



INNOVATIONS FOR SUCCESSFUL SOCIETIES

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Interviewee: Dwarika Dhungel

Interviewer: Andrew Schalkwyk

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SCHALKWYK: Today is the 4th of March, 2009. I am at the Yak and Yeti Hotel with Mr. Dwarika Dhungel. Before we start the interview, can I ask if you've given your consent for this interview?

DHUNGEL: Sure.

SCHALKWYK: All right. I'd like to begin this conversation by talking about the role that you played in civil service reform here in Nepal. Could you tell me what you do now, and the jobs that have brought you up to this position, and the particular role that you played with the reform program in Nepal?

DHUNGEL: *Currently I am a senior researcher at the Institute for Integrated Development Studies; the acronym is IIDS. Our institute is one of the oldest policy research institutes in the country. Initially it was established by three eminent personalities, two of them former bureaucrats and one a researcher turned into a politician. It was in 1979. They established this institute then as a consulting firm. In 1990 it changed its name. It used to be Integrated Development Service; now it is called the Institute for Integrated Development Studies, and it is a nonprofit, non-government policy research institute. I used to be the head of the institute for almost five years, from October 2000 to April 2006. Before that, I used to be a member of the Nepalese Nepal Administrative Service [NAS], one of the groups of civil service. I started my career in '78 as a junior officer and left the government with the rank of secretary. It was in April '98, when I still had nine months to go until formal retirement. For your information, in this country the permanent secretary is comparable to the post of permanent secretaries in many former British colonial administrative systems. It has a tenure of five years or 58 years of age, whichever comes first.*

I was lucky enough to move fast in the bureaucratic ladder; I left the job before time of retirement. After leaving the job, for a while I was a freelance consultant. I did some work for Transparency International, Nepal chapter. I helped them to develop their Integrity Pact. Then I worked for two projects, for another policy study research center, Centre for [Studies on] Democracy and Good Governance.

I worked for them in two areas: one a paper on neutral civil service in the parliamentary system; the other was the elements of good governance in the workings of the government of Nepal, which used to be called His Majesty's Government of Nepal.

Then from 1999 to 2000, I was a visiting scholar in a program called Workshop in Political Theory and [Policy] Analysis at Indiana University, Bloomington campus. I came back in 2000, worked as a consultant for some time, worked as a consultant for UNDP [United Nations Development Programme] on decentralization projects, and since October 2001 I am working at IIDS.

With regard to your query about my enrollment in administrative reform business, it started in the post '90 period. Let me remind you that Nepal restored the multiparty parliamentary system in 1990, and it was institutionalized through the promulgation of the Constitution of the Kingdom of Nepal in 1990. After the first general election post-1990, the Nepali Congress got the majority in the House of Representatives, and its leader, Mr. Girija Prasad Koirala—his short name is GP Koirala—became the prime minister of the country. For post-1990 Nepal it was

natural to revamp—or redesign, restructure—the administrative structure, the administrative system, which had worked for almost 30 years, from 1961 to '90.

We had during those days a party-less type of government, and the bureaucracy, the civil service, was also designed accordingly. More or less, it was in the form of a committed bureaucracy or civil service—whichever term you would like to use, you are most welcome to do so. We had worked under that system, and what was essential under that system was the commitment towards the system. Those whose allegiance was suspected by the then government used to be either sent into less important positions or fired under the existing provision of the civil service regulations 2021BS. We are 57 years ahead of the Gregorian calendar. When I say 2021, then you have to deduct 57 years to exactly come to the Gregorian year.

So the new government had in any case to restructure and reorganize the administrative system, including the civil service, to make it compatible with the principles of the multiparty parliamentary system of government. So Mr. Koirala had to think in terms of having an administrative reorganizing commission. When he and his colleagues were thinking in the cabinet about doing some administrative reorganization work, the World Bank came into the picture. They started talking with the then chief secretary, Mr. Damodar Gautam—you can check with Mr. Gautam for the beginning of reform initiative after 1990.

Through the World Bank, Pricewaterhouse Coopers was brought to Nepal to do the preliminary work. Somebody from PricewaterhouseCoopers was brought in to do the quick assessment. I think that was the beginning of the whole series of exercises. As a result of that report—I have that report with me—then further discussions, I think, took place between the World Bank and the government. So ultimately the government—the then government of Mr. Koirala—in '91 it was decided to form a high-level administrative reforms commission which was headed by no less a personality than the sitting prime minister of the country. It had the representation from the cabinet and the Public Service Commission, senior bureaucrats, civil servants, sitting civil servants and former bureaucrats, the Planning Commission—and I was appointed as the member secretary of that high-level administrative reforms commission. We call it ARC, the Administrative Reforms Commission of '91.

The prime minister was the chairperson of the commission, and there was a full-time vice-chairperson to the commission. This was Mr. Kul Sekhar Sharma. He was, I think, picked up to that post because he was involved in establishing the foundation of the modern administrative system in the country in 1956. Mr. Sharma was the member secretary of the Administrative Reorganization Planning Commission constituted by the government in 1956.

