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## **CASE STUDY 6**

### **NEPAL**

## **Background on Civil Service Reform in Nepal**

The management of the Nepal Civil Service has presented ongoing difficulties since its establishment in 1952. In that year, the first of a series of administrative reform commissions was constituted to streamline the Civil Service. The Civil Service was formalised with the passage of a Civil Service Act of 1975 and the introduction Civil Service Rules in 1975. A revised Civil Service Act and Civil Service Rules were introduced in 1993, and the act was amended by Parliament in 1993.

Over the years, a number of studies have described the Civil Service as being politicised, inefficient and ineffective. A 1992 Administrative Reform Commission report noted that the civil service was seriously over-extended and that its sphere of operations needed to be significantly reduced. The Commission made a series of recommendations aimed at making the public service more efficient, results orientated, accountable, motivated and capable. The key proposals included a reduction of the number of ministries, downsizing the bureaucracy and devolving power to local bodies.

The situation has not improved over the years, and in fact several of the problems have deepened. In 1998, despite some legislative changes, the external funding community expressed its concern about the political nature of the bureaucracy and the lack of action on many of the Reform Commission's recommendations.

By late 1999, the Government had indicated its intention to break this cycle of failed initiatives and to pursue a comprehensive reform of the civil service. All political parties endorsed the importance of overcoming institutional weaknesses in public sector management as a significant aspect of Nepal's efforts to break out of the poverty trap. To signify top level commitment, the Prime Minister agreed to take an active role in the reform process and to chair the reform steering committee.

In preparation for a broader reform programme, a series of interrelated preparatory initiatives, including a civil service census, were undertaken over one calendar year in 1999/2000 as building blocks for formulating an action plan for a wider reform programme. These comprised:

- obtaining a clear breakdown of the size and composition of the civil service
- establishing a computerised database for the civil service
- conducting a major functional review of the ministries, departments and offices
- reviewing the Civil Service Act of 1975 (and the 1998 amendments) and recommending legal changes consistent with the reform agenda
- reviewing the existing payroll arrangements and formulating a plan for a unified payroll system.



## **Civil Service Censuses**

Efforts of gain control of information about the size and composition of the Civil Service have been ongoing. A census was carried out in 1974 by the Central Bureau of Statistics, and again in 1993 under the direction of the Ministry of General Administration (MOGA). In between these two censuses, statistical data on civil servants was generated by processing administrative records. However, these records contained inconsistent information and there were data gaps. The 1999 census was an attempt to build upon the 1993 census in order to lay the foundation for an efficient, effective and sustainable system for maintaining information about pay and personnel.

### **1993 Census**

#### *Coverage*

The main objective of the 1993 census was to create a database on the positions and employees in the civil service capable of producing timely and relevant information in any desired format. The census was extended to the entire country and covered all ministries, departments and regional/district level offices. The entire census was conducted during the calendar year 1993.

Two separate schedules were prepared, one for the permanent personnel and the other for temporary personnel. The data fields were:

- gender
- age
- educational attainment (highest level of academic degree acquired)
- length of service
- type of service (e.g. administrative, health)
- category (e.g. administrative, technical)
- tenure (e.g. permanent, temporary)
- level (e.g. gazetted, non-gazetted)
- average monthly earnings (e.g. salaries and allowances excluding income from other sources if any).

#### *Methodology*

Before launching the actual fieldwork, a publicity campaign was carried out via the Ministry of Home and Finance. During the actual fieldwork, the field personnel contacted the relevant respondent, usually the office chief, via the Chief District Officer. The respondents were fully briefed and instructed in the methods of completing the census schedule. During the census enumeration, the census officer verified the completed schedules against the list of employees on the payroll of the concerned office. In order to ensure the accuracy of the data, the field staff checked the attendance register and counted the number of employees. The completed schedules were collected by the field personnel and brought to the central office of the MOGA before being forwarded to the National Computer Center where the results were processed. The work was carried out in four stages, and ultimately, the census was completed within ten months.

