

Report

Development of a Training Strategy for the Inland Revenue Department (IRD)



March 2014

Submitted by:

Ifanos Concept & Planning India

INDIA

Executive Summary

The mission to write this report was requested by the GIZ Revenue Administration Support (RAS) project to support the training efforts of the GIZ RAS project and IRD. To the understanding of the consultants a training strategy is not so much as giving precise guidelines which training has to be conducted when, to which purpose and with how many participants but it should provide a strategic recommendation how the organisation of the education and trainings should be improved in order to fulfil the tasks given to the Inland Revenue Department for the benefit of the people of Nepal. The background research for this proposal of a training strategy consisted in numerous interviews with all the divisions of IRD, visits to many training institutes and other governmental organisations in Kathmandu related to IRD. A training needs assessment was the result of this research. Together with a description of gaps to more efficiency and a comparison with international examples of training for tax revenue officers concludes the initial part of this paper.

This proposal centres on a new structure for the training administration, called the “New Training Section”. This new administrative structure is recommended to organize four distinct but interrelated areas:

1. Consistent organization of trainings using all state-of-the-art prerequisites necessary
2. A computer based storage and information system maintaining and supporting this organisation, called e-Training.
3. A computer based staff profile system, called e-Profile. This should be part of a planned Human Resources Information System (HRIS) and which should be closely linked to the e-Training to maintain information on training abilities and performance of IRD officers.
4. A monitoring and quality assurance system, not only applicable to trainings, which could be a IRD wide process model to assure high performance of its staff and its products.

A director coordinating the activities and being assisted by a supportive Steering and Advisory Committee completes the proposal for a new administrative structure. No other substantial increase in staff number is proposed. However, a close coordination with the ITC structures of IRD will be mandatory to assure that the computers based supportive areas e-Training and e-Profile of this proposed system will work well and in accordance to the ITC guidelines of IRD.

All these proposals are related if possible to Strategic Objectives indicated in the Strategic Plan and the Reform Plan and possible future training methods IRD are indicated to promote the achievement of these goals. However no detailed training plan is elaborated so far because this seems to be premature as this training strategy has to be approved and endorsed beforehand.

It follows a generic proposal for the elaboration of syllabus and curricula for future training activities. For any future training this curriculum planner is recommended to be a forerunner for any new training to be developed and conducted, even if the supportive e-Training and e-Profile systems are not yet in place.

A schematic and brief Logical Framework is added which indicates Impacts, Outcomes and Outputs for the different elements of this envisaged training strategy. If possible indications of inputs and necessary resources are given for the next three years together with indicators, baselines and expected targets.

A list of activities is given in tabular form, indication which of these activities could be supported by the GIZ RAS project during the next phase of the project until 2015. Likewise a collection of training activities is listed but again not a detailed training plan because this seems to be premature as this phase of a training strategy.

A brief, again generic, description of how to assure success and quality follows. This can be considered to be self- referencing as this method could be applied and used to make this very training strategy proposal a successful approach for IRD.

All these suggestions are individual conclusions of the authors and are liable to corrections, recommendation and comments from the experts of IRD. With this invitation for feedback to this draft of a proposal for a training strategy for IRD closes.

Contents

Executive Summary	2
1. GIZ-RAS Project Context	6
1.1. GIZ-RAS Project	6
1.2. The Inland Revenue Department (IRD)	7
1.3. Strategic Plan and Reform Plan of IRD	8
1.4. Existing Training Structure for IRD professionals	12
1.5. External Support for capacity building of IRD	13
1.6. International Systems -Training of Revenue Service Officials	15
2. Training Needs Assessment of IRD	18
2.1. Issues to be considered	18
2.2. Training Needs Assessment	18
2.3. Questions/Answers to Analyze Training Needs for IRD	19
2.4. SWOT Analysis for Training at IRD	19
3. Recommended Training Strategy for IRD	23
3.1 Objectives and key Elements of Training Strategy	23
3.2 Training Section – Administrative Structure	23
3.3 e-Training: Computer Based Training System	27
3.4 e-Profile – IRD Officers’ Profile	28
3.5 Inventory of Types of Training	29
3.5.1. Types of Training	29
3.5.2. Training material and documentation	30
3.5.3. Trainers	31
3.6 Syllabus, Curriculum Development	31
3.6.1. A Recipe for a Curriculum	32
3.6.2 The curriculum based on this course syllabus	34
3.6.3 The Evaluation of Training	34
3.7 Monitoring Changes in the Training System	35
3.7.1. The logical framework	35
3.7.2. Quality Gates: Assuring Success and Quality	35
4. Recommendations for Action	37
4.1. Work Packages according to Output	37
4.2. Recommendation for Training Activities	38
4.3. Course framework for Two Pilot TOT	40
4.4. Collaboration with Training Institutions	41
Annex 1: Synopsis of Meetings with RAS related counterparts	43
Annex 2: Quality Gates – Tools to Assure Success and Quality	50
Annex 3: Overview presentation made at IRD Workshop Feb 2014	52
Annex 4: Logframe for Managing the Change	57

