

Voluntary policy transfer in developing countries: international and domestic agents and process dynamics

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Abstract

Amidst the expansion of the practice of policy transfer, the academic literature focuses primarily on the experiences of the industrialized and developed countries. Many policy transfer scholars acknowledge the paucity in the policy transfer literature that focuses on developing countries. While there have been attempts in recent years to fill in the gap with a few studies based on policy transfer in developing countries, these studies are still mostly focused on “coercive” or “externally driven” policy transfer. The coercive elements of international institutions as transfer agents in developing countries often arise because of the conditions that are imposed on the loans. In such cases of coercive policy transfer, the interaction of transfer agents is dominated by international agents and the role of domestic transfer agents is limited. This paper identifies a gap in the literature on policy transfer in developing countries, particularly in least developed countries, and aims at improving our understanding of the constellation of transfer agents involved in the “voluntary” policy transfer in developing countries. We argue that developing countries are indeed capable of successfully controlling policy transfer processes when these are internally motivated and domestic agents fully engage in the process. The dynamics of such internally driven policy transfer processes are fundamentally different from those of externally driven policy transfer. In particular, it is emphasised that internally driven transfer is likely to activate very different types of domestic and international micro-agents that determine how the process plays out. While the track record of coercive and externally driven policy transfer at best is mixed, we argue that internally driven transfer involving significant participation from domestic transfer agents results in the ability to shape the process, content and outcomes of the policy. We use the introduction and implementation of the Position Classification System (PCS), a set of public sector reforms, in Bhutan to test our arguments that internally driven policy transfer is indeed possible in developing countries. We demonstrate that the reforms were internally motivated, which differentiates Bhutan from policy transfer processes in many other developing countries. Although international transfer agents played an important role by giving advice to the Bhutanese government on the contents of the PCS, domestic transfer agents remained in control of the process by positioning themselves centrally in the network of transfer agents. The case of Bhutan is a critical case in terms of testing our argument that policy transfer in developing countries may have dynamics that are quite different to those often assumed. As a small country, categorised within the least developed countries, with comparatively limited administrative capacities, and thus exposed to coercive policy transfer, it nevertheless displayed ability to control the transfer process. Therefore, if Bhutan is able to do so, the assumption that coercive mechanisms characterises policy transfer in developing countries may be questioned, which in turn, should lead to reconsideration of the research agenda in relation to policy transfer in developing countries.

Introduction

Policy transfer is commonly used as a mechanism for public policy-making in most countries. 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, by using another entity’s experience as a source of ideas and evidence for a policy. 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). Amidst the expansion of the practice of policy transfer, the academic literature focuses primarily on the experiences of industrialized 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 policy transfer literature and argue that developing countries differ in their institutional structures and present different issues compared to developed countries.

While there have been attempts in recent years to fill in the gap with a few studies based on policy transfer in developing countries (Savi and Randma-Liiv 2013); these studies, however, are mostly focused on “coercive” or “externally driven” policy transfer. These forms of policy transfer are situations where ‘coercive policy transfer instruments dominate and inform policy making process’ (Tambulasi 2013, 81), and where international institutions and donors especially in the 1990s paid increasing attention to governance issues and often demanded public sector reforms in exchange for continued support (Therkildsen 2000). The coercive elements of international institutions as transfer agents in developing countries often arises because of the conditions that are imposed on the loans, particularly by World Bank and the International Monetary Fund (Street 2004). A notable difference observed in developing countries is that coercive policy transfer often takes place because of powerful states and/or international organisations; whereas, in developed countries there are some forms of coercion but it is mostly “internally driven”, that is, semi-coercive, conditionality or obligated transfer (Benson and Jordan 2011; Tambulasi 2013).

This paper identifies gap in the literature on policy transfer in developing countries, particularly in least developed countries, and aims at improving our understanding of such processes. We argue that developing countries are indeed capable of successfully controlling policy transfer processes when these are internally motivated and domestic agents fully engaged in the process. The dynamics of such internally driven policy transfer processes are fundamentally different from those of externally driven policy transfer. In particular, it is emphasised that internally driven transfer is likely to activate very different types of domestic and international transfer agents.

