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article

Successful policy transfer and public sector reform in developing countries

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The scope and intensity of policy transfer has increased in recent years as developing countries have drawn on public sector reform programmes based on new public management practices originally designed in western democracies. However, there is mounting evidence that to be successful, reform programmes must be adapted to local contexts. This article demonstrates that national government control of policy transfer can enable localisation which in turn enhances the effectiveness of public reforms. Analysis of the Position Classification System – which sought to enhance accountability, efficiency and professionalism in the civil service in Bhutan – highlights two conditions that enable domestic control of the policy transfer process: strong internal motivation for engaging in policy transfer and the establishment or adaptation of institutions to manage processes of policy transfer. We conclude that when these conditions apply, a developing country can engage in successful voluntary policy transfer and retain control of the process.

Key words policy transfer • new public management • public sector reforms • localisation • policy implementation • institutions • developing countries • Bhutan

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Introduction

Policy transfer is commonly used as a reform strategy. Dolowitz and Marsh (1996: 344), two of the leading scholars on policy transfer, define it as the 'process in which knowledge about policies, administrative arrangements, institutions, etc. in one time and/or place is used in the development of policies, administrative arrangements and institutions in another time and/or place'. In this sense policy transfer, as Mossberger and Wolman (2003: 428) explain, is a form of 'decision making by analogy', that is, using another entity's experience as a model for reform. Although the concept and practice of policy transfer is not new, the scope and intensity of policy transfer activity has increased in the last two decades due to dramatic changes in global political and economic institutional structures (Evans, 2009).

While earlier studies assumed that a key to successful transfer was complete transfer of policy models (Dolowitz and Marsh, 2000), recent research suggests that local adaption is essential for success. Many authors (for example, de Jong, 2013; Wu and Chin, 2013; Andrews, 2015; Cummings, 2015) focus on showing that transfer of policy models or administrative arrangements have either worked well when governments have adapted policies to local circumstances or not worked well in instances of complete transfers without local adjustment. Stone (2017: 56) argues that whether transfer is successful is qualified by the 'extensiveness of hybridity, synthesis, tinkering with models, adaptation and localisation' and that declaring the success or failure of policy transfer has multiple dimensions according to local circumstances, actors, perception and interpretation.

Amidst the expansion of the practice of policy transfer, the academic literature originally focused primarily on the experiences of industrialised and developed countries. Many policy transfer scholars (cf. Jones and Kettl, 2004; Nedley, 2004; Marsh and Sharman, 2009; Benson and Jordan, 2011; Savi and Randma-Liiv, 2013) acknowledge the paucity of developing country case studies in the literature and argue that developing countries differ in their institutional structures and present different issues in policy transfer compared to developed countries. There has been an increasing number of studies that have started to focus on developing countries. Initially these studies focused on coercive policy transfer as the predominant form in which international organisations and donors would demand public sector or policy reforms in exchange for continued support (Therkildsen, 2000; Street, 2004; McDonald, 2012). Recent studies suggest that voluntary policy transfer does indeed take place in developing countries (for example, Dussauge-Laguna, 2013; McCarthy and Turner, 2015; Minkman, Buuren and Bekkers, 2018). In the few successful cases of policy transfer, governments have been able to obtain control over the transfer process. Research has shown that developing country governments can easily be persuaded to implement what international agents believe to be best global practices without paying sufficient attention to local conditions (Mukhtarov et al, 2013; Wu and Chin, 2013; Cummings, 2015). Hence, *a key question in relation to voluntary policy transfer in developing countries is under which conditions governments can control the transfer process and ensure that policy models transferred from abroad are adapted to take local conditions into account*.

In the paper, we discuss two conditions enabling governments to control the policy transfer process to ensure that policies and administrative arrangements applied elsewhere are adapted to local circumstances. The first enabling condition is created when the need to engage in policy transfer is internally motivated. The second, is when institutions are established or adapted to support the policy transfer process. Although the first condition is now obvious in light of the increasing number of voluntary policy transfer cases in developing countries, it is still important to include the discussions here as it is also a pre-condition for the second condition, that is, the establishment of institutions. From a policy transfer perspective, the focus on institutions can contribute to improving our understanding of the transfer process, particularly in developing countries. Governments can control the process by establishing or adapting existing institutions to enable local actors to position themselves centrally in the transfer process. We use the introduction and implementation of the Position Classification System

(PCS) in Bhutan as our case to illustrate a situation in which a developing country has maintained control over the transfer of public sector reforms. The PCS is a set of *administrative arrangements* that combines various public sector reforms including components of new public management (NPM).