Acronyms

ADB	Asian Development Bank
ADAN	Auditors' Association of Nepal
AusAID	Australian Aid
BL	Blended Learning
DANIDA	Danish International Development Agency
DFID	Department for International Development, UK
e-IMS	Electronic Management Information System
e-Profile	Electronic Officers' Profile Information System
e-Training	Electronic Training Information System
EU	European Union
GIZ	German Agency for Technical Cooperation
GTZ	Gesellschaft für Technische Zusammenarbeit (predecessor of GIZ)
HCD	Human Capacity Development
HRIS	Human Resources Information System
HR	Human Resources
ICAN	Institute of Chartered Accountants of Nepal
ILO	International Labour Organisation
IRO	Inland Revenue Office
IRD	Inland Revenue Department
ITC	Information Technology and Communications
LTO	Large Taxpayers Office
M&E	Monitoring and Evaluation
NASC	Nepal Administrative Staff College
NTS	New Training Section
QA	Quality Assurance
QG	Quality Gates
QI	Quality Infrastructure
RAS	Revenue Administration Support
RATC	Revenue Administration Training Centre
TNA	Training Needs Analysis
TSO	Taxpayers Service Office
TOT	Training of Trainers Programme
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WTO	World Trade Organisation

1. GIZ-RAS Project Context

1.1. GIZ-RAS Project

During the bilateral Government Consultations between Nepal and Germany in June 2012, the *Promotion of Sustainable Economic Development* has been identified as a priority area emphasizing its fundamental importance for the development of Nepal through inclusive economic growth and the generation of additional jobs in Nepal. GIZ's RAS project supports the Nepalese tax administration and ties up with the effort to develop a mutual exchange with the private sector. The Government of Nepal has defined priorities whereby it aims at seeking peace and sustainable development in order to promote the country's social, economic and infrastructural improvement. In this regard, the mobilization of domestic revenue through an efficient, transparent, professional and service-oriented revenue administration has been emphasized.

In 2012, the cabinet adopted the first Strategic Plan for the Inland Revenue Department (IRD) for the period 2012/13 to 2016/17. It sets the framework for long-term decisions and is the cornerstone for the operational planning of the tax administration. With its Strategic Plan, the IRD has aligned itself with the on-going process of state building and economic development. The most important tax payer remains the private sector, contributing more than 70% to the tax collection through the Nepalese Inland Revenue Department (IRD). IRD aims at an improved dialogue with taxpayers to simplify processes, provide information and services, as well as reduce compliance cost. Both the institution and the economic sector benefit from a joint process of sharing experiences, challenges and ideas for future improvement. At the same time, improved revenue mobilization aims at a reduction of the dependency on volatile budget contributions from donors which would strengthen the government's ability for planning and increase ownership in respect of its own reform programs. The plans of the Ministry of Finance (MoF) and the IRD ensure the adherence of the Strategic Plan objectives on the operational level.

By supporting the revenue administration, the Nepali-German **Revenue Administration Support** (RAS) Project, under the guidance of the IRD and supported by the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ), on behalf of the Federal Ministry of Economic Cooperation and Development (BMZ) and co-financed by the Danish International Development Cooperation (DANIDA), contributes significantly to the Strategic Plan of the IRD. The overall objective of the project is to improve IRD's ability to collect government revenue in a transparent and efficient way, taking due account of the corporate environment. The RAS project consists of three components: Information and Communication Technology; Management Support (Strategic Plan / Reform Implementation, M&E, HR Management); Small and Medium Enterprises and Taxpayer Education.

The GIZ RAS project started in 1998 with support to the tax department in information technology, training and development of materials (DANIDA support was for VAT). The Income Tax Department and the Value Added Tax Department were merged into IRD for implementing the New Income Tax Act of 2001. Over the last decade, under the project

around 4000 persons had been trained but this was done mostly on an ad hoc basis. IRD still requires sufficient quality human resources to carry out its core functions and for the implementation of its reforms.

In order to improve the management of IRD's workforce (HR management) and to support the capacity development of personnel (HR development), GIZ and IRD have agreed to develop and implement a comprehensive training strategy. The basis for developing the strategy includes the assessment of existing capacities and training needs, to be applied for respective sections and qualifications defined for certain responsibilities, as well as the recommendation of mechanisms for the monitoring and evaluation of training measures. The primary target audience of the training strategy are tax officers at the operational level of the revenue administration as well as civil servants of the higher management.¹

This report proposes a Training Strategy for IRD which is intended to initiate better performance, find means to motivate staff members and lead to job satisfaction, so that their contribution to efficiently collecting taxes will help in generating revenue and develop the country further, satisfy the needs of the public, create a climate of confidence in the government and its services and improve the economic structure on which a strong and well organized government can rely.