We use the introduction and implementation of the Position Classification System (PCS), a set of public sector reforms, in Bhutan to test our arguments that internally driven policy transfer is indeed possible in developing countries and that the dynamics of such processes are fundamentally different from what is often assumed. Bhutan, categorised as a least developed country, is a small country located in the South Asian sub-continent. It is a critical case in terms of testing our argument that policy transfer in developing countries may have dynamics and outcomes quite different to those often assumed. As a small developing

country with comparatively limited administrative capacities, and thus exposed to coercive policy transfer by international agents, the domestic transfer agents nevertheless displayed ability to control the transfer process. Therefore, if Bhutan is able to do so, the assumption that coercive mechanisms characterises policy transfer in developing countries may be questioned, which in turn, should lead to reconsideration of the research agenda in relation to policy transfer in developing countries.

This paper is divided into four separate sections. The first section provides a brief review of the literature on policy transfer, particularly in the field of public administration, and spells out our theoretical argument on internally driven policy transfer in developing countries and discusses how it differs from externally driven policy transfer. The second section provides a brief introduction of Bhutan and the introduction of PCS into the Bhutanese civil service. The third section examines the internally driven policy transfer actors and agents of the PCS.

Voluntary Policy Transfer in Developing Countries

The impetuses for policy transfer are due to various factors. Mossberger and Wolman (2003) offer two reasons why countries engage in policy transfer. First is the case of voluntary policy transfer where an attempt is made to search for solutions that reduce uncertainty and risk when current policies fail. Second is a case of coercive policy transfer where ideas from abroad are introduced to persuade policy makers of a particular country to put an item on an agenda without any rational examination of the policy. These two forms of policy transfer fit within Dolowitz and Marsh's (2000, 13) 'policy transfer continuum' which is a heuristic device to explain the processes involved in the policy transfer process. At one end of the continuum is "lesson drawing" where there is perfect rationality and involves the voluntary transfer of policy based on the choices of the political actors and decision makers from one country to another. At the other end of the continuum is "coercive transfer", which is the transfer of policy based on the adoption of policy through coercion or by force through a government or a supra-national institution. In between these two forms of policy transfer on the continuum are others forms such as "negotiated transfer". According to Evans (2009, 245), negotiated policy transfer refers to 'a process in which governments are compelled, for example, by influential donor countries, global financial institutions, supra-national institutions, international organizations or transnational corporations, to introduce a policy change in order to secure grants, loans or other forms of inward investment'. Based on the policy transfer continuum, a notable difference can be observed between developed and developing countries in the form of policy transfer. In addition to other policy transfer scholars (such as Marsh and Sharman (2009); Benson and Jordan (2011); Tambulasi (2013)), Evans (2009, 245) also points out that the negotiated and coercive policy transfers are common in developing countries; and explains that it is a coercive activity because these countries are 'denied a freedom of choice' in order to secure grants and loans from influential donors and other international institutions. What is less commonly observed in developing countries, however, is the phenomenon of voluntary policy transfer. In general, the experience of policy transfer in developing countries is important, as Marsh and Sharman (2009, 281) argue, that the developing world 'provides a powerful testing ground for examining the relationship between policy transfer and effectiveness', and add that 'for either confirming existing hypotheses or generating new ones, the answers lie disproportionately in the developing world'. Here we generate a new hypothesis on voluntary transfer by suggesting what motivates internally driven policy transfers in developing countries and which transfer agent it activates.

Even though Benson and Jordan (2012, 370) acknowledge that ‘why and when certain types of transfer appear’ has not been fully addressed yet, the existing literature on policy transfer in developed countries lists a number of reasons why policy makers engage in policy transfer. Empirical evidences in developed countries reveal that 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). Policy makers, 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 are introduced in order to keep up with the changes taking place in other countries (Evans 2009). Similarly in developing countries, there is no reason to believe that the motivations for engaging in policy transfer are distinctly different from developed countries. Developing countries also need to resort to policy transfer to change existing policies, to keep up with global policy changes or because they are coerced into making policy changes.

