countries have attempted to apply civil service reforms from other parts of the world to produce performance improvement, but without adapting them to the specific context. In Nigeria at various times foreign models of reform have been applied to the central

system to improve performance but have largely failed to solve systemic problems because these solutions did not take account of the specific Nigerian socio-cultural values. In the Nigerian case, the civil service may operate more effectively with a tailored solution that maintains some central control, but allows for decentralisation so that the civil service can deal with local emergencies in service provision in a more effective way.

Furthermore, civil service reform strategy should differ depending on the political context. For example, Tanzania launched a comprehensive public sector reform programme in 1999 as it had strong political and donor support with limited opposition, skilled managers who could implement such a programme, and the backing of domestic constituencies. In countries such as Russia, however, where there was significant opposition to reform, civil service reform efforts tended to be more incremental rather than sweeping. The choice for reform strategy can influence the outcomes of the reform and whether it is more or less successful.

Lesson Three: Leadership

Political and bureaucratic leadership that is truly committed to reform is a prerequisite for the successful implementation of changes to civil services. As between these it is probably political commitment and leadership at all levels of government and public administration which is required for civil service reform to be successful.

In order to make fundamental changes to the operation of the civil service (e.g. through decentralisation) all stakeholders must be dedicated to the initiative, both in terms of the end goal and the process of achieving that goal. The government should act as the ultimate leader and guiding force for the initiative, but civil servants themselves are crucial to the implementation of change and their views on the reforms should be considered. The reform programme must have a high priority within the government, and must not be neglected in favour of other concerns (as has happened in the past in countries such as Pakistan). Moreover, if a reform programme is begun it must be supported consistently. Liberia represents a good example of how political commitment and leadership is necessary for fundamental reform processes to be successful.

In India political leadership has been central to triggering reforms in service delivery. In the Indian federal system, at both state and national level in India, politicians have implemented governance reforms depending on their particular interests and what they determined to be necessary for their citizens, including e-governance and decentralisation initiatives. Therefore, politicians do have an important impact on the reforms pursued and their design. Furthermore, the Indian case suggests that when bipartisan consensus can be reached on public administration issues across party lines this facilitates the process of

reform. Even if parties do not reach an active agreement with one another, they may take similar positions on reform and attempt to outdo each other on this issue, and therefore that reform is more likely to succeed. The political context is also important here: the fact that Chief Ministers in the Andhra Pradesh, Karnataka, and Madhya Pradesh regions enjoyed stable majorities in their assemblies made it far easier to carry out reforms.

In Russia civil service reform was not deemed a priority for a decade after the collapse of the Soviet Union, but political will at the very top level, from the President, was an important contributory factor to the initiation of civil service reform between 2004 and 2005. The political leadership also showed dedication to the reform progress by adopting a number of programmes and normative acts that were crucial for the success of the policy implementation process. In this case, however, civil service reform was constrained by other factors (such as a lack of transformative capacity), once again demonstrating the number of inter-connected elements which come into play in civil service reform.

A lack of political will has been identified as the cause of the failure of previous reform efforts in Nepal. Both political leaders and senior members of the civil service have been accused of not showing the strong 'will' required to develop a system which will enable the civil service to assuming its responsibilities as per the norms of the democratic governance. The suggestion is that in the past that politicians and bureaucrats have not wished to implement reform because the civil service system serves their own interests (either party political or personal).

Although related to the rebuilding of public administration after conflict more broadly rather than civil service reform per se, strong, trusted political leadership has been identified as required to even initiate civil service reform in country ravaged by conflict like Sierra Leone. The provision of effective public services is often a function of the capacities of those in authority, political will, and the instruments and mechanisms available for exercising such leadership.

Similarly, the vast improvements made to the Liberian civil service and to public service provision in Liberia between 2006 and 2011 suggest that installing committed and capable leaders is essential to implementing changes and building capacity. The Liberian president made it a priority to attract talented, capable individuals to take up senior positions in public service institutions, who then directed and managed the implementation of further reform/capacity building programmes. A strong foundation of leadership was installed to oversee rebuilding/reform efforts.

When implementing civil service reforms it is better for leadership of the process to be established within the government and bureaucracy, rather than being directed externally (through external partners, aid agencies etc.), because it generates a greater sense of ownership of the process. In Zambia, the option of an external agency leading civil service reform was rejected, and instead a team from within the government led the design of the reform strategy that was subsequently endorsed by the leadership of the public administration. The World Bank, the UK Department for International Development, the UNDP, and Irish Aid acted in an advisory capacity. Although this was less efficient (more negotiation, consultation, decision making etc.) it did lead to successful implementation of reform.