1.2. The Inland Revenue Department (IRD)

The Inland Revenue Department (IRD) is the cornerstone for the operational planning of the tax administration in Nepal. IRD aims at improved dialogue with taxpayers to simplify processes, provide information and services, as well as reduce compliance cost. Both the institution and the economic sector benefit from a joint process of sharing experiences, challenges and ideas for future improvement. Maximizing voluntary tax compliance and providing taxpayer friendly services are their standing objectives.

IRD's mandate can be summarized as follows:

- Tax Administration
- Tax Collection
- Tax Reform
- Advice on Tax Policies
- Taxpayer Service and Education
- Management of ICT system
- Organizational and Human
- Resource Development
- Research and Development
- Logistic Management

IRD has an authorized staff of 1,040 positions of which around 13% are currently vacant. Administration is decentralized, and functions through one Large Taxpayer Office (LTO) to service the largest taxpayers, 22 Inland Revenue Offices (IRO) nationwide, and 13 Taxpayer

¹ From Terms of Reference

Services Offices (TSO) have been established in the Kathmandu Valley, 13 have been established outside the valley with 2 more are to be established in the near future. There are at present around 400 staff members of IRD who need to be trained and are the prime target group of the HCD strategy.

Towards design of the training strategy, inputs were taken from stakeholders² from RAS, IRD, government departments responsible for recruiting and training staff for the IRD, and officials responsible for policy and planning on HCD within the Ministry of Finance the parent body of IRD. Discussions ranged from highlighting issues related to skill levels and performance, lack of adequate staffing, frequent transfers of trained personnel within Ministry departments (IRD, Customs, Department of Revenue Investigation, Department of Anti Money Laundering and the Revenue Administrative Training Centre), types of technical training required, etc., and that the training strategy has to focus on both the core and non core areas of activity, and has to be need based with IRD taking ownership. IRD functions are policy, operational and service and the HCD strategy needs to consider taxpayer education and service, compliance and policy, optimum use of IT systems and reform and competent user response. Discussions at the IRO Lalitpur revolved around the need for increased skills for auditing and investigation as well as the need to better understand of tax laws among revenue officials. A group of dedicated officials for certain designations could be created to reduce the loss of trained staff.

Meetings with the DG IRD further highlighted the IRD perspective within which the training strategy needs to be developed - the need to:

- look at the Strategic Plan, the Reform Plan as well as documents produced by GIZ;
- consider existing domestic training as well as international standards in training;
- IRD training needs assessment to identify gaps between provided training and the international best practices from preferably neighbouring and similar countries;
- develop a national training concept with reference to International training standards
- propose training programmes that are need based and tie up with existing resources

1.3. Strategic Plan and Reform Plan of IRD

The Government of Nepal's tax reform agenda has been oriented towards increasing voluntary tax compliance, broadening the tax base by reducing compliance costs, promoting taxpayer-friendly services, encouraging investment and increasing the confidence of taxpayers in the abilities of state institutions to manage public finances. Towards this end, the Inland Revenue Department (IRD) has developed the Strategic Plan (2012/13 – 2016/17) and the Reform Plan (2012/13 - 2014/1515) to support IRD in becoming a capable, efficient revenue administration influencing change processes to the benefit of the organization, the taxpayer and the public. The Strategic Plan reviews determinants and considers upcoming trends and opportunities in the tax system.

² Please See Annex 1 for Persons Met and Main points of Discussion

Within the upcoming five years, IRD is committed to follow four development objectives, strategic objectives and activities to achieve expected results. These objectives will be translated into activities designed to reduce deficiencies, close unintended loopholes, and address areas of non-compliance. The Strategic Plan seeks voluntary compliance management through quality service and enforcement by improving the following areas:

- Policy Reform and Enhancement of Enforcement
- Improving Taxpayer Service and Education
- Optimal Use of Modern Technology
- Revitalization of the Organization System and Mobilization of Competent Human Resource

The Strategic Plan recognizes the growing importance of new technology focused on e-governance. IRD has become a role model introducing web-based applications and a comprehensive ICT architecture connecting all Inland Revenue Offices (IRO). E-filing has been used by more than 90 percent of VAT returns, simplifying compliance processes, providing information and reducing costs. IT-assisted services will be of further relevance in the development of customer-friendly approaches to enhance voluntary tax compliance.