When domestic policy makers in developing countries realise these needs through internal evaluation and learning processes, they are likely to engage transfer agents who are quite different from those engaged in coercive policy transfer. The role of “agents” is ‘essential’ in establishing the voluntary and coercive dimensions of policy transfer (Evans and Davies 1999, 382). It is this emphasis on transfer agents that fundamentally distinguishes the policy transfer literature from other concepts such as policy diffusion, policy learning, policy convergence, institutional isomorphism and other similar terms (see Marsh and Sharman 2009 for extensive deliberation on the differences on each of these terms). Evans and Davies (1999) contend that it is because of the multi-organizational setting and multi-disciplinary nature of policy transfer that the range of concepts arises. Nevertheless, Stone (2004, 547) contends that the strength of the policy transfer literature is its focus on ‘decision making dynamics internal to political systems and to address the role of agency in transfer processes’. Dolowitz and Marsh (2000) identify nine types of actors engaged in the policy transfer process. These actors can be classified into three main categories of policy transfer agents in developing countries. The first category of agents are domestic public servants and politicians. A second category of agents are officials affiliated to supra-national and international agencies, such as the OECD, the World Bank and the International Monetary Fund. These agencies have encouraged public sector reform and stimulated networks across many countries (Jones and Kettl 2004). The role of international institutions as policy transfer agents ranges from coercion and voluntary. In some instances, international institutions resort to coercive forms of policy transfers (Mossberger and Wolman 2003), and in other instances these international institutions play a role of voluntary agents (Dussauge-Laguna 2013). Through the establishment of research platforms, international institutions engage in various activities to promote awareness and share research (Stone 2004). A third category of policy transfer agents, which according to Stone (2004, 2010) are often not given much emphasis but have considerable influence in policy transfer, are the transnational advocacy network, or the epistemic community that comprise of international organizations and non-state actors such as interest groups, NGOs, think tanks and consultant firms.

Coercive policy transfer often arises because of the conditions that are imposed on the loans by international lenders, particularly by World Bank and the International Monetary Fund (Street 2004). This gives transfer agents from supra-national and international agencies a prominent role in the transfer process, often enabling them to dictate which policy models and specific measures are transferred. In addition, agents from donor countries may also engage in coercive transfers when conditions from donor country loans or development aid

are imposed on the receiving country. 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 (e.g. Kjær and Joughin 2012). Internally driven voluntary transfer in developing countries activates different types of policy transfer agents. Domestic transfer agents, such as politicians and senior public servants, are likely to play an active and prominent role in the transfer process. These are motivated by a desire to improve conditions in their country by implementing policies which have proved successful abroad. However, these agents may face severe constraints in relation to the capacity and expertise available to them to engage in informed and evidence based learning from abroad and to adapt policy designs to national and local circumstances. While this design adjustment phase may prove challenging given the limited domestic expertise, assessing what implementation capacity is required and to what extent the existing administrative apparatus possesses the required capacities, or can be retraining and restructured to obtain these, may be an even larger challenge. This often requires that domestic transfer agents will invite international agents with the expertise required to provide advice and expert capacity. These may be carefully selected on the basis of their track record in advising developing country governments in similar situations and on their perceived ability to understand the country specific circumstances and take these into account when providing advice. However, these international transfer agents are quite different from those involved in coercive transfer. Though some of them may be affiliated to international organisations, they tend to be recruited from broader global networks such as transnational advocacy networks or epistemic communities that consists of a mixture experts from international organizations, NGOs, think tanks and consultant firms. While these may also be engaged in policy transfer in developed countries, their roles are more pronounced in developing countries particularly where the transferring country has little in-house experience and knowledge (Savi and Randma-Liiv 2013).