Continuation of the administrative leadership is essential for civil service reform to be facilitated effectively, particularly in those bodies that provide leadership on implementation. In Nepal, the permanent secretary of the Ministry of General Administration was changed fourteen times between 1992 and 2008 resulting in an adverse effect on policy formulation and the enactment of necessary laws and other activities necessary for timely implementation of the reform agenda.

Political leadership can be crucial to the process of initiating reform in the first place. In environments in which there is little motivation or incentive to reform within the civil service itself, as was the case in Russia in the decade following the collapse of the Soviet Union, the highest level government leaders play an important role in pushing a reform agenda. In the 2004-2005 Russian civil service reforms, the presidential administration was the main actor of policy making and adopted a number of programmes that were crucial for the successful implementation of reform (in this particular case, however, other factors diminished the effectiveness of the civil service reforms).

The creation/development of a new body designed to lead implementation of new civil service procedures/reforms to the civil service may be useful in changing public administration processes. In Bosnia and Herzegovina, new legislation on the status, rights, duties etc. of civil servants also established the 'Agency for Civil Service', a new body tasked with: realising the recruitment process for civil servants; assisting institutions in the realisation of human resources policy and organisational development; and training and development of the civil service. The Civil Service Agency that was established in Bosnia was designed as a mechanism through which significant and required civil service reform could be enabled. Its main goal was to facilitate radical changes in human resources management in the state-level civil service. One of its responsibilities was the development of a Personnel Central Registry in order to assemble all relevant data which could be useful to the Civil

Service Agency and the institutions of Bosnia in examining trends, needs, and attitudes in the state agency. The main goal is to ensure development and better functioning of the Agency, proper human resources management and its standardisation, and to guarantee respect and improvement of constitutional and legal principles. The comprehensive, exact, and up-to-date data on structure of the civil service and civil servants that work within it (e.g. by age, sex or nationality), on their educational background, training courses and other form of professional improvement or frequency of promotions, is essential for the creation of personnel policies. Above all, this data register is considered to be an irreplaceable tool enabling the Agency to plan, operate and advise.

Similarly the Malaysian government, reacting to emerging public administration needs and the need for greater planning in this area, particularly in relation to human resources, established the Malaysian Administrative Modernisation and Manpower Planning Unit. This organisation was designed to drive reform by providing consultancy services, strengthening administrative capacity, and coordinating human resource planning and development.

In 2002 the Independent Administrative Reform and Civil Service Commission was established in Afghanistan, with a mission of transforming and developing the Afghan civil service into an effective, public service oriented body via reforms and continuous change management based on a participatory organisational culture. It is designed to facilitate the development of an effective, apolitical civil service that is accountable to the leadership, and facilitate reform and civil service capacity building for effective public service delivery. Its goals for Afghan public administration/civil service include: comprehensive administrative reform; merit based recruitment; monitoring implementation of reforms; and promoting the role of women.

Lesson Four: Planning

Successful reform to public administration requires clearly defined planning and management procedures that address a holistic process of decentralisation of the civil service. Without a clear strategic and operational plan for the initiation, implementation, and ongoing improvement of reform processes, efforts are likely to be inconsistent, piecemeal, and have little impact in the long term. Directly related to the need for leadership and political commitment for reform, the bodies responsible for management must be established or defined, alongside the procedures for enacting the reform. Milestones and deadlines can be useful tools, but reformers must ensure that they do not mandate reform that is unrealistic in its demands. It is important to emphasise the need to include a variety of stakeholders in the planning design of public administration reform – including the government and civil service staff.

In the planning phase, civil service reform project should define its objectives from short to long term, describe the project activities to achieve intermediate goals, give precise estimates of necessary human and financial resources, and outline the long term goals and the processes by which they will be achieved. This plan should also take account of the specific national context of the reform plan. Defining the management process should determine standard operating procedures and the key management bodies/ figures involved in the project, as well as the mechanisms by which these two elements can be changed. Maintaining a degree of flexibility in the planning and management processes is important in order to address emergent issues, or to change reform priorities.

Poor planning and management processes have negatively affected projects designed to increase capacity in the public sector. The Somali Institutional Development Project (under the direction of UNDP) operated for over two years in the absence of a clear logical framework where activities are linked to specific and measurable project objectives. A similar governance building programme for Afghanistan, known as UTV-SSPA, was implemented without first undertaking a scientific needs assessment of the targeted institutions and individuals.

Poor planning and a consequent lack of allocated resources have been identified as the cause of disappointing outcomes for civil service reforms in Kenya. Furthermore, poor planning and management in Ghana resulted in the implementation of multiple civil service reform activities at the same time, overburdening staff and resulting in little meaningful reform.