However the challenges are many. As given in the Reform plan,

“The IRD is currently developing a new Human Resource Management Policy and Plan. The department operates within the Nepal civil service rules and as a result has limited autonomy over major HR decisions that affect operations, including recruitment, remuneration and staff transfers. The staff form part of the civil service Revenue Group and rotate regularly between the IRD and the Ministry of Finance, Department of Customs, Department of Revenue Investigations and the Anti-Money Laundering Department. This creates challenges in managing a highly specialized workforce that operates in a complex technical environment. The current staff Performance Based Incentive Scheme has had a positive impact on performance since its introduction in FY2007-08, but is only available for staff at field offices and excludes headquarters-based staff.

The establishment of the TSO network has set a new standard for tax offices that is not replicated in all offices. A code of conduct is in place, signed by all IRD employees. The IRD plans to develop a training and development strategy based on an assessment of staff needs, and the department is fortunate to have access to the Revenue Administration Training Centre facilities to deliver training programs. The IRD also plans to create a training and development unit in headquarters to assess training needs and develop the necessary courses and programs.”

The Strategic Plan and the Reform³ Plan have been the guidelines for developing the training strategy for IRD. In the Strategic Plan (2012-2017) the vision for the development of IRD is clear⁴: “The Inland Revenue Department (IRD) is to establish an efficient organization with sufficient domestic revenue mobilization, professionalism in service to its clients, innovation and research in tax policy”.

³ <http://www.ird.gov.np/ird/uploaded/strategic-plan-doc13.pdf> and <http://www.ird.gov.np/ird/uploaded/reform-plan-doc6.pdf>

⁴ <http://www.ird.gov.np/ird/uploaded/strategic-plan-doc13.pdf>

The Strategic Plan has postulated the transformation of IRD and its associated offices into segments such as Large Tax-payers' Office and IROs. These organisations will be further classified depending on the particular segment of tax payers served. The major functions currently involving are tax-payer services, collection, audit and investigation. Thus the skills, knowledge and attitude and training needs for each for these organisational segments and therefore functions performed are different.

One of the development objectives given in the strategic plan is to use modern technology with the intention to operationalize full-scale e-governance system in tax administration. This demands new skills and knowledge concerning information technology besides the skills and knowledge concerning legal, accounting and economics. Developing the use of e-based systems will thus be integral in the Proposal for a Training Strategy (PTS).

Some objectives in the Strategic Plan address training as an essential precondition for the success of IRD. The Strategic Objectives and associated activities which will be addressed in detail in this PTS are listed below, along with an indication of the relevance and thus importance given in the PTS.

Strategic Objective	Relevance⁵
<i>Strategic Objective 3.3 Regular auditing and management of ICT system to international standards</i>	
Conduct ICT audit with the help of experts, which is a must activity for being secured that the system is working and safe	✓✓
Maintain and improve ICT software and hardware regularly for making taxpayer-friendly and making it internationally compatible	✓✓
Establish Disaster Recovery Centres in a secured place	✓✓
<i>Strategic Objective 4.1: Transformation of IRD and its associated offices into segment and functional organization</i>	
Expedite internal monitoring plans.	✓✓
<i>Strategic Objective 4.3 :Application of a tax cadre-based professional and compatible HRM policy and plan</i>	
Develop and operationalize function based core groups in areas such as taxpayer services, collection, audit and investigation	✓
Activate Quality Circles in IRD	✓✓✓
Update staff profile in e-IMS so as to have up-dated information for motivation, deployment and support	✓✓✓
Attract and retain staff within IRD system by introducing performance based incentives and promotion	✓✓✓
Recognize and reward good tax officials to motivate and highlight exemplary works once a year	✓✓✓
Review staff performances based on Job Description vis-à-vis outputs	✓✓✓
<i>Strategic Objective 4.4: Revitalization of Human Resource Development system to increase knowledge, skills and abilities of employees</i>	

⁵ Addressed by this plan for training strategy – Relevance is indicated, if addressed by ✓ (low), ✓✓ (medium), ✓✓✓ (high) relevance,

Re-define and apply the approaches for entry-level, specialized, issue based and career development oriented training approaches that become compatible for institutionalization of quality circle & cadre-based team system	✓✓✓
Collaborate with Revenue Administration Training Centre (RATC) for training and workshops while identifying specific needs and output-based training programs	✓✓✓
Conduct on-the-job and off-the-job training for different issues / jobs	✓✓✓
Organize in-house seminars and conferences on issue-based themes so that contemporary tax issues are dealt efficiently and in-house competence is developed for institutionalizing “knowledge management” practices	✓✓✓

The more indicator based Reform Plan (2012/13 - 2014/15) gives further details on activities relevant for the training strategy. The specific objectives of the Reform Plan considered in the PTS and relevance/importance given in this proposal is listed below.