The data were analyzed in detail and a whole range of statistics were produced, providing a snapshot of the composition and of the Civil Service and of pay patterns in 1993. However, no systems were introduced to ensure the ongoing accuracy of the database or to relate it to the control of the payroll.

## **1999/2000 Census**

### *Coverage*

The 1999/2000 census was another attempt to gain information about the size and composition of the Civil Service, but it was not clear whether it was supposed to be a one-off head count or a platform for a computerized personnel information system. Certainly the methodology was not rigorous enough to provide reliable data that could be verified against the payroll.

The terms of reference for the international consultants supporting census exercise were as follows:

- Undertake a detailed update of the earlier civil service census, providing a gender disaggregated database.
- Conduct a census of the ten services that form Nepal's Civil Service.
- Construct a computerized database and backup system to store and retrieve this information; select and provide appropriate hardware and software.
- Advise MOGA on the optimal organizational and managerial set-up and develop business processes appropriate for maintaining and updating the database.
- Train MOGA staff in these functions and ensure compatibility with the Ministry of Finance payroll and budget information databases so that the systems can be interlinked in a follow-on project.

The census was designed to cover temporary and permanent staff in terms of:

- class (gazetted, non-gazetted)
- position (administrative, technical)
- age
- recruitment date
- number of years in service
- number of years in current position
- salary and allowances (including the source of salary for staff involved in externally funded projects)
- for gazetted staff, the number of assignments with other ministries on deputation, agencies and departments (including the name of the organization and the length of assignment)
- other necessary information, including gender issues.

### *Methodology*

The executing agency was the MOGA, and the project was guided by a high powered steering committee for civil service reforms, chaired by the Prime Minister. The vice-chairman of the Committee was the Minister for General Administration, and the committee included representatives of the Ministry of Finance, Ministry of General Administration, Ministry of Local Government, Auditor General's Office, Public Service Commission, Nepal Administrative Staff College, Institute of Public Administration, Commission for the Investigation of Abuse of Authority, Association of District Development Committees and Village Development Committees and the Mayor's Association. There were also representatives of the private sector and non-government organizations. The Public Sector Reform Policy Unit in the Office of the Prime Minister provided the secretariat of the committee and liaised with MOGA the day-to-day operation of the project. The international consultants reported directly to the project director in MOGA.

Workshops were undertaken with the participation of all concerned stakeholders during implementation.

The census did not employ a 'head count' approach to verify the numbers of personnel in-post. Instead, it relied on government officials to ensure that individual employees

completed a questionnaire recording their own personal details. The government enumerators simply handed over a batch of questionnaires in each location and then left. This approach ensured neither the completeness nor the accuracy of the census. There were known to be gaps in the data for districts where questionnaires have been returned, but it was not apparent exactly how many questionnaires were missing.

Alongside the census, a parallel exercise was introduced to computerise information contained in the central based personnel files held in MOGA's Records Centre. MOGA decided to initiate this exercise when it became apparent that the census questionnaire did not include a number of fields that were contained in MOGA's manual records. It was perceived that the census was a 'one-off' exercise that served a much narrower purpose. A local software firm was engaged with government funds to programme a database in ORACLE, and the records for gazetted officers were coded and for input. It is estimated that it would take two years to complete this exercise for the entire civil service. The intention was to computerise all the personal data contained in the 'sheet roll', the form compiled when a civil servant first joined the civil service, using an ACCESS database.

The new Secretary, MOGA, then brought together the consultants working on the census and the Deputy Director of the Records Centre to see how the two parallel initiatives could be married. It was then decided that the database that was being established in the Records Centre would become the basis for the computerised personnel information system. This database would utilise, as far as possible, the census data that was held on the ACCESS database since it was possible to migrate the ACCESS files to ORACLE.

