

A Civil Service for the Future

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Calls to Action

In 1986, His Majesty the Fourth Druk Gyalpo issued a Royal *Kasho* to the Royal Civil Service Commission that was ahead of the times. The decree instructed a review of incentives for civil servants and a promotion system based on their capability and results of their work -- effectively introducing what is now known as Results-Based Management practice -- to reform and advance Bhutan's public sector.

Now, 35 years later, another far-sighted Royal *Kasho* on Civil Service Reform has renewed the focus on our governance structure and public service delivery. It calls for a fundamental “restructuring of the civil service, so that it has a renewed vision for the 21st century”. The COVID-19 pandemic has put into sharp debate the central challenge that has long been plaguing the Bhutanese public sector. Is our system able to adjust to new realities capable of focusing on outcomes our society needs and wants, and at providing efficient services while navigating seismic shifts?

His Majesty has time and again articulated the vision -- the critical foresight -- for anticipatory governance so that Bhutan will be able to deal with future challenges in a proactive, effective, and sustainable manner. The next step is for us to analyse what needs to be reformed, what the future of government could look like, and what will be needed to be better prepared for that future.

The Need for Reform

In an age of fast-changing and constantly evolving demands, volatility, and complex problems, public systems need to adapt quickly to successfully manage efficient service delivery. Like many governments across the world the Bhutanese public service faces challenges related to turf protection, pace of change, technological change, ad hoc approaches and short-termism, implementation gap, and overall risk avoidance.

1. Risk-averse

By and large, the Bhutanese civil service culture is one based on risk-averse, rule-driven, and predictable decision-making. Uncertain or difficult decisions are avoided and justified for political and reputational reasons, thus creating a tendency for reactive and bureaucratic responses, instead of proactive and innovative action. Needless bureaucracy stifles creativity and there is little incentive to take risks. There are no rewards for taking a gamble which works but plenty of downsides for failure.

2. Turfism and Silos

Rather than approaching issues holistically through a systems-thinking approach, the public sector is still constrained by a traditional logic that revolves around singular and linear decision-making reinforced through sector specialisation. Although policy design undergoes a more comprehensive screening assessment through the Gross National Happiness Commission (GNHC), implementation is still conducted in silos by government agencies without strong monitoring and evaluation frameworks.

3. Technological Change

A pacing problem -- in which the speed of innovation, especially in the digital landscape, outpaces the government's understanding of its impact -- results in a regulatory-focused approach, instead of an innovative-focused approach. Given Bhutan's fast pace of development, it has resulted in an increasingly supervisory public structure that curtails innovation, both within and outside the system, and a failure to seize on many new technological opportunities.

4. Ad hoc and Short-Termism

Political pressure often pushes short-termism and ad hoc approaches, forcing civil servants to be driven by events rather than forward-looking practices. This pressure to seek out quick wins for political imperatives reduces the public sector's capacity to tackle long-term issues.

5. Implementation Gap

Implementation is where good policies go to die. The implementation gap is often a result of focusing too much on organisational structures and processes, and not enough on attitudes and mindsets of civil servants. The hierarchical nature of our civil service creates a one-way directive communication, instead of a participatory and iterative dialogue that creates space for genuine interaction.

6. Politicisation

Civil servants are technically implementers of policies designed and decided by lawmakers. Their interests do not -- and sometimes should not -- necessarily align with those of politicians. To this end, civil servants have the potential to serve as important counterweights to political forces in the process of policy implementation. The reality, however, is often that civil servants have strong influence during the policy formulation just as politicians have influence on how to implement them. Maintaining an apolitical stance with the larger public interest at heart is increasingly difficult in this complex setting.

Key Drivers of Change

In the quest to effectively respond to the drivers of change and shifting needs of citizens, the civil service will need to challenge its own process, system and structure. Transforming the performance of the public sector means finding ways to provide better services more efficiently. This involves enhanced delivery systems, better-managed public finance, a more skilled and accountable public workforce, as well as understanding the drivers of change and key characteristics.