Strategic Objective	Relevance⁶
<i>Strategic objective 4.4: Revitalization of Human Resource Development system to increase knowledge, skills and abilities of employees</i>	
Equip staff and managers with the knowledge, skills and tools to deliver high quality investigations (next 2-3 years).	✓✓
Prepare a detailed inventory of current staff education, qualifications, skills and experience (next year).	✓✓✓
Undertake a training and development needs assessment	
Develop a longer term IRD training and development strategy	✓✓
Develop formal, fully-budgeted annual training plans to deliver the strategy (next 2 years).	✓ ⁷
Implement annual training and development strategy through the annual plans (next 2 years)	✓
Strengthen IRD library to include supporting training materials as required (next 1-2 years)	✓
Establish scope, mandate and staffing needs for a new training section (next 1-2 years)	✓

In the PTS these activities will be targeted within a recommended time frame for the next three years with suggestions for concrete trainings recommended in the action plan.

⁶ Addressed by this plan for training strategy – Relevance is indicated, if addressed by ✓ (low), ✓✓ (medium), ✓✓✓ (high) relevance,

⁷ Subject related measures have to implemented after the agreement and endorsement of a training strategy

1.4. Existing Training Structure for IRD professionals

The Ministry of Finance is overall responsible for pre-service training and divides trainings for the staff members on customs, tax officials and other official entities. Under the present system, fresh recruits to the Government of Nepal are selected by the Public Service Commission (PSC), given a three month basic training at the Administrative Staff College (ASC) and then assigned to IRD as per number of recruits wanted by the department. New staff members assigned to IRD go through basic Pre-Service training at the Revenue Administration Training Centre (RATC) before being assigned to various IRO/TPOs. Further training is provided by on-the-job training as well as classroom training and specialised short term courses given by senior IRD officials on specific topics.

Recruitment - Public Service Commission (PCS)

The Public Service Commission (PSC). (<http://www.psc.gov.np/>) receives about 100,000 applicants each year of which 300 to 400 are selected for pre- service preparation and training. PSC is an independent body responsible for supply of qualified manpower to government. PSC is a recruiting body and does not impart subject related training. As per their policy, the only specific need for new entrants is that they are graduates; there is no stated policy of either IRD or PCS that only those entrants with an economics/finance background will be sent to IRD. The quotas for different Ministries are filled as per the need for number of staff. The probationer gives priority for departments and allocations are made on the basis of marks. Thus at the recruitment stage there is no clear guideline for staff induction.

Pre Service Training - Nepal Administrative Staff College (NASC)

NASC provides basic administrative training to new probationers to the Nepal government as well as various levels of training to Class II and Class III officials. Some courses are also held for senior officials. An annual training calendar is available and there is adequate number of staff. Training is also offered on a payable basis (typical payment is 90,000 NRS for 30 days). Accommodation can be provided. Evaluation is done after each module of training. Follow up evaluation of training is done after one year. They have an MOU with Kathmandu University to conduct evaluation of training. However there are some shortcomings: documentation of training is largely missing; curricula and manuals are not stored online, nor is there a database for training follow up as yet. NASC would like to establish a knowledge centre to document material and manuals as well as take up research in HCD. NASC takes up training, consultancy and research activities. Their consultancy is mainly in the area of policy and inclusive governance and research in the areas of climate change and management. The main function however is as an administrative training institute for the Government of Nepal.

Technical Training - Revenue Administration Training Centre (RATC)

RATC (<http://RATC.gov.np>) is the only organisation in Nepal for technical training of staff from IRD, Customs, staff from financial Controller's general office, Department of Revenue

Investigation, and the Department of Anti Money Laundering. RATC provides training in revenue and accounting and financial management. While IRD offers specialised short term courses, RATC offers short (2 week) and long term (1 to 3 month) courses in subjects such as audit and investigation and TOT for officers. The resource persons for technical training come from IRD and Ministry of Finance. Trainees are nominated by each department and get certificates after testing. They also follow up on trainees' performance. RATC does not have accommodation and sometimes cooperates with NASC and the agricultural department for hostel premises. Documentation is not digitized as yet nor is there a documentation centre. The curriculum of the RATC is supervised by a steering committee headed by the Secretary, Ministry of Finance to provide policy guidelines for its activities. The steering committee approves the annual training strategy and any revisions suggested. RATC has 12 instructors and there are no plans for further expansion of teaching faculty. Unfortunately while the resources of the IRD and Customs department have greatly increased, there has not been a corresponding increase in resource allocation to RATC. Though preparation of new recruits for government services is the responsibility of RATC, as the targeted institutions from different Ministries are heterogeneous, trainings are also generic and do not respond to special demands by IRD. However basic knowledge is transmitted and the course quality seems to be generally appreciated.