NPM-related reforms are claimed to have spread with an 'energy' and 'simultaneity' never experienced before (Jones and Kettl, 2004: 463). NPM reforms mainly started in the United States and the United Kingdom. They introduced market-like characteristics such as performance management systems and citizens' charters that later became prominent features of the NPM paradigm. The effectiveness of these public sector reforms was noticed (Denhardt and Denhardt, 2000). Subsequently, NPM reform began to spread to other western countries (Capano, 2003; Gualimini, 2008) and developing countries (Brandsen and Kim, 2010). Perceived as best practices, NPM-related reforms influenced the good governance agenda for most developing countries, including Bhutan, in late 1990s and early 2000s. According to Jones and Kettl (2004: 465) developing countries have found the reforms 'irresistible' since they face a 'huge need to grow their economies and shrink their governments'. There are various conditions that enabled the transfer of these reforms, for example information technology and the media, as well as consultants advocating particular ideas. The experience of the implementation of NPM-related reforms in developing countries is varied. While transfer of NPM-related administrative arrangements through direct or indirect forms of imposition has been seen as the dominant mode of transfer in developing countries, voluntary transfer of such administrative arrangements has been paid limited attention in the scholarly literature.

With the aim to improve governance in the public sector, the PCS can be considered a typical case of policy transfer (Dolowitz and Marsh, 2000). Therefore, the introduction of the PCS in Bhutan is a useful case to explore in order to obtain new insights into the way in which developing countries can maintain control over policy transfer processes. Bhutan is located in the South Asian sub-continent and categorised as a developing country with comparatively limited administrative capacities and therefore from the outset not in a favourable position to control transfer processes. In spite of weak administrative capacities, we show that the domestic transfer agents succeeded in managing the transfer process because the PCS was, first, internally motivated and second, institutions were established to control the transfer process.

Designing domestic institutions to localise policy transfer

After having reviewed how the policy transfer literature has addressed policy transfer in developing countries in the Introduction, we develop our theoretical argument in this section. We suggest developing country governments can design institutions to govern and maintain control over the transfer process.

Dolowitz and Marsh's (2000) policy transfer continuum places the various forms of policy transfer ranging from lesson drawing (perfect rationality) on one end of the policy transfer spectrum and coercive transfer (direct imposition) on the other end. The earlier literature suggested that coercive forms of policy transfer were common in developing countries as these were frequently 'denied a freedom of choice' in order to secure grants and loans. Conditions were often imposed on the loans by international lenders, particularly by the World Bank and the International Monetary Fund. In addition, donor countries engaged in coercive transfers when conditions were imposed on the receiving country (Evans, 2009; Marsh and Sharman, 2009; Benson and Jordan, 2011; Tambulasi, 2013).

In recent years, international organisations have been mindful of the criticism and now engage in more voluntary forms of policy transfer, but there is still a risk that the transfer process may involve coercive aspects. The risk occurs when transfer agents from supranational and international organisations play a prominent role in the transfer process (Stone, 2004; 2010; McDonald, 2012). These transfer agents tend not to pay sufficient attention to and take into account the political and administrative conditions in the receiving country, which can have a profound impact on the ability of the transferred policy model to deliver the expected outcomes (for example, Kjær and Joughin, 2012). The way in which national governments can ensure successful policy transfer is to take measures enabling them to localise the policy that is being transferred. When we talk of 'success' here, we refer to Stone's (2017) argument that success or failure of policy transfer should not be established by asking if transferred policies are inappropriate or a poor fit. In fact, some divergence between the policy model being transferred and how it is implemented in a new setting is to be expected. As Stone (2017) argues, a transfer process is characterised by 'policy translation' in which policymakers in the receiving jurisdiction interpret policy lessons from abroad. 'Policy localisation' can be understood as the outcome of a translation process. The task of localising the policy falls on domestic transfer agents. These agents need to govern the transfer process with the aim of ensuring that certain interests and concerns are taken into account or given priority.