It was in '56, because of the working of this commission and the implementation of its recommendations by the government, the foundation of the modern administrative system was laid in the country by framing, in modern Nepal, for the first time, a Civil Service Act of 1956, and implementing its provisions. All these were done by the government with Mr. Sharma as the member secretary. Later on he became the chief secretary of the government and ambassador to the United States of America.

Because of that experience, he was brought as the vice-chairperson in the commission of 1991. The commission had a six-month timeframe to work. The main purpose for which this commission was formed was to suggest, among other things, measures to improve service delivery by the government effectively

and efficiently and economically—and, in order to do that, what changes were needed in administrative organization and corporate sector. The other purposes for the formation of the commission were to suggest measures required to make government working procedure simple and achievement-oriented and measures to make civil service more effective, motivated, accountable. The commission, in other words, was to suggest to the government how to improve the service delivery system and bring about the changes in the administration to meet the demands of the new political system. Thus our broad term of reference [TOR] was to suggest measures, including changes to be made in the relevant acts and regulations to make administration effective, efficient, and accountable to meet the demands of democratic Nepal as well as the emerging development needs of the country. Also to suggest a mechanism required to implement the recommendations of the commission.

Appointment to the post of member secretary to the Administrative Reforms Commission of 1991 was the turning point in my career as a civil servant. The association in this high level commission provided me to work on the administrative reforms and measures the country had to undertake during its critical period.

We completed the work within six months. Our report is, I think, the most extensive homegrown report, practically without any support from the donor community. We provided recommendations on the various topics. One was on scope of the government in terms of the functions of the government. The rest were on: service delivery administrative organization, planning and development process, personnel management, measures required to deal with the career development of civil servants, especially on placement and transfer. Another was on the promotion system. The other was on performance evaluation. Also on the security of the civil service, the relationship between the politicians and civil servants—especially between the ministers and civil servants—and provisions of the Civil Service Act that were to be amended to include these matters. Then another was related to—in those days we used to call it fat cutting, but now we use the term use "rightsizing" of the civil service. I think we should use the term "rightsizing." On work simplification we suggested measures. The other recommendations were on: budget preparation and its operation, auditing system, decentralization and local governance, public corporations, human resources development, corruption control, and the follow-up system of the implementation of commission's recommendations.

The total number of recommendations was 116. The government agreed to our recommendations in principle, and decided to implement them in a gradual manner.

As a follow-up to this commission, after submitting the report within the six-month time period, in April 1992, the government decided to form an Administrative Reforms Monitoring Committee [ARMC] in the office of the prime minister in August or September '92 with Mr. Sharma as its chairperson and two ex-senior civil servants [Mr. G.B. N. Pradhan and Mr. A. B. Rajbhandary] as full-time members and chief secretary of the government as the ex-officio member. I was appointed the secretary of the committee. So this is how I again got involved in country's administrative reforms initiative.

SCHALKWYK: So to talk a little bit about the report, what were the issues and challenges facing the civil service that prompted the creation of the commission?

DHUNGEL: *As I have already indicated—let me again tell the same thing to you. For almost three decades [1961-90], the civil service and administration had for all practical purposes worked under a one-party system. It was called a no-party system, Panchayat System. But it was the direct rule of the king, and no plurality in terms of ideology was allowed in the politics of the country. Political parties were banned. Therefore the administration had to be changed to suit and support the demands of the new system, the multiparty parliamentary system with constitutional monarchy.*

To put it in other words, as the political system of the country had been turned into a multiparty parliamentary system, naturally the whole administrative structure had to be reorganized to meet the new challenges, meaning to create an administration or civil service system that would meet the requirements and be compatible with the elements of the multiparty parliamentary system, and to see that the administration put the people at the center or the focal point in terms of the government activities. Because the government, as per the norms of the parliamentary system of government, had to be accountable to the people, meaning that the civil service had to provide the support to whichever party would come into power after the election which was required to be held every five years. Meaning today, X is there in the seat, the hot seat. Another day, after new elections, Y could be there, and the civil service has to work and serve both. X, when they are in the hot seat and Y, when they would be in the hot seat, have to accept that the civil service will serve him/her in the sense that it will provide the institutional memory to the newly elected political leaders, as the repository of institutional memory in the management of state affairs.

The civil service and administration do help the new government to form the policies and programs on the basis of the manifesto through which they went to the people and sought their support, then help the government to implement policies and programs and provide feedback to the government on the basis of monitoring of the implementation of policies and programs. So in other words, the civil service and administration acts as a permanent mechanism in the management of state affairs. If I remember, Alexander Pope said, let the fools fight; what is important is the civil service—or something like that. Meaning: politicians come and go, but the civil service always remains there, and the job of the civil service in a multiparty system is to serve whichever political party comes into power. That was not the case for three decades, when the country was under the direct rule of the king. So when there was change in the system, the civil service and administration had to be changed to make it compatible or palatable to the needs of the multiparty system and also to improve the service delivery system, which is the primary responsibility of the government.