There are however limits to planning. Public administration reform probably contains too many variables to enable absolute planning, due to the complexity of systems and the large number of actors. Moreover, reform practitioners may operate under changing governments and economic circumstances. New developments or opportunities may emerge which could improve the reform process, or make it more difficult, and so some flexibility must be allowed for so that reform programmes can adapt if necessary. This includes allowing flexibility to target the use of resources in different areas depending on reform priorities. This is particularly important when an external party is directing the design/implementation of a civil service reform programme, as donor-led initiatives tend to be more rigid and prescriptive.

Afghanistan and Somalia are examples where the failure of two externally led governance capacity building initiatives to achieve the level of success intended by the project partners was caused in part by poor or fragmented planning. The Somali Institutional Development Project (under the direction of the UNDP) operated for over two years in

the absence of a clear logical framework in which activities were linked to specific and measurable project objectives. This led to disjointed action, massive overspending, and the frustration of project partners. Similarly, the University of Rome Tor Vergata (UTV) and Italian National School of Public Administration (SSPA) Afghan governance capacity building programme began in the absence of a scientific needs assessment of the targeted institutions and individuals. This led to fragmented planning, a lack of project ownership, and a weak follow up and change management process. This demonstrates the importance of clear, coherent strategic planning before beginning any reform, particularly in term of target groups, objectives, and the process by which these goals will be achieved.

Similarly in Kenya poor planning has been identified as one of the reasons for the failure of civil service reform efforts in the past. Specifically, the reform agenda was not carefully and explicitly outlined and was not made a priority, and the problems were further exacerbated in that inadequate time and resources were allocated to the process, indicating poor budgeting processes.

Lesson Five: Resources

Sufficient and appropriate resources, in terms of knowledge, skills, experience, funding, and facilities are required for civil service reforms and decentralisation to be successful. This is particularly important in decentralisation initiatives, because without sufficient resources, newly decentralised civil service units may be unable to perform their new duties properly. Not only does this mean providing the resources required to conduct the work of the civil service, it also means providing the resources required to attract and retain the skilled individuals that have the ability to operate in the civil service and to implement new programmes. It is also important, therefore, to ensure that resources are dedicated to ensuring that there are employee incentives and attractive (or at least appropriate) pay.

In the reconstruction of its civil service the Liberian government sought international grants and external sources of funding in order to raise the minimum civil service wage from US$15 a month to US$100 per month over a five year period. Furthermore, funding was provided for civil service equipment such as computers and buses to transport civil service staff to work.

Indeed, the lack of sufficient resources is a severe impediment to effective civil service operation, and many post-conflict countries often lack the skilled workers and/or financial resources to operate a civil service function effectively. This is a particular problem in Somalia, where there are number of different, and fairly ineffective, revenue collection

procedures in the various regions, resulting in an unbalanced distribution of funding and some areas of public administration receiving very few financial resources.

In the Aceh region of Indonesia, following the cessation of hostilities between the separatist Free Aceh Movement and the Indonesian armed forces in 2005, there was recognition that resources were required to strengthen public administration in the province. In Aceh the international community was confident that the resources were in place to strengthen public administration in the region. The peace agreement signed between the government and Aceh rebels guaranteed that the province would receive a greater share of profits from oil and gas, and that the central government would provide additional funds to the province as a part of a 'peace dividend'. Moreover, billions of dollars of international aid money was also flowing into the province at the time, primarily for post-tsunami reconstruction. Despite this, however, meaningful public administration reform failed to materialise in Aceh for three main reasons. Firstly, there was a failure to anticipate that changes to personnel management would be controversial and have political implications. Secondly, the length of time needed to implement meaningful reform was underestimated. Thirdly, and most importantly in the context of resources, while there was a large amount of money available for public administration reform, resources in terms of staff with the expertise required to implement meaningful change in such a challenging environment were severely lacking. International aid money was provided alongside greater central government funding that was a condition of the peace process. While the provision of sufficient financial resources is important to successfully implement public administration reform, having the financial resources necessary to implement reform does not guarantee its success, particularly in post-conflict countries. Other factors impeded reform measures in Aceh.

In Liberia the political leadership realised the necessity for significant resources in rebuilding and reforming their civil service, but as a post-conflict country emerging from a civil war financial resources were scare. The political and administrative leadership developed a civil service registry programme which allowed for the identification of 8,000 'ghost workers' (workers who abandon their jobs but continue to take a salary). This saved the government roughly $4 million per year, and these resources were used to raise the civil service wage incrementally over time, making the civil service a more attractive form of employment and attracting more highly qualified personnel. Moreover, realising the importance of resources, the Liberian political leadership sought grants and external sources of funding.

The allocation of financial resources in the development of civil service reform in Russia raises some interesting issues about how resources are to be used effectively. In Russia at

least half of the money allocated to civil service reform has been distributed to research projects, while the rest is used in policy formulation and implementation. Some have argued that the money given to scholarly research could be used more effectively if it were provided for policy development and implementation, not because the research is poor, but because the scholarly findings and suggestions tend to become irrelevant in subsequent stages of the policymaking process (particularly in a highly politicised system like Russia's). This raises the questions about how to best use the resources needed for civil service reform, and how to ensure that they are not wasted.