However, voluntary transfer does not necessarily result in localisation. Voluntary transfer without localisation tends to occur when developing country transfer agents face severe constraints in terms of the capacity and expertise available to them to engage in informed and evidence-based learning from abroad and lacks capacity to adapt policy designs to national and local circumstances. Where such capacity is in short supply, domestic transfer agents may invite international experts to provide advice and expert capacity. While the international experts may also be engaged in policy transfer in developed countries, their roles tend to be more pronounced in developing countries with little in-house experience and knowledge (Savi and Randma-Liiv, 2013).

As defined by Dolowitz and Marsh (2000), policy transfer is a *process*. Evan's (2009) distinguishes between three stages of a voluntary transfer process. In the pre-decision stage, policymakers identify a problem, search for ideas and identify agents of transfer. In the subsequent decision stage, the agenda for transfer is set and a decision is made. The third and final stage is the post-decisional stage which involves implementation of the transferred policy, evaluation and reflection on its impacts.

To enable decision makers in the receiving countries to maintain control over the transfer process, two conditions are crucial. The first enabling condition, which is particularly important in the pre-decision and decision stages, is that the drive for policy transfer is internally motivated. This is likely to occur when there is a realisation that reform is needed. The existing literature on policy transfer in developed countries lists a number of reasons why policymakers engage in policy transfer. In their search for suitable policy options, the experiences of other countries provided the basis for 'evidence-based policy making' (Ettelt et al., 2012: 491). Policymakers, in such instances, resorted to 'nicking stuff from all over the place' to come up with policy alternatives (Dwer and Ellison, 2009: 402). Other examples also demonstrated that developed countries engaged in policy transfer for symbolic purposes, and policies were introduced in order to keep up with the changes taking place in other countries (Evans, 2009). There is no reason to believe that the motivations for policy transfer in developing countries are distinctly different from developed countries. Hence, recognising a need for reform is a necessary, but not sufficient, to initiate and accomplish a voluntary transfer process.

A second condition enabling localisation, particularly relevant in the decision and post-decision stages, relates to the institutional context within which the transfer process takes place. Designing or reshaping existing institutions can enable domestic transfer agents to manage the transfer process and ensure that policy models transferred from abroad are adapted to local circumstances. Definitions of institutions share the assumption that institutions are 'enduring features of political and social life (rules, norms and procedures) that structure behaviour' (Mahoney and Thelen, 2010: 4). More specifically we conceive of institutions as 'the formal rules, compliance procedures, and standard operating practices that structure the relationship between individuals in various units of the polity and economy' (Hall, 1986: 19). Scholars (see Lodge, 2003; Bulmer and Padget, 2005; Roederer-Rynning and Daugbjerg, 2010) who examine policy transfer using an institutionalist perspective argue that institutional mechanisms facilitate the adoption of particular policy templates and shape transfer processes and outcomes. By establishing the rules which structure the relationship between various types of transfer agents, domestic actors can create the conditions for managing the transfer process. The rules structuring the interactions among the actors can be designed to position domestic agents in pivotal roles in relation to information flows and in decision making relating to which courses of action to take and who to involve in the transfer process.

In practice, building transfer institutions involves the establishment of a committee structure and the introduction of procedures for the way in which inputs from various actors engaged in the transfer process are processed and decided upon. However, designing transfer institutions may not necessarily result in domestic control over the process. For instance, they may be highly ineffective and thus unable to make timely decisions. In such situations transfer agents may bypass the formal institutions and develop a parallel system of process management. Despite attempts to control the transfer process, international best practices that do not fit into the domestic environment may be adopted for the reasons listed above. Such a problem can be particularly pronounced in states with weak capacity and limited resources (Schnell, 2015). Nonetheless, the establishment of transfer institutions increases the likelihood that domestic agents succeed in controlling the transfer process.