SCHALKWYK: So could you describe some of the major points of reform that were recommendations to try and achieve this goal?

DHUNGEL: *As I have already indicated, we had recommended or suggested 116 recommendations, and they covered a wide spectrum, including the role of the government in corruption control.*

SCHALKWYK: Could you talk about what recommendations you made regarding the scope and functions of government?

DHUNGEL: *On the scope and functions of the government, I remember that, on the basis on which we worked at that time, was the prevalent thinking on these things. To remind you, it was the period when liberalism, globalization and decontrol and a more effective government than government taking all responsibilities were the*

subjects of discussions. I think it was the time when Al Gore Commission report was already out. In these contexts, we were discussing the scope and functions of the government. So we thought and recommended that the government should be more of a regulator, motivator, facilitator, and also work as a last resort—in case of need. As such, we had recommended in our report that government should create the environment for others and facilitate other actors to take over more and more responsibilities so that government would be able to get involved in more policy formulation, monitoring, facilitating jobs, and in establishing broad norms on the basis of which private-sector local bodies, local government bodies, and the non-government sector could perform. In other words, government wanted the private sector, non-government sector, local bodies to come on board in terms of providing services. This was one major recommendation.

Let me add a few other recommendations too. The other recommendations we had made were on the working procedure of the government, which was very, very old, memo-oriented, cumbersome, and complicated. So we had suggested that the working process, procedure also be simple and decision-making levels be minimized to the extent possible. When we used to work as a junior officer within the system, I remember for getting a decision, the memo had to be started from support-level staff. Then it had to go up to the level of the secretary or to his/her subordinate level rank even for a small, small thing, meaning starting the memo from the assistant level, we used to have two or three levels of assistants, and moving up the hierarchy, going from one table to the other. Sometimes, a memo had to travel seven desks before the decision was finally taken. It was a time-consuming process. Also wasteful of time and resources. It was not that productive. Therefore we had suggested that the memos would start from the officer level, and it should not move more than three levels for decisions.

I remember what we had recommended was to follow a "less paperwork" system. If there was a need to have the involvement of more agencies in terms of getting the decision, we had suggested that instead of sending a letter from one agency to the other, the system of interagency telephonic talk and/or meeting be adopted and decisions be taken there right away. Whatever is being agreed upon, being minuted, and the minuted things to be implemented.

There were a couple of other things we recommended, mainly in the field of service delivery. In this regard, we had recommended that officers' responsibility for delivering services should be clearly laid out and that a system of citizens' charter, indicating the type of services being provided, units which would provide the service within the organization, the person who would be responsible for providing the service, be initiated. If the client doesn't receive the service as promised in terms of time, quality, and quantity, then the complaint system would be developed and implemented, so that those not receiving promised services could file a complaint and receive compensation for default. Also we had suggested that more authority be given to the officials who are responsible for providing services.

In terms of civil service, we had suggested that the rank system be given up, and that, as a replacement of the existing system, a position classification system be adopted.

Also to ensure that more opportunities were available to the civil servants to go up the ladder, we suggested that at each level, at the official level, a two-tier system be adopted. Also for the classification of the officers, we had suggested that they be classified into generalist level, professional level, and senior

executive level. For each level, we had suggested that a certain percentage be set aside for filling up through examination so that people could move fast in the higher level. This system we had called the unified civil service system. Under the unified civil service system, we had envisaged that the existing distinction between officials and non-officials be done away with.

One of the things which were always hanging on the head of the civil servant was what we used to call the 20-year provision in the Civil Service Act. Under that provision, the government had the power to dismiss a civil servant without giving any opportunity to the person to defend him or herself. The governments of the day misused that provision and every three, four years, a large number of civil servants used to be dismissed. So we had suggested that this provision be removed from the act.

SCHALKWYK: You mentioned that you'd made some recommendations regarding performance management.

DHUNGEL: *For the performance evaluation, I think we recommended that the performance contract between the agency and the official responsible be signed. I think we had recommended it. Also, I remember, we recommended different performance evaluation forms to the personnel involved in the different types of agency and functions by taking into account the nature of the jobs to be performed. We wanted civil servants to be more accountable, and to make accountable through writing the performance evaluation of the civil servants.*

Also with regard to the budgetary systems improvement, we suggested that the specific needs of the organization be allowed to be taken into account in the operation and management of budget. The offices should have a certain flexibility in terms of designing the incentive system. Similarly, towards the improvement in the audit system, we had made some recommendations.

Also we recommended for the establishment of the policy planning unit in each of the agencies to act as the contact unit of the National Planning Agency, called National Planning Commission. The other recommendations were for the implementation of a decentralized system of governance based on devolution and on measures for corruption control. In this regard, we had suggested both preventive and curative measures. In terms of human resource development, we had suggested the establishment of the Human Resources Development Council. We also suggested the establishment of a Public Corporation Council to look after and monitor the activities of the public corporations.