Lesson Six: A Clear Framework

It is imperative to ensure that there is a clear legal, institutional and constitutional definition and framework of the role of the civil service and civil servants, the concomitant duties and responsibilities distributed within the system of public administration, and that the relationship with central government is established on democratic principles for the country as a whole. In order to implement changes and reforms to the civil service, an institutional and legal framework must be put in place which enshrines fundamental civil service principles in law, and within which the new civil service procedures for a decentralised state can be developed. This framework may include provisions on the position of civil servants within the overall governance structure, issues rights, duties, and conflicts of interest, and matters relating to recruitment, evaluation, promotion and general management of the civil service.

In Bosnia and Herzegovina, both the international community and Bosnians regarded this kind of legislation as necessary in order to enable the nation to achieve functioning public administration following years of conflict. In the Bosnian Law on Civil Service, which was enacted in June 2002, the impartiality of civil servants, the requirement that they be guided by the public interest in the performance of their duties, and the need to operate in a transparent and accountable manner was enshrined into law. Moreover, this law established the Agency for the Civil Service, an independent body competent for recruiting and dismissing civil servants, deciding upon disciplinary sentences, training civil servants and preparing all necessary legislation.

In Somalia, a weak legal framework that governs the provision of public services by public institutions, and a lack of clarity about the specific responsibilities of each level of government, led to inconsistent standards and gaps in the provision of services. Moreover, as Somalia is decentralised by default due to conflict, different regions have different legislation on public administration resulting in different levels of service provision. This is why developing a single framework is important – there can be still be

flexibility in a decentralised system, but the fundamental principles of the civil service must be established on a national level. Clarification of what constitutes a civil servant, as opposed to other public servants, can also be useful as it enables a more specified definition of roles and responsibilities, as was the case with the Kosovan Law on Civil Service which was enacted in June 2010.

Ideally, the establishment of the legal framework for the civil service also contains provisions that ensure that there are institutionalised communication procedures between the government and civil service at all levels, to enable the civil service to have some input on policymaking (in a purely consultative role). Furthermore, when making fundamental changes and moving from one civil service structure to another (e.g. centralised system to a decentralised system), procedures and roles during the transition period must be made clear.

Lesson Seven: Merit

An institutionalised merit-based and inclusive recruitment, training, progression, and promotion procedures are required at all levels of the civil service. In order to foster greater transparency and professionalism within the civil service, and thus improve public service provision, civil servants must be recruited on the basis of their ability and suitability for job roles. In terms of training and progression, it is necessary to identify competent individuals that are able to accept greater responsibility and more demanding roles (especially if decentralisation allows civil servants some flexibility in policy implementation in particular regions/geographical areas), and make appropriate training programmes available (either through internal capacity or by seeking assistance from external partners). Furthermore, particularly in the case of moving from a centralised system to a decentralised one, there is the need for a clear categorisation of job categories and job roles.

Liberia's civil service and public administration was devastated by the 14 year civil war experienced by the country, but after the cessation of hostilities the government recognised the need to develop a capable and professional civil service as a fundamental state building tool. Over a period of five years the government recruited highly skilled professionals from the Liberian diaspora, revitalised the public administration training programme, and provided more resources to attract young skilled professionals to public service roles. This resulted in a great improvement in public administration, stability, and service provision (particularly in health and education) in the country.

The importance of job classification is demonstrated by the case of Vietnam, which is slowly moving towards a more transparent and meritocratic system, but still experiences

problems because specific requirements for a civil service job are not established. Staff appraisal and the identification of training needs are problematic, and the content of recruitment examinations is not related to specific jobs, so there is no way of identifying the best candidates for certain roles.

In relation to the importance of merit-based systems, Russia provides an interesting example of how civil service reform can be undertaken to alter an entrenched system of governance (in this case the highly centrist communist system). The Russian government recognised the problem that personal loyalty, rather than competence in job roles, was still the primary criteria for career advancement within the civil service in the decade following the collapse of the Soviet Union. The Russian government adopted civil service reform measures from 2003-2005 to introduce a number of new initiatives, including merit-based recruitment, performance related pay, and anti-corruption measures.

Lesson Eight: Trust

It is necessary to provide for the development of trust in the civil service at every level, particularly if the civil service is to be decentralised from a strong central system. In nations which have experienced conflict or oppression, the civil service may be viewed as a tool of state authority that is marshalled against them. In post-colonial nations whose civil service is based on the old colonial system, citizens may perceive the civil service as the last vestige of the colonial era. It is therefore necessary to build trust and confidence of citizens in the civil service through enacting measures such as merit-based recruitment, anti-corruption measures, and greater sharing of information on civil service operations, practices and performance. If the people do not trust in the civil service, then it is difficult for the service have an effective impact on public administration.