1. Citizen Expectations

Citizen awareness remains a powerful force for change. Greater awareness regarding their rights, better access to information through technology and higher expectations of service levels will increase expectations for quicker delivery and more individualisation of services. At the same time, citizens are calling out for increased transparency and accountability as the public sector grapples to rebuild trust and legitimacy at many levels.

2. Demographic Changes

Projections show that Bhutan's population will continue to rise for the next few decades, reaching nearly 884,000 by 2047. The share of the working age population -- 15-64 years -- will rise to over 70 per cent, giving opportunities for huge demographic dividend. These demographic changes will impact on policy design, especially with the risk of mismatch in the education and skills needed for employment. Demographic change will also be manifested in a shift in mindsets, attitudes and values, with the rise of a more individualistic, interactive, informed and innovative generation.

3. Technological Disruption

The rate of change driven by technology will continue to impact on public services in a variety of ways. Four prominent technologies – social, mobile, analytics, and cloud – collectively called SMAC, will drive the digital revolution and represent unprecedented opportunities. The result is a shift of power from big organisations to networked individuals, and governments will need to understand how to engage and deal with the emergence of such small, informal and unpredictable, yet highly influential, groups of activists.

Preparing for the Future

Bhutan's public service delivery has evolved dramatically from the establishment of the Department of Manpower in 1973, to now becoming a Constitutional Body with over 31,000 employees. It has seen corporatisation and privatisation of service delivery, progressed from a Cadre System to a Position Classification System, and remains the key agent of change for development activities.

However, the share of civil service compensation now accounts for more than a third of domestic revenue, raising concerns of fiscal sustainability. The challenge now is to be able to adjust to the new reality of “doing more for less” and focus on the outcomes society needs and wants.

To adapt to the 21st century, our civil service must be agile, innovative, data-driven and transparent. For this to happen, a number of elements need to be aligned to create the desired civil service of the future, one that

is adaptive to its circumstances and ready to deliver its defined purpose in the face of a world in constant change. The governance system needs two core components: 1) The ability and capacity to anticipate and innovate resourcefully, and 2) The ability of the system to actually execute and implement solutions.

1. Anticipatory Innovation Governance

Anticipatory innovation governance is a broad-based capacity to actively explore possibilities, experiment, and continuously learn as part of the broader governance system. It is about creating knowledge about the future, anticipating how we can affect it, and shaping a system towards a preferable future by acting on it iteratively.

An agile civil service structure is able to adapt and react optimally to unforeseen events. It is able to anticipate situations and act in a speedy and cost-effective manner, providing needed responses in the short term without compromising long-term options. This agility in turn reinforces organisational resilience.

2. Data Infrastructure and Analytics

Data needs to be viewed and treated as an important infrastructure that can drive efficiency and growth, and not only as a tool for transparency. Predictive modelling and other types of data analysis allow the public sector to focus more on prevention, instead of just reaction and remediation. Analytics give policymakers the ability to test potential solutions in advance. The public sector can use data analytics not only to improve managerial and operational efficiency, but also to understand and predict the needs of citizens.

A national spatial data infrastructure is currently being developed, but should be part of a larger national data infrastructure that consists of data assets. We need to start improving data collection, updating of data, and transparency of data, within ethical and regulatory frameworks. If the data that we rely on to make policies is outdated, then the policies become reactive, not proactive, and they also become outdated.

3. Digital Transformation

Leveraging technology to make it part of participatory governance is an important trait of future public service. Building a Digital *Druk* as part of our vision to be a smart nation means using new technologies and building a digital economy and digital society in order to deliver efficient public services.

4. Re-thinking Workforce Planning

Ultimately, public service delivery depends on the people involved in the delivery. Talent continues to be a major criterion for success, and the civil service needs to continuously consider how best to attract, develop, motivate and retain talent, while exploring ways of collaborating with the civil and private sector (such as secondments) to jointly develop talent. It will involve reconfiguring existing workstyles, cultures and preferences to meet the needs and expectations of a future workforce.