We worked very hard in the commission. We thought that since the prime minister was heading it and because of the procedure which we followed with regard to the decision-making process—meaning after the preparation of recommendations for each and every subject area which we covered, we used to present before the whole commission, which used to be attended by the prime minister—our recommendations would be implemented, since frank and open discussions used to take place before deciding on a matter and submission to the government for approval to implement. For presentation to the commission, we professionals used to prepare the background paper which used to be discussed at the commission, and with the approval of the prime minister the recommendation used to be made available or submitted to the government.

I have this document on the decisions of the commission, a very important document which I don't know to whom to handover. This has the signature of all those who were the members of the commission. Here you can see, this is the

signature of the prime minister, the chairperson, that of the minister for general administration, and my signature.

We thought we had done good work, but unfortunately most of our recommendations were not pursued.

SCHALKWYK: Why not?

DHUNGEL: Why not pursued? When we were working in the administrative reforms monitoring committee, on November 6, 1992, a little more than 3,000 civil servants were either sacked or forcibly retired by the government without taking the committee into confidence. Although we were the part of the prime minister's office, we were never taken seriously. I think it was a problem of mindset. As a result of the decision of the government, the chairperson of the committee resigned.

I think initially the prime minister had started the whole process of administrative reforms with good intentions. I must thank him for the intention with which he started the process and to bring about the changes in the administrative structure to make it compatible with the demands and with the elements of the parliamentary system. But I think he could not resist the pressure coming from his colleagues to get rid of the bureaucrats, who had been working since the days of the Panchayat system. So on the one hand, he decided to give the impression that he was following a systematic way to bring about the change in the administration, and on the other hand he took the drastic decision of sacking and sending a large number of civil servants due to the pressure of his colleagues, and sending the administration reforms committee into wilderness.

SCHALKWYK: What pressure was that?

DHUNGEL: Our civil service is not that big. When we were working, its size was about 100,000 positions, a part of the total public service, which is about 500,000: not a big one. We had suggested that within a period of three years the size of civil service positions be rightsized by 25%, to be brought down to 77,000 positions. For that, we were working in terms of reorganizing the structure of the different organizations on the basis of recommendations of the commission, meaning through pursuance of simplification of the decision-making process. The other was the suggestion of contracting out the government responsibilities. By contracting out you can downsize certain positions. We were also working on a package to encourage people to go on voluntary retirement. Through these different mechanisms, we thought that the natural attrition would take place within the civil service within the period of three years and size of the civil service positions would come down to 77,000.

I think the ministers were new; they wanted to show to the people that they were in actual command of the state apparatus. They thought that we were too slow in terms of meeting their demands, not moving fast and not helping them. However, we were pursuing a rational system. The committee was pursuing a rational system of working out a natural attrition process to bring about changes in the civil service and administration under the leadership of Mr. Sharma. So I think there was a mismatch in the working system of the committee between getting the recommendations of the commission implemented in a gradual and in a systematic manner and the interests and desires of the ministers.

As indicated above, the mindset of the ministers played the important role in putting pressure to the prime minister to get rid of a large number of civil servants

despite the fact the government started the administrative reforms measures with good intentions. But later on probably they thought, "Oh! We are elected by the people; we have to have the right to take decisions as per our wish." I think that sort of mindset also played a role. Maybe some specific donors thought that way and advised to quickly move—one of the things which we had clearly indicated to the donors at that time was that we would work on our own without taking help from outside. It was in May 1993, a report was written by the World Bank; I have the confidential copy of that which they shared with me. They had written that the committee was too bureaucratic; the committee did not have the expertise to move, to implement the recommendations of the commission, and it did not have the knowledge and finance to pursue the work. The team, the committee itself was not dynamic. The donors might have thought in such a manner since we were not interested in their support.

The ministers, as already indicated, were honest at the beginning, but over the time they must have thought that they could not resist the pressure coming from the party cadres/workers, some of whom may have suffered from the bureaucrats during the period of the Panchayat System. They had started criticizing bureaucrats as the symbol of the old system, under which I was already senior officer. We were told at that time that those of us who had worked in the old system were old haggards, outdated, couldn't work under the new system, so why should we be kept or given continuity? That was the mindset, and pressure must have come from the workers of the political party which was in power to get rid of bureaucrats. In addition, comments from the donors might have motivated the prime minister and his colleagues to act on their own without taking the committee into confidence.

One of the things which I would like to put on record was that the day when the government was working through a small group of cabinet ministers to amend the provision of the civil service regulations that allowed them to send all those who had reached the age of 58 years or who had served 30 years of service in the northern corner of Kathmandu, the committee was working on the package on Voluntary Retirement Scheme [VRS] to present before the government in order to bring down the size of the civil service as per the recommendation of the commission in the southern part of the Kathmandu valley. But the government prevailed, made the 29th amendment to the civil service regulations, and sent a large number of civil servants on retirement. Almost all the heads of the ministries and departments were sacked. The chief secretary, the head of the civil service, was hired on a contract basis. The secretaries of major portfolios were hired on contract basis, and some of the joint secretaries were promoted to this rank, others appointed as the heads of the line departments. Frankly, some from younger generation became lucky enough to get the opportunity, but that disturbed the whole system.