The civil service of India had a strong foundation in the British legacy, and the entrenched view of the Indian people was that the Indian civil services were a symbol of authoritarianism, corruption, and favouritism rather than a beacon of public service and meritocracy. As India's economy developed, this problem was exacerbated by the new wealth flowing into the country. In Somalia there is perhaps an even greater level of mistrust of the civil service (and a general mistrust of government in general) amongst large sections of the population, who perceive it as an oppressive instrument that benefits the minority, rather than a critical organ of the state that provides public services.

Trust is inherently connected with politicisation – the greater the length of time and degree of politicisation of a civil service, the less likely it is that citizens will trust in it. This is particularly the case with corruption in the civil service. Not only does this mutual trust have to be fostered between the public and the bureaucracy, but also between

the government and the civil service. The civil service must trust that the government is not attempting to gain political influence over the neutral organ of the state, and the government must trust the civil service to implement policies on their behalf without the need for greater control.

Lesson Nine: Neutrality and Avoiding Politicisation

While political will is necessary for successful civil service reform, the civil service (whether decentralised or not) must not become politicised. When civil servants begin to see their function as acting as agents of particular political groups or parties, their position as a neutral public servant is negated and issues of party political meddling and venality emerge and the public service suffers. The ability of political parties to interfere in the work of the civil service outside of the established parameters must be limited as much as possible.

One good example of the problems of political interference in the civil service has been found historically in India. In the decentralised federal system a change of State government would result in a reshuffling of civil service officers (as the new government brought in their preferred people). This resulted in very short tenures for civil service officers (less than one year), resulting in delays in the implementation of projects, a decline in the delivery and quality of services in the area, and a diminished capacity of officers to stand up to undesirable local pressures.

In Pakistan, a historical legacy of politicisation and of militarisation of the civil service (installing military figure in civil service positions) resulted in a concentration of power and authority at the central level. This also results in the process of patronage, as civilian political and military leaders desire to have the ability to provide jobs to their supporters and ensure that the policies they favour are promoted/implemented. Pakistan, like other nations that have (or have had in the past) a politicised bureaucracy, also experiences difficulties in reconciling different ethnic groups within a national civil service. Often a single ethnic group, (in the case of Pakistan the Punjabis) dominates the civil service and is unwilling to share public administration, causing resentment from smaller ethnic groups within a country. Political corruption within the civil service can also be found in Nigeria and Nepal, and tribal rivalries in the civil service can be seen in countries such as Somalia and South Sudan. Unsurprisingly, in this situation the civilian and military authorities, and the bureaucrats themselves, are unlikely to enact reform that will take away source of their power. In a decentralised system, there is the risk that regional or local civil service institutions become beholden to the wishes of powerful local political figures.

Vietnam, a country that remains a single party socialist state, experiences a different problem of politicisation: almost every civil servant is a member of the party and the concept of a neutral civil service has almost never been applied. Therefore, rather than viewing their role as one of public service, many civil servants see themselves as serving the party. Communication between politicians and civil servants is important, but the civil service must remain a neutral organ of the state.

Lesson Ten: Performance

A failure to set goals, implement effective accountability mechanisms, and measure the performance of the civil service and civil service reform programmes will seriously weaken the reform and decentralisation process. In order to ensure transparency and accountability in civil service reform programmes, and assess the progress of reform and the performance of the civil service, goals must be established alongside accountability and performance measurement instruments. This is particularly important when moving from a centralised civil service system to a decentralised system, as this process can be quite an impactful change and policymakers must be able to evaluate its effectiveness, and identify areas for improvement. They also assist in combatting corruption and identifying areas of weakness for improvement.

In India measures have been taken to strengthen accountability mechanisms. This includes reducing premature transfers. As mentioned above, India has experienced problems of civil servant serving very short tenures in positions before being transferred. This makes it very difficult to hold officers accountable for their performance. Reducing political interference through the creation of cadre management committees has helped to reduce this problem. Furthermore, efforts have been made in some Indian states to increase access to information on civil service activities. For example, public hearings held to examine documents relating to public works has discouraged impropriety in public service provision in the states of Delhi and Rajasthan.

Accountability and performance measurement systems must also be reviewed regularly to determine if they are sufficient, because if they are not this may lead to poor performance. For example, Pakistan has quite weak accountability mechanisms including weak regulation, unchecked discretionary powers, and weak standard management systems and procedures. Furthermore, in Pakistan annual confidential reports, the mechanism by which a civil servant's performance is measured, rarely record any criticisms and are ill-suited to developing a performance-oriented ethos since they emphasise personal qualities over the achievement of specified goals. Moreover, higher level accountability mechanisms, such as quarterly and annual reports submitted by the secretary about the

performance of his or her division, are mere formalities and there is little scrutiny of the content and implications. The establishment of an independent accountability body may be helpful to remedy some of these problems.