An indication of what type of transfer taking place in a developing country is the composition of transfer agents and how they interact. *In coercive policy transfer* agents from international organisations tend to play a dominant role and though they may interact with domestic actors involved in the transfer process, these tend to be policy takers rather than policy makers. That is, they tend to play a secondary role in the process of deciding which policy models to transfer and how to implement them domestically. *In voluntary policy transfer* the first and the third category of transfer agents, that is, the domestic officials and the transnational advocacy network respectively, play a significant role. Supra-national and international agencies are likely to play a very limited or minimal role. As to the interaction between the domestic and transnational transfer agents, the former actively select the latter and engage actively with them in terms of making decisions on policy models being chosen for transfer and how to implement them. In contrast to coercive transfer, the power relations between these two categories of transfer agents leans strongly in favour of the domestic agents since they are not in the subordinate role of the policy taker. Domestic agents decide what to transfer, while the transnational agents play the roles of advisors.

To substantiate the argument that voluntary policy transfer is likely to take place in developing countries, it must be demonstrated that there is a domestically motivated desire to engage in a transfer process. This is likely to occur when there is a realisation that reform is needed. Recognising a need for reform is necessary, but not sufficient, to initiate and accomplish a voluntary transfer process. Domestic transfer agents must control the transfer

process. They may be assisted by international agents who may provide important input into the process but these international agents remain subordinate to the domestic agents.

Transfer of public sector reforms in Bhutan

Public sector reforms have always had a tendency to spread from one country to another. Such transfers were prevalent even during early historic periods when countries looked for models based on best practices of another country. The merit-based recruitment and fiscal organization practised in China was used by other countries, for example the UK (Jacoby 1973). During the periods of colonization, particularly in parts of Asia and Africa, public sector reforms also spread widely, becoming more extensive in recent decades. In recent years, there has been an increasing trend in nations engaging in public sector reform and trends such as privatization and new public management (NPM) offer evidence of cross-national learning (Mossberger and Wolman 2003). There have been numerous studies conducted of policy transfer of public sector reforms, particularly NPM-type of reforms, in developing countries. 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 reasons that led to the policy transfer of these reforms, for example information technology and the media, as well as consultants advocating particular ideas. In addition, inspired by neoliberal ideology, international organizations such as the OECD, the International Monetary Fund and the World Bank have also played an important role in transferring administrative reform ideas (Askim et al. 2010). The implementation of NPM-related public sector reform, such as the introduction of PCS in Bhutan, are good examples of policy transfer. NPM-related reforms are claimed to have spread with an ‘energy’ and ‘simultaneity’ never experienced before (Jones and Kettl 2004, 463) and are notable for their magnitude, breadth and significance (Halligan 2001). However, the experience of the implementation of NPM-related reforms in developing countries is varied. Various studies (cf. Schick 1998; Manning 2001; Baker 2004; UN 2005) show that the developing world is different from the developed world in relation to implementing NPM, and that the experience of NPM reforms in developing countries shows that there are certain prerequisites for successful reform which are often lacking in developing countries. Some of the prerequisite conditions that have been identified are: the use of market-type mechanisms and contracting requiring a functioning formal market; appropriate government regulations; vigorous markets; broadly accepted dispute-resolution processes; and a certain level of tolerance and expectation that the state has adequate capacity and resources.

The experience of policy transfer of public sector reforms in developing country presents itself as an opportunity to assess the dynamics of implementing of NPM-related reforms in a developing country. We do this by examining 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 basically consisted of five major components with specific objectives:

1. Classification of Position and Occupational Groups: Each position in the civil service had a job description and was assigned a position level based on factors such as knowledge

(qualification and experience), complexity of work, and scope and effect of work amongst others. Each of these positions were divided into four broad position categories— Executives/ Specialists, Professional/ Management, Supervisory/ Support and Operations—and also grouped into one of the 19 Major Occupational Groups.