The decisions of the government we came to know upon coming back from the office at 6pm through a radio announcement. I heard over Nepal radio that all heads of the ministries and majority heads of the line departments had been rolled. Almost all important civil servants were gone.

As a result of the head rolling, we had the chief secretary appointed for two years on a contract basis. Somebody following the New Zealand's new public management system would not feel surprised for this arrangement, but for us in Nepal it was a surprising thing to see a chief secretary appointed on a contract basis.

The secretary for personnel was also appointed for two years on a contract basis, the secretary finance appointed on a contract basis for two years, the secretary for foreign affairs appointed for two years, the secretary for defense appointed for two years on contracts. Above all, even the comptroller general was also appointed for two years on a contract basis. So we had a situation at one time when major positions within civil service were held either by persons appointed on a contract basis for a two-year period or on an acting basis. And at the second level, i.e joint secretary level, there was almost total vacancy. So the government had to decide to get these positions filled at the second level by bringing officers who were working in the field.

Fortunately or unfortunately, I had to participate in a meeting which was attended by the chief secretary—appointed on contract basis—that decided to address the issue of filling up the gaps of the heads of the divisions of the ministries, joint secretary level officers, and heads of some of the line departments by bringing the officers from the field level. We had to call the heads of the district administration holding the rank of joint secretary to the central secretariat to fill the vacancy and leave these positions to be handled by the subordinate officers. I hope head rolling will not happen next time, but I don't know what would happen now, as there has been change in the political system in the country.

The day when the government took its decision, Mr. Sharma felt disgusted, frustrated, and thought that he was deceived, and resigned from his position of the chairperson of the committee, and I carry a copy of his resignation for office records in the committee.

When I reflect on all these developments, the decision of the government, I think from the perspective of the cabinet it was a right decision, since the cabinet had the right to take the decision and took the decision that they thought appropriate. But from the perspective of the institution, I think it created turmoil within the civil service. Not only at the higher-level positions, but also at other levels.

In the process of appointment to senior positions, as we came to know later on, the ministers took out the list for appointment in their respective agencies from their pockets and put it before the cabinet, and said, "I want this person, this person, this person; from my ministry this person has to go"—meaning sacked or sent on retirement. The choice was made by the ministers on the basis of who is our person from the point of view of political-ideological ground. In such a manner the process of politicizing the bureaucracy/civil service started from the perspective transfer, placement at the higher levels, and promotion to the rank of secretary. Because of such behavior, November 6, 1992 is called Black Friday in the modern history of Nepalese civil service by some civil servants. Some call it a great day, because government took the bold decision of getting rid of all those who had worked in the old system and outdated persons, and the new spirit, new blood was brought into the civil service. One can argue and can go on arguing the benefits and disadvantages of that decision.

The commission had also recommended that the size of the ministries be brought down to 18 from 21. But subsequent governments decided to increase the number of ministries to 26. The commission had recommended that the decision-making process should be very quick, and for that matter only the three-level officers were involved in decision making progress; the government is yet to implement this recommendation. Rather, more positions at the senior level positions were created, more temporary appointments were made. So except some elements, such as getting rid of the 20-year provision, other

recommendations were forgotten. But I feel very happy that at least we were able to get the 20-year provision deleted from the civil service law.

SCHALKWYK: So that's still the case, is it? That provision has been—?

DHUNGEL: *Gone?*

SCHALKWYK: So the committee was established; it was in the prime minister's office as the major implementing body.

DHUNGEL: *Yes, the monitoring and implementing agency was established at this office to work out the details of the recommendations of the ARC and suggest to the government for implementation. And also to see in what manner the recommendations were implemented. The monitoring job was also given to us. Therefore the name of the office itself was Administrative Reforms Monitoring Committee in the Office of the Prime Minister.*

SCHALKWYK: How long did the committee last after the Chairman resigned?

DHUNGEL: *I think they kept it for the name's sake for three, four years. A new person came in after the acceptance of the resignation of Mr. Sharma. I served under the new person also. Then after some time I moved to the other ministry, Ministry of Land Reforms and Management.*

Just for the sake of the name the committee was kept. If somebody had to be shunted, he or she used to be sent there as the secretary. When the new government came, the committee dissolved for some time and revived again.

SCHALKWYK: When was that?

DHUNGEL: *I think in '94, the new government came. The committee was dissolved. In '95 again, new government came, again reinstated the committee to give the impression that the committee is there, and whenever somebody at the senior level had to be shunted out from the main streamlined positions, he/she used to be sent there as the secretary.*

SCHALKWYK: But it hasn't really done anything.