Lesson Eleven: Technology

The impact of technology on both administrative processes and service delivery is widely recognised. For example the UK Government has adopted a 'Digital by Default' philosophy to inform its major change and reform programme for the UK civil service. But such developments have yet to give rise to significant transferable knowledge, and especially in respect of civil service decentralisation processes in post-conflict and developing societies.

Moreover, the introduction of technology into the civil service can cause problems when it is perceived to be replacing employees. This is particularly the case in developing countries which historically have a large bureaucracy, such as India, and becomes even more pronounced in times of increasing unemployment and economic depression. In the past, computerisation of office work, procedures, and records has been opposed by unions and employee organisations. Also, many government employees deliberately avoided the adoption of ICT systems because it prevents them from adopting corrupt practices.

However, it is clear from government documents that the Indian government recognised the importance of e-governance, and how technology can be used to provide a clean, transparent, efficient, and 'hassle-free' environment for the delivery of government services. They also understood that adopting a system based on technology would mean fundamentally changing the old system and the attitudes and competences of civil service staff to technology.

In Uganda also information disclosure is a major tool in improving transparency and accountability in public service provision, particularly in post-conflict countries in which politicisation and corruption in the civil service is a significant problem. Bureaucrats may resist the installation of ICT systems because they do not want to be made more accountable.

Obviously installing new ICT processes can be very expensive, particularly in a post-conflict developing country, but donor assistance could be useful in this regard. The Ugandan government established a Ministry of Information and Technology with the role of spearheading the establishment and widespread use of Information and Communication Technology in the public service.

The greater and more widespread use of ICT and e-governance systems has also been identified as a mechanism for ensuring greater transparency in bureaucratic decision making, increased accountability of civil servants, and more effective service delivery in Pakistan. However, while there is an E-Government Directorate cell within the Pakistani Information Technology Ministry, its work has been severely hampered by bureaucratic obstruction and lack of autonomy.

Lesson Twelve: Changing the Way the Central Civil Service Works

In the process of undertaking decentralisation of the civil service, it may be necessary for the federal (central) civil service to re-evaluate its organisation and functions. For example, during or following a decentralisation process the federal civil service may realise that it has a number of agencies who now perform the same functions, and so may need to restructure and/or rationalise these agencies. But the issues can go deeper than this. In Pakistan the decentralised federal nature of the civil service has generated some particular problems. At federal level there is inter-service rivalry which distracts from policymaking and undermines the federal secretariat's capacity. Moreover, the provincial secretariats are hampered by turf battles between federally recruited civil servants and their provincially recruited counterparts. The federal bureaucracy controls key provincial posts, favouring its own while side-lining provincial civil service officers. Furthermore, the quota of federal civil servants increases the more senior the position in the provincial civil service. This causes resentment among provincial civil servants and gives them precious little incentive to be diligent in their duties as they see no way of reaching more senior positions. This makes them more susceptible to corruption. The Pakistan example demonstrates the problem of the federal civil service attempting to maintain too much control over its decentralised units. In addition, in a highly politicised system like Pakistan, the issue of which entity agencies such as the police are accountable to (e.g. locally elected politicians or senior civil servants) is sometimes unclear.

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(This paper benefited considerably from background literature research conducted by Liam Whittington)

* This Section 10 is contributed by Dr. Clive Grace O.B.E.

Annex 1

Programmes of Consultations and Interactions and List of Participants

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9. Interaction on Civil Service Reforms in the Context of State Reforms with Government Officers relevant ministries

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13	Yogendra Pandeya	Under Secretary	MoGA	9841802993	
14	Damodar Bhattarai	Under Secretary	MoGA	9841399664	
15	Dhruba Koirala	Under Secretary	MoGA	9843192472	
16	Mahesh Acharya	Under Secretary	MoGA		
17	Hari Paudel	Joint Secretary	MoGA		
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10. Meeting with Representative of Donors Civil Service Reforms in the Context of State Reforms on 23 December 2013

1	Yam N Sharma	ACD	UNDP		
2	Hiramani Ghimire	Consultant	World Bank		
3	Pushkar Bajracharya	Professor			
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7	Dhurba Nepal	PAR Specialist	PREPARE		
8	Shalini Tripathi	NPM	PREPARE		

11. Interaction on Civil Service Reforms in the Context of State Reforms with Right Based Organizations/ Relevant CSOs. on 3January 2014

1	Daya Sagar Shrestha	ED	NGO Federation Nepal	9841100432	dayasagar@ngofederation.org
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13	Puskar Bajracharya	Expert			