To substantiate our argument that internal motivation and institutional setting enable localisation, we need, first, to demonstrate that transfer of policies from abroad was internally motivated. When this precondition is satisfied, second, it must be shown that domestic institutions were established or adapted to enable domestic transfer agents to control the transfer process. Our case study of public sector reform in Bhutan demonstrates that these conditions were important factors enabling localisation.

Methods

The findings of the paper are mainly based on 23 in-depth interviews with the elites in Bhutan's civil service and an international advisor conducted in October–December 2011. The interviewees were identified based on their involvement with the PCS reform (indicated as 'R' and their unique respondent identity number and henceforth cited as such). The questions explored the factors that went into the formulation of the reforms and some aspects of the management of the reforms. Such forms of qualitative interviewing techniques, according to Weiss (1994: 10), help in getting 'dense' information that is useful while describing 'how a system works or fails to work' and will enable us to 'learn about perceptions and reactions known only to those to whom they concerned'. In terms of the techniques applied for the interviews, a few officials were initially identified on the basis of their involvement in the PCS. The others were identified by using the snow-balling method. Following a short introductory note, the format for the interviews was mostly semi-structured, which according to Burnham et al, (2004: 205) is 'often the most effective way to obtain information about decisionmakers and decision-making process'.

We apply an inductive research strategy, using Gioia et al's (2012) first and second order methodological approach for qualitative/interpretive research. Undertaking first order level analysis, the evidence from the interviews was lumped into numerous categories. Based on further analysis of the evidence, the research moved to the second order of analysis which operates at the theoretical realm. One of the categories that began to emerge from the interview data was related to the concept of policy transfer. The interviews were transcribed, uploaded into NVivo software, and categorised into various nodes. Some of the main nodes used were based on the stages of the transfers process (Evans, 2009). The first node indicated conceptualisation and formulation, which included specific points on job descriptions and committees of the PCS. The second node discussed the decision-making process which included points on the approval of the PCS. The third node included information about the implementation of the PCS and included points about transition management, job mapping and overall implementation of the PCS. A fourth node discussed specific problems of the PCS, such as issues around autonomy of the agencies, decentralisation of human resource actions, public versus private sector, role of the civil service, and the culture and values of the Bhutanese civil service.

Transfer of public sector reforms in Bhutan

To explore the dynamics of implementing of NPM-related reforms in a developing country, we examine the dynamics of the implementation of PCS in Bhutan's civil service. The PCS sought to promote 'good governance' by 'enhancing accountability, efficiency and professionalism in the civil service by linking individual performance to organisational goals and objectives' (RCSC, 2005: 2). The objectives of the PCS were to enhance professionalism, encourage a merit-based system, pursue efficiency, establish a fair and equal system, and to pursue accountability. To achieve the objectives of the PCS, a bundle of reforms and policy mixes were adopted which consisted of the following five major components:

1 classification of position and occupational group;
2 recruitment, selection and promotion system;
3 human resource development;
4 performance management system;
5 remuneration and benefits.

The first three components of the PCS were typical traditional public administration reforms. These components sought to provide a comprehensive structure dividing the various positions in Bhutan's civil service into four broad position categories and 19 major occupational groups. Specific criteria for recruitment and selection were identified for entry to each of these categories and major occupational groups. Training and development activities were designed to foster productivity and professionalism. The other two components, that is, the performance management and remuneration and benefits systems, were NPM influences. NPM-related performance management aspects such as identification of key performance indicators and performance appraisal mechanisms were incorporated into the PCS. The remuneration and benefit component included popular NPM-related schemes such as performance bonuses and financial incentives to improve and motivate performance.