DHUNGEL: *No, I don't think so. In terms of the paperwork, during my time, a lot of paperwork had been done. I remember when I left we had hired a couple of professionals. The World Bank also came in to support us, provided some technical assistance in terms of equipment. One of the things that we did, and succeeded to a certain extent, was in restructuring the organization. Through this exercise, altogether, I think about 10% of positions were found to be redundant across the board, within the administrative organization of the country.*

SCHALKWYK: Were those removed?

DHUNGEL: *No, they were not removed; they were put in a general reserve pool, and it became really difficult for us to address the issue. I wrote a paper which has been published in "Asian Review of Public Administration." The title of my paper is "Organizational Restructuring for Administration: the Nepalese Experience." I wrote, "What should have been done on the basis of the restructuring?"*

I've given the whole figures: how many positions existed in the organization, the change in number of positions to be done in selected agencies after

restructuring. For example, before restructuring, the cabinet secretariat had 89 positions, and we brought it down to 59. In the Ministry of General Administration there were 282 positions, and these were brought down to 196. The number of positions in four agencies [Cabinet Secretariat, Ministry of Defense, Ministry of Finance and Ministry of General Administration] whose restructuring exercise was done, there were 6,513 positions, and after the restructuring the positions came down to 5,520. So the number of redundant positions was 993.

Normally in our administrative system 17% to 18% positions always remain vacant. Also there were people who were working, but whose positions became redundant after the restructuring exercise. What to do with these people was the question. So we said, "OK, let us keep them in the reserve job pool and try to send them to those positions which are vacant." I'm told that still some of them are there. So my conclusion was, "Based upon the Nepalese experience, the following facts may be taken into consideration as a total package while undertaking the restructuring exercise. One: identification of the functions to be performed by the government alone and determination of the actual number of positions required across the board in general and for the agency in particular. Number two: preparation of the performance indicators for the positions required to perform the identified functions by the government agencies. Number three: building of a reliable database with a clear picture of the different categories of permanent, temporary employees of civil servants, including the number of positions at a specific agency in the central as well as district offices. Four: preparation of a redundancy package for getting rid of the fat by providing attraction to the civil servants to leave the service. Five: establishment of an agency that has the clout of the highest political-level decision maker and commands the respect of all agencies in general and civil service in particular in relation to the administrative reforms.

SCHALKWYK: So the restructuring exercise was undertaken in 1991, and how did you go about doing that?

DHUNGEL: *What do you mean by "that"?*

SCHALKWYK: When you started the restructuring, from where did the authority come to do the changes, and were the ministries affected involved, and how was that process organized?

DHUNGEL: *One, the Administrative Reforms Monitoring Committee was a part of the Office of the Prime Minister. The prime minister was then, and I think still is chief executive head within the country. Being a part of the Prime Minister's Office. The other was the recommendations of the commission [ARC], which were adopted and approved by the cabinet council of ministers in principle, and [...] had agreed that they would be gradually implemented. The third, as per the recommendation of the commission, the committee, ARMC in the Office of the Prime Minister, was constituted. The fourth was, the person who headed the committee was a man with eminent personality within the country. So these were the factors.*

Based on the whole exercise, yes, I can say some of the agencies wanted more positions, because it is very difficult to get new positions in a normal situation. To get it you have to go through to the Ministry of Finance, you have to go to the Ministry of General Administration. Normally, they are considered to be conservative in terms of giving positions, which is natural. So they thought this was the opportune time to get more positions from the committee.

From the data I have, at the central level we were able to cut down the positions by 29%, and for the field offices the cutting was by four percent. So it was around 10%. I'm quoting this figure from a report prepared by a study team constituted by the government in 2004/5. A committee had been constituted by the Ministry of General Administration to review the earlier recommendations and suggest new measures. According to the study of this committee, the committee [ARMC] was able to bring down the size by 10% across the board on the basis of the reorganizing exercise.

As to how the reorganization worked, what we did was, we got hold of some professionals. We got them at the committee. Then the committee also ensured that the agency concerned would appoint somebody as the focal point for the exercise. Our person, meaning the committee's professional, and that focal person used to work together on the basis of the existing organogram, personnel, and the need and the functions performed/to be performed. They used to come to a certain meeting point; then the committee members used to discuss the new organizational structure, plus the personnel required for each of the agency concerned.

To put every thing in proper perspective, I have to tell you again that the committee had the chief secretary as its ex-officio member. Once everything was completed at the professional level, then their recommendations were discussed at the committee level; then the committee recommended them to the government for their approval. During the discussion at the committee, the finance secretary and secretary of the Ministry of General Administration used to be invited, as they are the important positions in the government in relation to the administrative reforms. Based on the recommendations of the committee, the ministry concerned then had to submit the new organizational structure to the council of ministers/cabinet for final approval.

SCHALKWYK: To the prime minister?

DHUNGEL: The recommendation by the committee to the ministry concerned, then the ministry had to take it to the cabinet for approval. Once new structures were approved by the council of ministers, they came into implementation. The exercise was continued even after the departure of the chairperson and appointment of a new one.

SCHALKWYK: Was that Mr.—?