Annex 2

Committee on Restructuring the State and Distribution of the State Power

2.1 List of powers of the federation (centre)

S. No.	Topics
1.	Defence and army-related
2.	Central police force
3.	Central bank, finance policy monetary policy, foreign grants, foreign aid and loan
4.	Central telecommunications, allocation of radio frequency, television and postal services
5.	Customs, excise duty, value added tax, institutional income tax, passport, visa, postal and tourism tariff, service surcharge
6.	Royalty derived from natural resources
7.	Running the central civil service
8.	Central statistics
9.	Large central level electricity and irrigation projects and other large infrastructure projects
10.	Central university, central library
11.	Central health policy
12.	Matters pertaining to the Federal Legislature and the Federal Executive
13.	International trade, exchange, port, quarantine
14.	International and inter-state civil aviation
15.	Foreign and diplomatic affairs and related to the United Nations
16.	International treaties, extradition and international border management
17.	National railway and highway management
18.	National intelligence and investigation
19.	Supreme Court/Constitutional Court
20.	Citizenship, passport, visa and immigration related
21.	Nuclear energy and space related
22.	Election Commission, National Human Rights Commission, Commission for the Investigation of Abuse of Authority, Public Service Commission, National Women's Commission, Commission on Indigenous Nationalities, Madhesi Commission, Commission for the Uplift of the Extreme Minority, Marginalized and Backward Region and the Muslim Commission
23.	War and defence
24.	Related to arms and weaponry, ammunition factories and production
25.	Weights and measures
26.	Mines exploration and mining
27.	Insurance policy
28.	Criminal law policy
29.	Intellectual property (patent, design, including copyright)
30.	Any topics not mentioned in the list of powers of the centre, province, local level and autonomous region or in the common list, and the topics not specified in this constitution and laws under it

Source: State Restructuring Commission report, 2012 and ARC, 2011 and GoN.

Annex 2.2 List of Powers of the Provinces

S. No.	Topics
1.	Provincial main laws
2.	Police, administration and peace and security
3.	Bank and financial institutions, cooperative institutions, foreign grants and cooperation with the consent of the centre
4.	Radio, F.M., television
5.	Personal income tax, property tax, business tax, land revenue, remuneration tax, land and house registration tax, vehicles tax, entertainment and recreation tax, advertisement tariff, tax on tourism and agricultural income, service tax
6.	Royalty derived from natural resources
7.	Management of the provincial civil service
8.	Provincial statistics
9.	Provincial level electricity and irrigation projects and other projects
10.	University , higher education, library and museum
11.	Health services
12.	Related to the Provincial Legislature, local government and special structures
13.	Inter-provincial trade
14.	Provincial civil aviation
15.	Provincial railway and provincial roadways
16.	Provincial investigation bureau
17.	Electricity and irrigation projects
18.	Provincial court, family court and juvenile courts
19.	Citizenship and passport management
20.	Provincial level commissions
21.	Land management, land records and fixation of land revenue
22.	Mine exploration and management
23.	Insurance management and operation
24.	Protection and use of language, culture, scripts and religion
25.	Use of forest and water resources within the province
26.	Agriculture and livestock promotion, factories and industries, industrialization, trade and business, transport, alcoholic beverage production, manufacturing, construction and purchases and sales
27.	Books and printing press
28.	Management of Guthis (religious trusts)

Source: State Restructuring Commission report, 2012 and ARC, 2011 and GoN.

Annex 2.3 List of Common Powers

S. No.	Topics
1.	Civil and criminal procedures and evidence, and oath (legal recognition, public works, documentation and legal process)
2.	Supply, distribution, price control, quality and monitoring of essential goods and commodities
3.	Preventive detention regarding the state security, jail and custody management and peace and security management
4.	Transfer of accused, detainees and inmates from one province to the other
5.	Family affairs (marriage, property handover, divorce, communities on the verge of extinction, orphans, adoption, inheritance and joint family) related laws
6.	Information on the acquisition of property, takeover and rights
7.	Concerning contracts, partnerships and agencies
8.	Bankruptcy and insolvency
9.	Medicines and pesticides
10.	Economic and social planning, family planning and population control
11.	Social security and employment, trade union, works related to industrial and labour rights and interests and disputes
12.	Medical, law and other professions
13.	Statistics on major incidents and birth, death etc.
14.	Waterways
15.	Concerning media
16.	Regarding archaeological, ancient memorials and museums
17.	Industries, mines and physical infrastructures
18.	Casinos, lottery and vehicle license
19.	Fire and natural disaster prevention and control, rescue, relief and reconstruction
20.	Tourism, drinking water and sanitation
21.	Concerning film and cinema hall
22.	Insurance
23.	Poverty alleviation and industrialization
24.	Scientific research, science and technology and human resource development
25.	Use of inter-province forest, wildlife, birds, mountains, national parks and water resources
26.	National and inter-provincial environment management
27.	Land policy