The five components of the PCS are a reflection of the policy that was transferred. In terms of where the lessons are drawn from, each of these five components came from different sources. Clearly, the human resource development component of the PCS was not a case of policy transfer and only sought to improve existing policies. The other components of the PCS, as is typical in cases of policy transfer, looked to experiences and lessons from other countries. It is normally through a process of 'mixed scanning', which involves a survey to select models that are perceived as being important, and therefore relevant, that countries determine what policy is transferred (Mossberger and Wolman, 2003). Each of the components of the PCS sought international best practice based on a process of 'mixed scanning'. For instance, the classification of positions and occupational groups component was largely based on the factor evaluation standard used by the US Office of Personnel Management. As confirmed by an official from the RCSC: 'Most of our officers responsible for this had [an academic] background from either UK or US … Eventually they went for something like the US system of personnel management' (Interview R21). The performance management system component and the remuneration and benefit component of the PCS were based on best practices derived from NPM-related reforms abroad. To establish relevant best practices, the officials of the RCSC and those involved with the reform formulation had undertaken study visits in countries such as Australia, Malaysia, New Zealand, Philippines, Singapore, Thailand and the US (Interviews R3, R4, R21). An official involved in the coordination of the PCS stated that 'there was this perception that the systems in these countries were dynamic' (Interview R21). Though some ideas for reform originated from internal processes, most were sourced from abroad and in some instances implemented as ready-made solutions.

In a separate paper that conducts a thorough evaluation of the PCS (see Ugyel and O'Flynn, 2017 for more), it is reported that the overall perception of the reforms was successful. In terms of the specific components of the PCS, the ones with greater success in achieving intended outcomes were: classification and occupational groups; recruitment, selection and promotion; and human resource development. The performance management system faced some challenges in its implementation and the remuneration and benefit system was not approved for implementation. A major factor determining the success or failure of the reform was the extent to which the particular component of the PCS was localised (Ugyel and O'Flynn, 2017). For example, the more successful reforms, such as the classification of occupational groups, the factor evaluations and the position descriptions, were used as starting points and basic guidelines and then adapted to the pre-existing system. For some reforms such as the performance management system, the degree of localisation was less, and the new forms and systems that were developed were implemented without much adaptation. Thus, to understand the localisation which took place we need to understand the transfer dynamics.

Needs and motivations for the introduction of the PCS

The main motivations for introducing the PCS were internally driven. A major restructuring exercise of the government in 1999 was initiated and led by the Prime Minister and a task force with a membership drawn across the civil service. With Bhutanese government officials in the lead role, the process can be considered what Stone (2010) has called hard transfer, which contrasts with soft forms of transfer in which non-state actors play a prominent role. The purpose of the restructuring exercise was to enhance good governance by strengthening the structures and functions of the Bhutanese public administration with the overall objectives of achieving good governance, efficiency, accountability and transparency (RGOB, 1999). The reforms were inspired by broader public sector reforms occurring in other parts of the world. Good governance was the goal of development policy in the mid-1990s and donor agencies moved beyond economic development to stress the importance of the performance of government institutions (Goldfinch et al, 2013). The reforms had major impacts on the public administrative system in Bhutan and brought to the fore issues faced by traditional public administration such as bureaucratisation and the relationship between the political executives and the public service. In the report drafted by the task force, *Enhancing Good Governance: Promoting Efficiency, Transparency and Accountability for Gross National Happiness*, a specific recommendation was made to the Royal Civil Service Commission (RCSC) to 'expedite the job classification system' to redress the limitations of the Cadre System which was the prevalent system prior to the PCS (RGOB, 1999: 18).

The primary reason why the government initiated the public sector reform was the weaknesses of the Cadre System which was introduced into Bhutan in 1989 to minimise disparities in the entry-level grades and career advancement opportunities. However, over the years it became evident that the Cadre System had its limitations. The main disadvantage of the system was that the positions did not have comprehensive descriptions of expected roles and responsibilities, thereby leading to a lack of clarity in determining personnel and human resource actions (Interviews R7, R9, R14). One of the senior executives involved in the formulation of the PCS pointed out that one of the major limitations caused by the insufficient descriptions of position was a lack of 'clarity in terms of complexity of the job [and] knowledge that you require to do that sort of a job' (Interview R17). The absence of job descriptions also made it challenging to identify the competencies and skills required for a certain position, which in turn affected the identification of performance indicators and targets that an individual had to achieve, and thereby rendering the performance evaluation system ineffective (Interviews R5, R12). Promotions were dependent upon completion of a certain number of years of service. An additional disadvantage of the Cadre System brought on by inadequate job descriptions was ineffective planning for the purposes of training and development in the civil service (RCSC, 2006). The introduction of the PCS was mainly aimed at overcoming the limitations posed by the Cadre System. The PCS, as opposed to the Cadre System, introduced specific descriptions for each position in the civil service. Through these job descriptions, individual civil servants are able to understand their role and how it contributes to the overall goals of the organisation. The clarification of responsibilities makes it easier for supervisors to assess performance, which in turn makes it easier to ascertain pay and promotion. In the Cadre System, responsibilities were undefined and obscure, and depended largely on what the supervisor assigned (Interview R1). The PCS was also seen as taking greater advantage of specialisation. There were only seven categories in the Cadre System, whereas in the PCS there are 19 major occupational groups.