DHUNGEL: Mr. G.B.N. Pradhan, whose name I have already referred to.

SCHALKWYK: Was there resistance from ministries?

DHUNGEL: When I reflect back, yes or no—. Yes, in the sense they must be thinking, "What the heck are these chaps doing, why are they giving all the botheration to us?"—this sort of set mentality must have worked. But on the other hand, they must have thought, "Yes, this is the time/opportunity to get the new positions to their organizations."

SCHALKWYK: And the restructuring, I understand that you didn't actually fire anybody?

DHUNGEL: No, no.

SCHALKWYK: So nobody lost their job as a result of administrative restructuring?

DHUNGEL: No, in relation to the permanent employees. What we did was, when the committee started working, it requested the government not to renew the term of the temporary employees, which was accepted by government. The other was the request to the government not to hire any employee on a contractual basis. A hiring freeze was recommended, and it was agreed.

SCHALKWYK: OK. With the introduction of the contract positions as you described, was that one of the recommendations made by the commission?

DHUNGEL: The contract positions, in terms of hiring the people on contract positions?

SCHALKWYK: For the seniors?

DHUNGEL: No. Somebody must have suggested such a measure to the prime minister and his colleagues.

SCHALKWYK: So that was made within government.

DHUNGEL: By [within] the government, it seems that the parallel work was done by a small group in addition to what the committee was doing. The committee was working on its own, and somebody, some members of the cabinet and some professionals, must have done the work for the PM and cabinet/council of ministers. I'm sure they must have been doing the work in tandem without letting the committee know what they were doing.

As my information goes, somebody who is a close relative of the PM acquired the total list of civil servants, especially senior ones, including their age and years of service, length of service, from the Ministry of General Administration.

In the meantime something not desirable was happening within the civil service, i.e. the political parties and their influential leaders, especially the major opposition party, asked the civil servants closer to them, especially lower level civil servants, to form the employees' union along a political-ideological line like their sister organization. The political party in power also got involved in getting its followers within the civil service organized into a union as its sister organization. From the members of this group, the party in power, its influential leaders and ministers, wanted the list of the civil servants, especially from the senior levels, who were their supporters and others. Through such exercise, the PM and each of the members of the cabinet had a list of our Manchhe, meaning our people or sympathizers or persons. Those considered as others, or not our Manchhe, were labeled as old haggards, supporters of the old system, outdated people and useless in the new system. Such persons were thrown out on November 6, 1992, and those considered to be our Manchhes were rewarded as acting secretaries or secretaries on contract or through placement in lucrative positions without taking the committee into confidence, as already indicated above. From then onward, the whole civil system got divided between our Manchhe and others' Manchhe from the perspective of the members of the cabinet/council of ministers, no matter which political party came to into power and occupied the hot seat at the central secretariat, Singhudurbar. The system, our person and the others' person, is one of the common terms used in the civil service of Nepal, one of the serious problems within our civil service.

If you read newspapers of the last couple of days, you'll find a lot of news coverage saying that the Ministry of General Administration has made a mass of the transfer of civil servants on the basis of the recommendations of the sisterly employees union, which is affiliated to the minister's political party, meaning

affiliated to the CPN Maoist [Communist Party of Nepal, Maoist: United Communist Party of Nepal Maoist], and which it created immediately after coming into mainstream politics. This party also has given continuity to the formation of the employees' unions on party ideological grounds; started in 1991. Initially, there was one employees' union. Then they got two unions, one supporting one party, the other supporting another. Now there are four, five, six, I think; I don't know the exact number. And the employees' union whose mother organization occupies the hot seat, that becomes very powerful and effective in terms of placement, in terms of transfer, in terms of sending our Manchu to lucrative positions, in those agencies which we call green dollar earning agencies. Attractive agencies. Greener pasture area, as you say.

SCHALKWYK: Have you had any experience with the more recent governance reform program?

DHUNGEL: *Yes, I have been watching its developments, and I think in the name of the governance reform program, the government is undertaking the administrative reform program with the assistance and help of the Asian Development Bank for some time. Before the ADB came into the scene in 1999, every two to three years the government used to constitute on its own a committee headed by the government secretary or the minister for suggesting reforms in the administration of the country to give the impression that they were serious in administration reforms business. If somebody refers to the reports of these committees, one could get such an impression.*

I think it was in 1998/1999, the Asian Development Bank came as a major intervening, multinational agency to bring about administrative reforms in the country. First they brought a lady from Singapore as an advisor to the government in the field. Fortunately, I wouldn't have worked with her even if I had been approached. I heard she became very unpopular among the local professionals and civil servants due to her behavior. I am told about it, but I wasn't here at that time; I was in the United States working in a university as a visiting scholar. You'd better you check with Dr. Surya Shrestha of the ADB, Nepal Resident Office, about the behavior of the Advisor and feelings of Nepalese stakeholders, especially civil servants of that advisor.