2. **Performance Management System:** An integral part of the PCS was the Performance Management System. The performance appraisal system sought to improve productivity and promote meritocracy, professionalism and to encourage, support and ensure that performance targets were met. Performance targets were aligned to organizational goals and objectives. It was also a critical factor to determine various human resource actions such as appointments, transfers, promotion and remunerations. Performance Management System included the processes of performance planning, monitoring, reviewing and recognition.
3. **Recruitment, Selection and Promotion System:** The PCS sought to appoint the right person for the right job through a competitive, transparent and fair selection system. It also sought to attract and retain qualified and competent civil servants, and provide equal opportunities for selection to a vacant position in the civil service, which was to be determined through periodic organizational development reviews.
4. **Human Resource Development:** Although not a major feature of the PCS, training and development activities were tied to the provision of the right skills, knowledge and qualification to the civil servants so that it fostered productivity, professionalism and opportunities to enhance career progression.
5. **Remuneration and Benefits:** One of the main components of the PCS was the remuneration and benefits scheme, which was to reward civil servants for their performance, and also to serve as basis for motivating and retaining existing civil servants. However the government did not approve this component of the PCS.

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 come 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 U.S. Office of Personnel Management. The performance management system component and the remuneration and benefit component of the PCS were based on best practices that are NPM-related reforms. In doing so, 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 U.S.

Needs and motivations for the introduction of the PCS

There was no overt influence exerted on Bhutan by international institutions to initiate the PCS, and the main motivations for introducing the PCS were internally driven. A major restructuring exercise of the government in 1999 was initiated in Bhutan lead by the Prime Minister and a task force with a membership drawn across the civil service. 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 good governance 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 good governance exercise as a policy initiative 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 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. The Cadre System was introduced into Bhutan in 1989 to minimize 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. In an interview, 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’. The absence of job descriptions also made it challenging to identify the competencies and skills required for a certain position. This in turn affected the identification of performance indicators and targets that an individual had to achieve, and thereby rendering the performance evaluation system ineffective. 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 (RGOB 2006). To a great extent the Bhutanese government’s proposal to introduce the PCS was 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 organization. This clarity 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 depend largely on what the supervisor assigned and were undefined and obscure. The PCS was also seen as taking greater advantage of specialization. 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. 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 operationalize 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 industrialized one with the development of major hydropower projects and service sectors like 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 recognized the need for creation of new agencies that catered to the changing needs of the country, and agencies such as the National Employment Board were created. The National Employment Board, initially responsible for managing all recruitment issues related to the private and corporate sector was upgraded into 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 the 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 commercialization. The gradual decrease in the role played by the government in the management of public sector enterprises affected the way in which the government functioned. Amidst all these changes taking place, the Cadre System was unable to cater to the emerging requirements of including more positions into the system.

Such internally driven motivation and need for policy changes in the case of PCS in Bhutan differentiates this policy transfer processes from many other experiences in other developing countries which had often been subject to externally driven policies influenced largely by international institutions or donor-countries. Such externally driven policy transfer is likely to cause poor policy performance because the problems have tended to be misdiagnosed in the agenda-setting and problem identification stages. In the Bhutanese case the problem identifications and definitions were established through domestic debates and reflection and therefore diagnosed the situation with a high level of precision.

Transfer agents of the PCS

As argued above, normally the prominent actors in a developing country context would be the international actors, and the nature of relationship would be top-down where the international actors have considerable influence over their domestic counterparts in policy making. The skewed relationship is often a result of the dependence, financial and intellectual, of the developing countries on donor countries and international organisations. The PCS reform in Bhutan highlights that the presence of international actors in the transfer process does not necessarily mean that they dominate it. Indeed, our case demonstrates that domestic transfer agents may be able to control the transfer process throughout the agenda setting, decision-making and the implementation stages. It was in the policy formulation stage that the international actors played an important part, but at no point did they dominate it.

The central domestic actor responsible for the formulation and implementation of the PCS was the RCSC Secretariat, which functioned as the central personnel agency for all civil servants in Bhutan. 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. 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. 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) program and coordinating their involvement in the reform process. In Figure 1, which shows the interaction of the actors involved in the formulation of the PCS, we see that the RCSC Secretariat as the coordinating agency was centrally positioned in the network consisting of the PCS sub-committees, PCS focal persons, stakeholders, and international advisors/consultants.