Another motivation behind the desire to transfer the PCS from abroad was the influence of new management ideas and changes that were taking place globally and within the country. In the initial stages, the new management ideas and global influences played a limited role because the PCS was perceived by the decision makers as only a slight tweak to the existing Cadre System. However, as an official pointed out: 'the introduction of PCS was also used as an opportunity to implement other reforms' (Interview R7). Therefore, deviating significantly from what was to be a slight addition to the Cadre System, the RCSC later claimed that the PCS was 'an internationally recognized system' and a 'new civil service order' (RCSC, 2005: 5) that would address the changing needs of the public administration and the developmental challenges in Bhutan. It also claimed to be the *modus operandi* to operationalise the creation of 'new Public Service' where the public administration serves the public and to nurture Bhutan's vision of a Gross National Happiness state (RGOB, 2005: 28).

Socio-economic changes taking place in Bhutan also motivated domestic transfer agents to search for a new model to replace the Cadre System. Since the 1980s, Bhutan's economy has changed significantly, transitioning from a largely self-reliant agrarian society to an industrialised one with the development of major hydropower projects and service sectors such as tourism. As the size of the economy increased substantially during this period, the government faced new and extended governance challenges. The good governance exercise of 1999 recognised the need for the creation of new agencies that catered to the changing needs of the country, and agencies such as the National Employment Board were created (Interview R14). It was upgraded to become the Ministry of Labour and Human Resources in 2003. Another visible transformation taking place was the role of the public sector. In the initial years of Bhutan's economic development, the government had to take the lead role in the development of economic activities, mainly because of the shortage of human resources and capital (RGOB, 1987). However, in the late 1980s, the government was increasingly focused on developing the private sector, and from full ownership, it divested a number of government undertakings, either by outright sale, partial minority ownership, management contracting, lease management, or commercialisation. The gradual decrease in the role played by the government in the management of public sector enterprises affected the way in which it functioned. An official succinctly summarised the needs and the motivation for the introduction of the PCS:

> There was a realisation that we need to go for a better system … which respects professionalism, output based performance, reward for job and service delivery. I feel that the drive was there. More from the receiver's point of view. They wanted to see civil servants with high professional ethics, integrity and qualification. (Interview R3)

Such internally driven motivation and need for policy changes in the case of PCS in Bhutan speaks to the few successful cases of policy transfer in developing countries where the government was able to control the transfer process. In the Bhutanese case the problem identifications and definitions were established through domestic debates and reflection which diagnosed the situation with a fairly high level of precision.

Institutions and transfer agents of the PCS

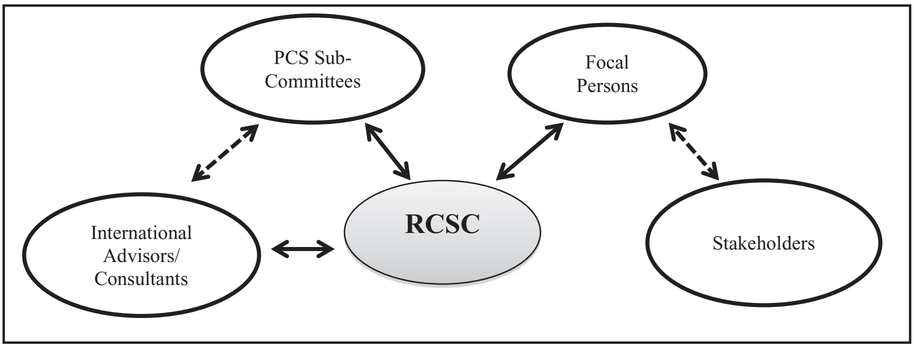
As argued above, the way in which the institutions are designed or adapted to govern the transfer process influences the extent to which and how policies transferred from abroad are localised. The central domestic institution governing the formulation and implementation of the PCS was the RCSC and its Secretariat which functioned as the central personnel agency for all civil servants in Bhutan since its establishment in the early 1980s. Its central position was achieved as a result of the good governance exercise of 1999 which enabled the RCSC to achieve the mandate to initiate the PCS reform. Therefore, as the coordinator of the transfer process, the RCSC was responsible for securing and managing funds from international donors specifically for the PCS formulation – first through a UNDP capacity development project and later through the DANIDA (Danish government) project on good governance themes. An official from the RCSC involved with the project highlighted the fact that:

> There was not a situation where the donor was trying to pressurise or influence [the reform process]. The initial amount for the PCS was given by the UNDP, and the UNDP didn't force so much, although there was a requirement to complete the project. But later it was DANIDA. The liaison office of Denmark did not push so much. It was our own office [RCSC] that had requested the fund and had justified for the exercise and reforms. (Interview R21)

Figure 1 shows the various institutions that were established towards formulating the PCS and the interaction of these institutional actors. We see that the RCSC Secretariat as the coordinating agency was centrally positioned in the institutional network consisting of the PCS sub-committees, PCS focal persons, stakeholders (the Bhutanese civil servants placed in various ministries and agencies), and international advisors/consultants. The RCSC was responsible for setting up a team within its secretariat to head the transfer process and for establishing a wider network of committees to work on specific aspects of the PCS (Interviews R1, R3, R11). The RCSC was also responsible for recruiting the international consultants through the donor-assisted projects and international volunteers through the Voluntary Services Abroad (New Zealand) programme and coordinating their involvement in the reform process.

The domestic discussions and work on the PCS highlighted the prominent role played by domestic transfer agents. Beyond the RCSC, the other key institutional set-up was a group of focal persons. Ministries and other autonomous agencies were instructed by the RCSC to identify and appoint focal persons as representatives to liaise and coordinate between their agencies and the RCSC in relation to producing comprehensive job descriptions and a tentative list of positions required for their agency. Most of the focal persons were personnel officers of the agencies but there were also a few who were appointed on the basis of their individual capacity (Interviews R1, R3).

Figure 1: Actors and their interactions in formulating the PCS



Note: The interaction of these institutions involved in the PCS are indicated by the lines in Figure 1 (the arrows indicate the direction of the relationship, and the bold lines demonstrate a direct relationship whereas the dotted lines show an indirect relationship).

To achieve this broader objective, five PCS sub-committees were formed and chaired by a Civil Service Commissioner. An official of the RCSC described the formation of the sub-committees: 'A presentation was made to the CCM [Committee of the Council of Ministers], and the CCM instructed the RCSC to look at different components of the reforms … Therefore, they decided to have various sub-committees' (Interview R1). The Division Heads of the RCSC Secretariat were appointed secretaries of the sub-committees. The committee membership was drawn from the civil service on the basis of their individual capacities and experiences (Interview R11). It is in these committees that the localisation of the PCS took place. For instance, one of the earlier discussions of the PCS was to appoint civil servants on a contract system. Contractual based appointments were typical NPM reforms that moved away from tenure appointments. The recruitment and selection sub-committee realised that the implication of such a reform would require major structural changes to Bhutan's public administration that could potentially result in a loss of professionalism and be subjected to nepotism (Interview R1). Thus, the interaction and formulation were controlled by domestic transfer agents and allowed them to control the outcomes of the PCS reforms. The findings and recommendations of the sub-committees fed into the final PCS policy document which was approved by the government for implementation. The institutional set-up was specifically designed to manage the transfer process in order to ensure that domestic concerns would guide the process.