Outsourced Trainings in Nepal

Baker Tilly (BT) (<http://www.bakertillynepal.com>) has conducted about 26 training courses for IRD, sponsored by GIZ-RAS since 2011. There was no need assessment done before training was conducted. Curriculum and content was broadly defined by IRD and GIZ and content sometimes modified by IRD during implementation. The main training course on "Accounting Standards" was conducted by resource persons from BT; other special subjects were covered by resource persons from IRD (e.g. DG, DDG or Directors). Trainings were conducted at LTO or rented premises; accommodation was not provided but supported by per diem from sponsors, however discussion on allowances among local and participants from outside Kathmandu valley were frequent. No legal training or ICT training was conducted by BT. BT provided samples of course documents (manuals) as well as course reports together with evaluation questionnaires. Course evaluation presented by BT is with GIZ-RAS office but there is no institutional memory of these trainings at IRD.

Sponsored Trainings outside Nepal

Various officers have participated in courses and study visits outside Nepal, e.g. in the international tax administration centres sponsored by OECD in Ankara, Budapest, Vienna and Seoul. However it is not clear if these trainings were demand based and apart from personal documentation of the participating officers there is no institutional memory of these trainings at IRD.

1.5. External Support for capacity building of IRD

IMF support for IRD

The International Monetary Fund (IMF) has provided Technical Assistance to IRD for developing the Strategic Plan and Reform Plan and proposing a series of Standard Operating Procedures, and supported achieving the following goals: Bolstering revenues through continued tax and customs administration; collecting arrears and reducing non-compliance; using the Treasury Single Account to improve budget execution and management. IMF has conducted training on the following subjects: Trainers of training TOT, Accounting Refresher, Audit Techniques, indirect methods of investigation and transfer pricing in 2009 and 2010. As stated in the interview with IMF consultants Ms. Debra Adams, Technical Assistance Advisor, Revenue Administration Division 1 of International Monetary Fund (IMF) and Mr. David A. Carr, South & South East Asia Regional Tax Administration Advisor, IMF would cooperate in any effort of GIZ-RAS and the training strategy team for improving human capacities within IRD.

GIZ: Support for IRD

The current GIZ – RAS project phase support to IRD began in 2010 and the new phase will begin middle 2014. The main project objective is to build capacities of tax authorities to make use of the country's full tax potential and inform advice and monitor taxpayers in a competent and professional manner. Two measures have been introduced to achieve the project's objectives. The first provides software support and IT management; the second focuses on developing and enhancing the capacities of tax authority staff. The services offered by the project include: Advisory services for the tax authorities provided by local and international experts; Technical support in developing the software infrastructure required to meet the needs of the IRD and Inland Revenue Offices; Organising training on software applications for staff from national and local tax institutions; Interpreting tax law to enable both the tax authorities and the taxpayer to understand the rules more fully; Building up the specialist knowledge available within the tax authorities to enable them to monitor and advice on increasingly complex tax structures, for example the taxation of companies that are active in international markets.

Within the framework of the RAS project, GIZ supports the development of a HCD Plan and training strategy as a part of its long-term Operational Plan (OP) for the RAS project with IRD till the end of 2015. The main objectives are to increase the self-financing capacity of Nepal through improved tax potential; develop effective forecasting in terms of resources required; contribute to the learning process of individual tax officers and building up specific expertise and competences; improve the quality of advice given by administration to taxpayers and the image of the tax administration.

Apart from the obvious and self-evident HRM component: "Strengthening of HR information system", "Development of a IRD's training strategy" (which is this document) and "Review and Finalization of a HR Plan", there are some areas in the OP where synergies are possible - especially in the ICT component: "Development of professional Software for IRD", "Website Reconstruction" and "Additional Security Provision for Data Centre", that can be addressed in the training strategy. The approved activities of the Proposal for Training Strategy will have to be given room in the OP of GIZ. Assistance and financial support will

be required and implementing the training strategy will be an additional task to the implementation of HCD related activities that have been planned in the OP.

Support from other International Institutions

Other International Institutions involved in the capacity development of IRD include DANIDA, USAID, OECD and DFID through Budget support. DANIDA (through support to GIZ-RAS) has been involved in the training of specific subjects like basic accounting, advanced accounting, cost accounting, audit and investigation, fraud investigation, collection of tax and tax payer service and positive attitude behaviour etc. DANIDA annually sends two to three officers to DFC for training in Denmark. Every year IRD sends 15 to 20 officers to OECD's Multilateral Training Centres in Korea, Istanbul, Budapest and Vienna for training on various subjects like transfer pricing, exchange of information, auditing small and medium enterprises, financial crimes, tax payer's service etc. The NEAT Activity under USAID has assisted IRD in preparing guidelines for Transfer Pricing, Permanent Establishment, Long Term Contract and Tax Treaties and was terminated in June 2013.