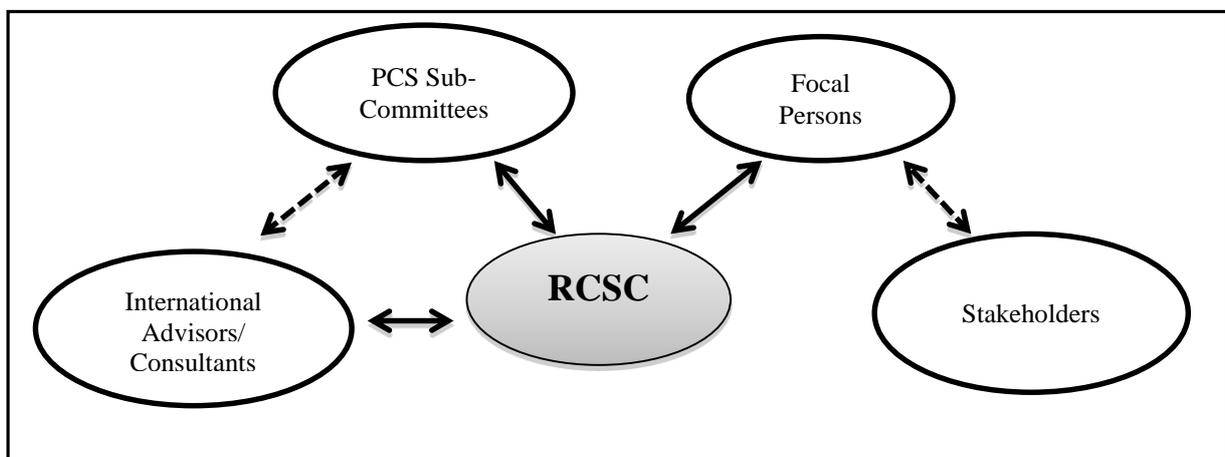


Figure 1: Actors and their interactions in formulating the PCS

The domestic discussions and work on the PCS highlighted the prominent role played by domestic transfer agents. 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. The committee membership was drawn from the civil service on the basis of their individual capacities and experiences. Most of these officials had educational backgrounds from universities in Australia, Canada, U.K. and U.S. The ministries and other autonomous agencies were also instructed to identify and appoint focal persons as representatives of their agencies 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. A workshop was conducted in 2000 for the focal persons by the consultant hired through the UNDP project. In this workshop the consultant presented personal classification models from the U.S., Philippines and a few regional countries as a basis for the discussions on the framework for the PCS in Bhutan. This framework was submitted to the RCSC and upon its approval it formed the foundation for the job descriptions. Once it was approved, the focal persons together with staff from their agencies prepared detailed job descriptions.

Almost simultaneously with this process, the Factor Evaluation Committee was formed. It was composed of staff from the RCSC, academics from the Royal Institute of Management

and some of the more senior and capable focal persons from the agencies. The Committee provided assistance to the focal persons to write the job descriptions, and after a series of presentations and amendments, they spent almost three intensive weeks away from the capital city going through the first draft of job descriptions, the position hierarchy and directory. In 2003 and 2004, as the work on PCS gained momentum, the RCSC took a more comprehensive approach by expanding the reform to go beyond classification of positions to also include a performance-based civil service. To achieve this broader objective, five PCS sub-committees were formed and chaired by a Civil Service Commissioner. The Division Heads of the RCSC Secretariat were appointed secretaries of the sub-committees. The findings and recommendations feed into the final PCS Policy Document which was approved by the government for implementation.