## **Key Issues**

Ultimately, MOGA took charge of the civil service census by appointing the Deputy Director of the Records Centre as Project Manager. This was helpful but it was clear that further input was required if these were to be real progress. There were simply too many outstanding issues to be resolved, for which professional help was needed. These issues included the following:

- There was no clear statement of the objectives of the computerised personnel information system, nor had any analysis of user requirements been undertaken. Simply computerising the central personnel records was a very narrow aim that would not necessarily produce a system capable of providing the information needed to assist in personnel decision making, such as promotions and retirement planning.
- The assumption seemed to be that personnel records would continue to be centralised, with ministries, departments, regional directorates and district offices being able to read, but not amend, personal data. It was not apparent whether the centralised approach would serve the needs of other ministries, such as the Ministry of Health, which had been struggling for many years to create its own personnel

information system. A strategy was needed for the whole of government, not just from the perspective of MOGA.

- The two years envisaged to complete the data entry for the centralised personnel records was an inordinately long period to have to wait for any benefits. The personnel data sheet developed for use drawing on the central records was three pages long, and this was almost certainly an unrealistic goal. Priorities needed to be set and a phased approach worked out. It seemed that data entry could be accomplished more quickly if the number of data fields were to be reduced.
- Until the new Secretary, MOGA was appointed, no one had given any serious consideration to reconciling the census data with the payroll or even verifying the payroll against the central personnel files against the payroll.
- It was unclear whether either database in its current form would be capable of supporting effective establishment control, since neither included a separate field for 'post'. Both databases were structured around individuals in-post, so it seemed that the number of vacancies could not be determined. This should have been a key objective of the exercise.
- The census covered temporary as well as permanent civil servants, whereas the central personnel records included only permanent civil servants. All staff should have been incorporated regardless of their employment status. Neither database included teachers.
- No consideration has been given to the procedures for updating the personnel database (eg for new staff, promotions, retirements). It was considered that 'Personnel Change Request' form was needed and people trained in line ministries to ensure it was completed. Simply continuing to rely on ministries to send letters to MOGA would not provide sustainable controls.
- No thought had been given to the full range of technical skills needed to maintain and operate an update a computerised personnel information system. There was a belief that programming and data entry skills were all that was required.

The Government was left with two sets of personnel information, both of which were flawed in different ways. Reconciling the data sets was seen as essential but was bound to be very complicated and time consuming. Rather than simply pressing on with entering potentially flawed data, it was proposed that short term actions should be undertaken by the domestic consultants and government's own staff, under the guidance of the Project Manager. The proposed actions were as follows:

- First, reconcile the census records with the payroll in each pay station to obtain a clearer picture of the completeness of the census. If there were names on the payroll that had not been enumerated, these persons should be physically identified before a questionnaire was completed. Some such individuals might have retired,

absconded or died for instance. There might also be individuals who had been enumerated but who did not appear on the payroll. There might be a number of reasons for this, such as the personal file not being moved at the time of transfer. These cases would need to be investigated to verify whether the persons have been properly engaged and whether their names appeared on the payroll of another pay station.

- Second, the employee names and locations from the census should be used as the starting point for the personnel database. If the central records could then be used (assuming that they could be found) to verify and amend the data collected in the census. It would be important at the outset to verify the employee's ID number to confirm that employment had been properly authorised. It might be possible to refer to the transfer history in the census questionnaire to locate the relevant personnel file. The focus should be on essential data (eg ID number, date of birth, present post, date of joining the service, date of appointment to present post, employment status, highest educational qualification) rather than worrying too much about training details or employment history.
- Third, match staff-in-post with MOGA records on number of established posts to determine vacancies in each location.

## **Conclusion**

The three censuses carried out have had no significant impact on the management of the civil service. The 1999/2000 census which could have made an important contribution to the wider reform programme was not adequately planned or managed to provide data that was reliable or complete. The lack of clarity about whether it was simply a tool to detect possible fraud or whether it was intended to provide the basis for a future computerised personnel information system was a major impediment to success. Finally the inclusion of the paper-based central personnel files as a part of verification was added only as an after thought rather than being a key component of the project design.