It did not, however, mean that the transfer process excluded international consultants and advisors. In 2000 when work on the PCS was initiated, a consultant with public sector experience from the Philippines was recruited by the RCSC to assist in developing a framework for the PCS and to identify the broad occupational categories to be included in a directory of positions (Interview R17). An Indian, who was an ex-employee of the RCSC, was also recruited to assist during the initial stages. The two consultants from Philippines and India advised for a period of two to three years on the classification of positions and the job descriptions. Then in 2003, the RCSC recruited international volunteers to assist with the PCS through the Volunteer Service Abroad (VSA) of New Zealand. The VSA had a visible presence in Bhutan for more than a decade and the option to have volunteers from VSA seemed appealing because they came at minimal expense (Interview R21). The assistance of the volunteers was coordinated by the RCSC. Appointed for a period of one year each, there were three successive advisors from VSA (Interviews R1, R7, R11).

The RCSC enabled domestic transfer agents to remain at the centre of the process managing relationships with the other actors in the network. The RCSC initially collaborated closely with the focal persons who in turn liaised with the civil servants in their agencies to finalise job descriptions. Later the RCSC cooperated closely with the PCS sub-committees to finalise the various components of the PCS. The international advisors/consultants worked directly with the RCSC and indirectly with the PCS sub-committees providing them with guidance and advice whenever required (Interview R22). Though international transfer agents played an important role in advising the Bhutanese government on the contents of the PCS, domestic transfer agents remained in control of the process as the institutional set-up enabled them to position themselves centrally within the network of transfer agents.

An official involved both in the formulation and implementation of the PCS emphasised the fact that the process of policy transfer was largely within the control of the RCSC:

> What we need to understand is, yes, we had the consultants there, but the driving force was always ourselves. Because we had all these sub-committees and … on the policy side of things it was very much within the control of ourselves. Because whatever recommendation that came in the PCS is all from the sub-committees. And in the sub-committees, they [consultants and advisors] had no major role. Because the subcommittees were chaired by our Commissioners and members were civil servants. So, it [PCS] is our own. (Interview R1)

This view was more or less echoed by another official from the RCSC involved with the reform:

> [Advisors] had a lot of ideas and I don't think it was bad. But their ideas initially are really strong. But as you begin to understand the subject and as you begin to implement you could see that something would not work … The [division] chiefs play a strong role. And once the subject itself was understood I think we were able to filter some. Otherwise we get too dependent on them [the advisors]. (Interview R7)

The statements strongly indicate that domestic control of the transfer process was a key concern within the RCSC. The fact that the international advisors were invited by the Bhutanese government and that they came from the transnational epistemic community of public sector reform experts, rather than international organisations, meant that their role was based on their ability to provide advice which made sense to domestic actors. They were not able to impose solutions.

Conclusion

The introduction and implementation of the PCS in Bhutan demonstrates that policy transfer can be successful when localised. In this paper, we have highlighted two conditions enabling localisation to take place. First, policy transfer must be internally motivated. This allows actors to diagnose the problems with a certain level of accuracy through domestic debates and reflections.

The second condition is the establishment or adaption of domestic institutions that can enable domestic transfer agents to control the process. If the institutions are designed in a way which allows domestic actors to manage information flows, the interaction between various agents and decision making processes, the conditions for successful policy transfer are favourable. In the case of the PCS, the Bhutanese government created an institutional set-up that positioned domestic transfer agents centrally in the reform process. This enabled them to manage the policy transfer processes by remaining thoroughly engaged in it and by being in pivotal positions in relation to information flows and decision making. The PCS reform in Bhutan highlights that the presence of international actors from international organisations or donor countries does not necessarily mean that they dominate the transfer process. Indeed, our case demonstrates that domestic transfer agents may be able to manage the process throughout the pre-decision, decision and post-decisional stages. It was in the policy decisional stage that the international actors played an important part, but at no point did they dominate it. Their role was limited to providing advice.

The example of the PCS reform demonstrates that designing institutional arrangements can enable local actors to control the transfer process and ensure localisation. But it cannot be established on the basis of a single case study whether Bhutan's institutional approach to govern the transfer process can be directly transferred as a template to other developing countries. What the case study suggests is that setting up institutional arrangements to control the processes should be considered by developing country governments engaging in policy transfer. Future research on policy transfer should apply a comparative perspective in which the impact of various institutional set-ups on the degree of localisation is identified. Such a research project can help outline effective institutional strategies for controlling transfer processes in developing countries.

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Conflict of interest

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