Anyway, I have seen her report; she had recommended bringing down the number of the ministries, merging some ministries with the other. Then she had also, if I remember correctly, suggested that training to write the memos be given to the senior officers of Nepal. Something like that. Such recommendations, I am told, made our senior officers angry.

Next was the launching of a comprehensive program, Governance Reform Program, for administrative reform with the support of ADB, which had made it a precondition to launch such a program for lending some loan to the country. I think the Governance Reform Program started in December 2001. It was a four-year program, a loan program of \$30 million US dollars given to the government of Nepal. It lasted from 2001 to 2005.

I think its major components were: One: improvement of the efficiency of civil service. Two: enhancement of the overall competence and motivation of civil servants. Three: development of internal capacity of some agencies of the government for leading reform, including improvement in the efficiency of the civil service and the overall competence and motivation of civil servants. Fourth was for the establishment of processes for improving performance in key ministries. The other was related to the reduction of corruption in government.

I think some New Zealanders were brought in as a TA [technical assistance] team to assist the government to work in these matters along with the national professionals. The team has produced a large number or a huge set of documents—I don't know at what library, in which shelf of the government they are lying.

Along with the ADB involvement, the Swiss got involved in the exercise with a view to monitoring the governance reform measures. I think they developed an overseeing and monitoring system, started publishing monitoring reports, and formed a civil society monitoring group, about the need of forming such a group A.B. Rajbhandary and I had proposed through our book entitled Elements of Good Governance in the Working of His Majesty's Government [now Government of Nepal]. But the difference between our recommendations and the formation of the Swiss-supported program was that we wanted such a group formed from among the eminent personalities and the group to publish an annual governance report of the country. I would not comment on the composition of the Swiss-initiated group, but they have no system of publishing annual reports; rather they decided to publish the report of the monitoring exercise.

I know a couple of things the governance reform program forced the government to take decisions on. They were in the areas of making the civil service inclusive in terms of gender and ethnic groups [Janajatis] and Dalit representation through setting aside a certain percentage of the positions to these groups and adoption of affirmative action programs. Let me mention that I had the privilege of providing a consultancy service to the UNDP/Nepal as to how the mainstreaming of the gender in civil service could be done, and our report is available. In that report we suggested various measures, such setting aside certain positions to the gender entry and affirmative actions to improve the capacity of women to enter into the service. The governance reform also took it up and got it framed as a policy measure, and the concerned act got amended to mainstream the gender and also ethnic and other underprivileged groups in the civil service. I am happy that our effort in term of mainstreaming gender in the service along the mainstreaming of others was successful.

Another issue that has been highlighted by the governance reform program was to integrate the elements of governance into the working culture within the civil service. For this they had proposed the enactment of an act called the Governance Act, which I do support, as I was the first person in the country to coin the term governance act, and had come up with idea for such act in 1998/99 during a study on the impartial and neutral civil service in a multiparty system. In our book Elements of Good Governance in the Working of His Majesty's Government, published by CSDG in 2002, we also gave the draft of such a law. There was a need for such an act in order to make our civil service administration accountable, transparent, and participatory in terms of its working. Enactment of such an act was the most important covenant. The government had to act under ADB support. I am happy that our idea was picked up by the ADB. You may be surprised that our colleagues in Singhdurbar did not take our suggestion seriously, but when the ADB came up with the idea, the government agreed, our colleagues accepted the bank's suggestion, and as a result the government enacted the governance law which is now in use—although one can't say there has been improvement in the working style of the government as a result of the new law.

The control of corruption through the enactment of the anti-corruption law was another important conditionality the government was to fulfill as a part of the governance reform program. The ADB pursued the law, and as a result a new

corruption law was enacted by the government. So, I think, with the involvement of the ADB, something happened in the governance system of the country.

The country is in transition, in a state of flux. Administrative reforms, I don't think, are a priority, as the country is in a state of transformation from a unitary to a federal system—although I do not know whether it was the only means to solve the problems the country was facing. But I have completed my latest work on administrative structure in federal Nepal in the Nepali language. The monograph has gone to the press. I and other co-contributors deal with how to transform the current administrative structure to meet the requirements of the federal system. I don't know whether it is with strategic purpose or seriousness, but let me give the benefit of doubt to the government; it has also constituted an administrative reorganizing commission where my senior colleague Mr. Rajbhandary, who has worked with me in the book on elements of good governance in the working of the government and in the recently completed work, is also its member.

I hope the committee will come up with suggestions that would be implemented by the government of the day and would transform the current administration as per the need of the federal polity. Unlike the past, the government of the day would not be able to become lethargic to the recommendations of the current commission, as the current administrative structure would have to be reorganized and adjusted. Even after that, there have to be continuous and sustained efforts to make the administration capable of meeting new demands and challenges. But based on my experience of getting involved in the administrative reform exercise, my only wish is that the government of the day would take the reform exercise as a continuous and sustained effort rather than a piecemeal work or whenever donors want. I do hope the government that would come in the days would take this wish of mine seriously and act accordingly.

SCHALKWYK: Thank you very much.

DHUNGEL: Thank you.