1.6. International Systems -Training of Revenue Service Officials

The Revenue system of a country is of essential importance for its development and economical sustainability. Even if different countries have their special conditions and circumstances, it is important to learn from others. Internationally the Tax systems have much more in common than their separating gaps. Training and HCD is done in many countries in specialized training institutes with transparent curricula and well documented evaluation systems. These will be kept in mind in all recommendations also taking into account the special character of a country like Nepal, which is open to adapt as much of good practice as there can be from other countries and institutions. There are several Tax Revenue Services that can be explored for assessing international best practices. Given below are two examples in particular context of the training and HCD approach of both:

The Internal Revenue Service (IRS) of the United States (www.irs.gov) is responsible for collecting taxes and the interpretation and enforcement of the Internal Revenue Code. The Education and Training of Tax officers is organized by the Human Capital Office of IRS according to the Internal Revenue Manual (IRM), containing several sections. These include: Human Resources Management and the IRS Quality Review Process; Internal Hiring/Placement Program; and Delegated Examining/External Hiring Programs. IRS has established a Service wide standardized quality review process to support the IRS Personnel Staffing Accountability Program. The quality review process was developed for use by employment offices while performing internal hiring/placement and delegated examining/external hiring activities. These quality reviews are conducted using checklists designed after each component or step in the internal/hiring placement and delegated examining/external hiring processes⁸.

⁸ We will follow this quality assurance process in generic terms in recommendations for the IRD training strategy

Indian Revenue Service (IRS) is another system within a neighbouring country that can be reviewed for inputs to the training strategy for IRD Nepal. The National Academy of Direct Taxes (Nagpur)⁹ is the apex training institution (www.nadt.gov.in) for officials of the Indian Revenue Service. Apart from IRS, the Academy also trains officers of the Indian Police Service, Indian Foreign Service and other government departments. The flagship course is its sixteen month long Induction Course for fresh recruits into the Indian Revenue Service. The Induction training is divided into two modules with a departmental examination conducted after completion of each module. Clearing the exams is mandatory for confirmation in the service.

In the First Module, emphasis is given to the subjects of Theoretical Concepts and Practical Application of Direct Taxes Laws, Advanced Accounting and Finance and Business Laws-I. During the First Module, Industrial Attachment (On-The-Job Training) for a week is followed by five day appreciation course for Parliamentary Processes and Procedures. This module also includes joint training opportunities with officers from other wings of government at their respective academies. Recently, a ten days attachment with Indian Army is also cleared. After completing four months of training, there is a two week long On-The-Job Training where. The First Module ends with First Departmental Examination.

The second module commences with On-The-Job Training for eight weeks followed by International Attachment for a period of two weeks. On return from these, the Officer Trainees will be given inputs on the subjects of 'Procedure/Techniques of Investigation and Drafting of Orders and Reports', 'Information Technology and Operations', 'Strategic and Operational Management' and 'Business Laws-II'. During this module, a number of guest lectures, both from within and outside the Department are organized. The second Departmental Examinations are conducted at the end of the module. Officer Trainees are expected to submit a report which would be scrutinized both by the Academy and Nalsar University of Law.

The Academy also conducts many in-service training courses and Outreach programs for senior members of the Income Tax Department. The Academy also collaborates with OECD and other international organizations in cutting edge areas such as Transfer pricing and International Taxation. Officer Trainees from various South Asian nations such as Bhutan and Bangladesh also come for training at NADT. Recently the Academy developed a tailor made programme for revenue officials of the Government of Malaysia. Establishing a twinning arrangement with NADT Nagpur for supporting IRD in implementing the proposed training strategy can be considered.

For other basic training offers, establishing linkages with other institutions such as the Singapore Tax Academy (<http://www.taxacademy.sg/>) or the Australian Tax College (www.australiantaxcollege.com.au/) can also be explored. For Institutes providing advanced training for Tax and Revenue officials, further offers of training are available through

⁹ Initial contact has been established with Ms. V. Rajitha, Additional Director, NADT, Nagpur, for possible collaboration with IRD. The response has been positive and may be followed up in due course.



international tax administration centres like the ones sponsored by OECD in Ankara, Budapest, Vienna and Seoul. The OECD programme complements the assistance programmes of the OECD Member countries in assisting participating countries to adapt taxation practices consistent with a market economy. The programme facilitates experience-sharing in the areas of international taxation, tax policy, tax administration and tax training. It contributes to the development and adoption of global tax standards in the area of international taxation.