Source: State Restructuring Commission report, 2012 and ARC, 2011 and GoN

Annex 2.4 List of Powers of the Local Level

S. No.	Topics
1.	Municipal police, community police
2.	Cooperative institutions
3.	F.M. operation
4.	Local taxes (property, house rent, vehicle tax etc.), service surcharge, tourism surcharge, advertisement tax, land revenue, land tax
5.	Royalty derived from the natural resources
6.	Management of local services
7.	Management of local statistics and data collection
8.	Local level development works and projects
9.	Primary and secondary education
10.	Basic health and sanitation
11.	Management of local market
12.	Local roads, rural roads and agricultural roads
13.	Local courts, reconciliation and mediation
14.	Citizenship, passport distribution and documentation management
15.	Distribution of land, house ownership certificates
16.	Agriculture and animal husbandry
17.	Management of the senior citizens, disabled, women, single women, and the helpless and underprivileged
18.	Collection of data on the unemployed
19.	Management, operation and control of agricultural extension
20.	Registration of personal vital incidents including birth and death

Source: State Restructuring Commission report, 2012 and ARC, 2011 and GoN

Annex 2.5 List of Powers of the Autonomous Regions to be Formed under the Special Structure

S. No.	Topics
1.	Police
2.	Cooperative organizations
3.	Management and operation of F.M. radios and television
4.	Primary and secondary education, library and museum
5.	Health service
6.	Autonomous election council
7.	Property tax, business tax, land and house registration tax, vehicles tax, entertainment and recreation tax, tourism service tax, land revenue and remuneration
8.	Royalty derived from natural resources
9.	Road
10.	Electricity projects, irrigation projects and other development projects
11.	Citizenship and passport management
12.	Maintenance of land records and land ownership certificates
13.	Mine exploration and management
14.	Preservation of language, script, culture and religion
15.	Natural resources and their use
16.	Agriculture, livestock promotion, trade and business
17.	Management of services
18.	Collection of data and records
19.	Court
20.	Other powers as specified by the provincial government

Source: State Restructuring Commission report, 2012 and ARC, 2011 and GoN.

Annex 3

Committee on Sharing of Natural Resources, Economic Powers & Revenue

Area/Topics	Federation (centre)	Province	Local
Army	National security and army		
Police	Central police	Provincial police	
	International trade Telecommunications (regulation and control) Currency, monetary policy banking, insurance Immigration, foreign affairs, international treaties and agreements etc. Fiscal policy National plan and policy Statistics International border/border security Intelligence service Research institutions	Provincial plan and policy Research institutes	Local policy and plans
Civil aviation	Civil aviation and airports Regulation and operation of railway services Postal services Public health and determination and regulation of food quality Population and family planning	Airports Provincial railways Family planning	Family planning
Intellectual property	Intellectual products (copyright, patent and trade mark etc.) Weights and measurements, standards Labour protection, labour relations, trade union Science and technology Federal civil service	Provincial civil service	Local service

Area/Topics	Federation (centre)	Province	Local
Roads	National highway (with bridges) Inter-province roads (with bridges)	Intra-state roads (with bridges), Settlements, development, plans	Local, town roads (with bridges) Suspension bridge, sewerage, fire brigades, street lamp, settlements, development plans
Irrigation	Large and inter-provincial irrigation projects	Medium and ground water irrigation projects of the provincial level and those falling under the inter-local governments, and intra-province irrigation projects	Small and ground water irrigation projects inside own territory
Drinking water	Large drinking water projects, drinking water quality standard	Medium scale drinking water projects	Small-scale drinking water projects, water supply and management, solid waste management
Education	Setting standard scale and regulation of higher (including higher technical) education and universities, setting the national agenda of education, curriculum, examinations		
	Universities	Universities, technical and vocational education, curriculum, textbooks, examinations, special needs education (for the blind, hard of hearing and other physical disabilities)	

Area/Topics	Federation (centre)	Province	Local
Health	Health standards, quality and monitoring	Monitoring of quality of health	
	National, specialized service hospitals	Present regional and zonal hospitals	Present district-level hospitals, health centers, health posts, and sub-health posts
	Traditional health treatment services	Traditional health treatment services	
	Communicable disease control	Communicable disease control	
Electricity	Mega, large, medium scale hydroelectricity	Medium-scale hydroelectricity	Small and micro hydroelectricity
	National grid		
	Distribution of electricity	Electricity distribution	Electricity distribution
		Alternative energy	Alternative energy

Source: State Restructuring Commission Report, 2012 and ARC, 2011 and GoN.

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