The international policy transfer agents in the formulation of the PCS were the 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 with a directory of positions. An Indian, who was an ex-employee of the RCSC, was also recruited as a local consultant to assist the international consultants during the initial stages. The two consultants advised for a period of two to three years on the classification of positions and the job descriptions. Then in 2003, the RCSC recruited 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. The assistance of the volunteers was coordinated with the RCSC. Appointed for a period of one year each, there were three successive advisors from VSA. The first VSA advisor had worked in the public sector in New Zealand and his role was to contribute to harmonizing the various sub-committees of the PCS with the overall objectives of the PCS reform. The second volunteer had experience in the private and corporate sector and she played a role in providing training on performance management for the human resource officers in the agencies. A third volunteer was recruited by the RCSC in 2006 but he did not play a significant role in the PCS reform *per se*. In 2004 there was also a technical advisor from the Philippines funded under the auspices of the Colombo Plan Staff College for Technician Education located in Manila. She conducted a workshop to provide capacity building training for senior managers on the performance appraisal system. An outcome of the training program was that frameworks for performance appraisal system were developed by the participants themselves, which were submitted to the RCSC, and were later adopted as a part of the Performance Management System component of the PCS.

The relationships among the transfer agents are sketched in Figure 1 above. At the centre is the RCSC with its relationships with the other actors in the network working both ways (indicated by the double arrow-heads in Figure 1). The RCSC initially collaborated closely with the focal persons who in turn liaised with the civil servants in their agencies to finalize job descriptions. Later the RCSC cooperated closely with the PCS sub-committees to finalize 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.

As demonstrated, domestic agent (category 1) initiated and managed the transfer process. Though international transfer agents (category 3) play an important role to advising the Bhutanese government on the contents of the PCS, domestic transfer agents remained in

control of the process by positioning themselves centrally in the network of transfer agents. An official of the RCSC, who was involved in the formulation and the implementation stages of the PCS, succinctly summarised:

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.

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 equipped by power resources enabling them to impose solutions.

Conclusion

The introduction and implementation of the PCS in Bhutan demonstrated that internally driven policy transfer is possible in developing countries, particularly if they are internally motivated. It is this internally driven motivation that differentiates the PCS from externally driven policy transfer processes in other developing countries that are influenced largely by international institutions or donor-countries. In addition to diagnosing the problems with a certain level of accuracy through domestic debates and reflections, the case of Bhutan shows that internally driven motivations activate different types of domestic and international micro-agents that determine how the process plays out. The second category of transfer agents, that is, the officials affiliated to supra-national and international agencies were notably absent in the introduction of the PCS. It was the domestic transfer agents, identified as the first category of transfer agents, who were in the central position of the network of transfer agents. The third category of transfer agents, the transnational advocacy network and the epistemic community, also played a significant role by providing advice to the domestic transfer agents. But the domestic transfer agents clearly outnumbered the external transfer agents in the case of the PCS, thus enabling Bhutan to successfully control the policy transfer processes by remaining thoroughly engaged in the process. Therefore, if Bhutan is able to do so, the assumption that coercive mechanisms characterises policy transfer in developing countries may be questioned, which in turn, should lead to reconsideration of the research agenda in relation to policy transfer in developing countries.

Some useful points to conclude with based on the experience of the PCS are: firstly, this paper provides an insightful way to differentiate between “voluntary” and “coercive” policy transfer. Often these classifications can be quite nebulous, especially when international transfer agents are involved (Dolowitz and Marsh 2000; Stone 2004). One way to define voluntary policy transfer is to determine if there is significant participation from domestic transfer agents, and that such participation results in the ability to shape the process, content and outcomes of the policy that is being transferred. Another point, which has not been addressed by this paper, but can be offered as a recommendation is to consider the direction of policy transfer. Most forms of policy transfer for developing countries are based on a North→South direction, that is, policy is transferred from a developed country to a

developing country. Some policy transfer scholars have proposed a South→South policy transfer (for example, Dussauge-Laguna 2013) and even bolder South→North policy transfer (for example, Nedley 2004). Perhaps, the successful introduction of the PCS in Bhutan could serve as a helpful South→South policy transfer for other developing countries searching for public sector reform initiatives.

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