In an environment where change is constant, civil servants must continually improve and develop new skills. To be effective at meeting this need, it is important to understand preferred education and training formats required for improving implementation skill sets. To this end, multiple training formats will be required to address learner preferences.

5. Focus on Impact

Strategy execution requires a strong performance management system based on accurate and relevant information with a focus on sustainable impact. Implementation gaps can be addressed with dedicated capacity building and a shift from output-based to an outcome-based operating model, as well as a change from performance measurement to performance management in the civil service.

This means that in addition to the traditional measures of collecting, analysing and reporting information regarding the government agencies' performance of pre-determined targets of success, the management of performance also includes a broader concept involving training, teamwork, employee involvement, incentives and rewards, building of trust, creation of conditions of empowerment, and the management of team learning.

6. Enabler, Not Provider

Bhutan's development paradigm has traditionally consisted of the government as the main agent of change – and justifiably so – but this has also meant emphasising policy planning from a government-led, top-down, regulatory oriented approach. The government of the future will require complementary roles from the perspective of a private and civil society led, bottom up, and grassroots oriented approach.

Successful governments focus on developing societal solutions from outside government, rather than on trying to solve problems themselves. Development planning processes should be consultative, and implementation and monitoring should be decentralised, not just within public sector structures, but with other stakeholders, thereby engendering space for public-private partnerships and triple-bottom line businesses that pursue social and environmental goals along with financial ones.

The government's role should pivot from being the chief provider and administrator of services to being the chief enabler, through which society's innovators can thrive. It should build platforms, hold partners accountable for targeted outcomes, open up services to choice and manage crowd-sourced campaigns and competitions.

An Agenda for Action

Short term (1-2 years):

- Establish an Innovation and Foresight Committee -- an independent think tank that can produce studies that look to the potential problems of the future and provide recommendations on how to innovate current government function.
- Create independent Monitoring and Evaluation Units within ministries to ensure an effective implementation process of plans and programmes, with overall co-ordination with GNHC.
- Launch Civil Service Innovation Awards to incentivise civil servants to find innovate solutions in the service value chain.
- Promote Regulatory Sandboxing, especially in the field of Technology, in order to promote innovation.

Medium term (2-5 years):

- Establish a National Data Infrastructure to strengthen data production, collection, transparency, and co-ordination in order to support availability of accurate data assets for public good.
- Conduct continuous capacity building training of civil servants, especially in entrepreneurship and innovation, and with a focus on developing a continuous learning culture.
- Re-evaluate Performance Management Systems to highlight focus areas of Involvement and Innovation culture.
- Formulate Digital Identity strategies and solutions for public sector services in order to enhance administrative efficiency. A functional digital ID is a major step towards a digital society that builds trust between government and citizens.

Long term (5+ years):

- Continuously review the adaptive resilience capacity of the government through scenario planning and predictive analytics.
- Invest in IT solutions that can radically accelerate a culture of innovation.
- Periodically review the performance management process of the civil service, with an emphasis on clear decision-making authority and accountability.
- Periodically review the level of civil service engagement to build a culture of involvement.
- Promote decentralisation of service delivery in partnership with Civil Society Organisations (CSOs) and private sector actors.
- Re-think lifetime tenure for civil servants.
- Evaluate a hybrid system of senior appointments in government, mixing civil service and political appointments, but with strong merit rules and controls.

A Bright Future

The COVID-19 pandemic has required us to become more efficient, agile, and responsive as people, as businesses, and as a government, and to understand that we are all connected, that we live in very complex times, and to find solutions that are effective and sustainable.

Civil service reforms are too important to be left only to civil servants. It is our collective responsibility as citizens and stakeholders to ensure that one of the most important public institutions is prepared to transform into a future-oriented, efficiency-led, service-driven organisation.

The challenge is ambitious, but with His Majesty's leadership and the Royal *Kasho*, we have been given a golden window of opportunity to begin a process of reform that will require a paradigm shift not just in the way civil servants work, but also in the way they think about the way they work.