2. Training Needs Assessment of IRD

2.1. Issues to be considered

A review of the existing training structure for IRD officials brings out some of the structural deficits and emergent issues within the existing training system to be considered:

- Many new recruits to IRD arrive with insufficient knowledge of basic accounting
- Training programmes have been supply driven, and organized on an ad hoc basis
- Tax officials are transferred every two years between tax payer service, tax collection and audit sections; capacities gained by officers trained in specialised areas therefore are lost once they move to another department
- There is no up to date information about qualifications of tax officials
- Training programmes focus on officer level and non official levels have been ignored
- Though on the job training is preferred and should be applied systematically, there is virtual absence of standardised course content for on the job training
- Poorly equipped training / human resource development section of IRD
- Specific areas that need strengthening are: ICT training, ICT administration

Institutions like NASC and RATC have a relatively systematic approach to training and HCD, and could be mentors and stakeholders of the future improvements of Training and HCD within IRD Nepal. Among training institutions, RATC plays a leading role in providing basic training for new recruits and RATC target groups are personnel related to Revenue Administration under Ministry of Finance and personnel related to Financial Comptroller General Office. Senior IRD officials conduct short specialised courses for IRD staff from different departments. Trainees at RATC and IRD are thus varied target groups, each consisting of various elements and sub-elements affecting the holistic organizational effectiveness of IRD.

2.2. Training Needs Assessment

The Training Needs Assessment (TNA) results and the suggestions for initiating a training strategy within IRD articulated during various interviews and meetings are the basis for designing the concept for an HCD and Training Strategy for the IRD for the next 3 years.

The Training Needs Assessment was undertaken in three levels:

- Organisational level (understanding IRD's training structure, condition and need, based on the documentation on IRD – mainly the Strategic and the Reform Plan and meetings with senior officials including the Director General and Deputy DGs)
- Team/departmental level (This has mainly been done by interviews with all concerned directors and staff members)
- Individual level (This has been undertaken by interviews with concerned staff members of IRD, LTO, IROs, TSOs, training institutes like RATC, Nepal Administrative Staff College (NASC). It has to be added that needs at the individual level was given less importance as this may be considered to be of less importance for a strategy.

2.3. Questions/Answers to Analyze Training Needs for IRD

At an initial stage to develop training needs assessment the following questions are relevant:

1. Do we have a strategic and organisational plan? (Yes, there are Strategic and Reform plan for guidelines on trainings)
2. Do we have an appraisal system in place? (No)
3. Does all staff have an up to date job description? (No)
4. Does all staff have written objectives? (No)
5. Do we have a competency framework in place? (No)
6. Do we have a training strategy and/or a stated commitment to the value of learning and development for our staff? (No)
7. Do we have processes (formal and informal) in place for effective consultation across the organisation? (No)

So apart from the first positively answered question, the proposal of a training strategy has to address all the other negatively answered questions.

Another very critical area for training will be the ICT section. Here the demand for training will be linked to a sustainable future of staff in the ICT division. As of now the situation of a Data Centre depending on external consultancy is extremely risky and provision will have to be taken to maintain a competent ICT division staffed with knowledgeable professionals. A positive solution will also influence positively the expected outcomes of the PTS.

2.4. SWOT Analysis for Training at IRD

The Training Needs Assessment for the HCD concept and training strategy for IRD observed the following by a SWOT analysis:

Strengths

IRD is a competent and effective organization. It is integrated into a working government scheme of recruiting and basic training on skills required at a tax revenue office. It has a competent staff of senior officers knowing and understanding subject matters. The IRD is regarded to be a competent government agency and all recent surveys attest IRD to be an organization working to the satisfaction of costumers and development partners (WB, GTZ - A Study on Taxpayers' Satisfaction Level in Nepal 2010). An existing performance evaluation system is based on a computer based system by IPC and administered by the M&E division. It also disposes of a very well performing computer system and network linking all regional offices to the IRD central office in Kathmandu.

Weaknesses

Practically all the above mentioned questions listed in section 2.3, lead to existing weaknesses in the training system: No appraisal system of job performance or staff

development in place, a job description exists but there is no system to update them, so consequently staff have no written objectives and likewise there is no competency framework in place. The data centre of IRD is maintained and supported by external professionals (IPC). This is a dangerous construction as know-how is not available in-house, security issues are not controlled by IRD. Likewise newly developed computer systems, e.g. the envisaged HR information system will likely depend on external support.

Opportunities

IRD has a well structured centralized and decentralized structure with LTO, IROs and TSOs working effectively in all areas of the country. The IRD relies on a well structured and highly developed computer network so that even in remote IROs the communication among and between IRD headquarter and the regional offices work well. A well performing Data Centre is available and even if newly developed computer systems are likely to depend on external support, a new training strategy will allow educating competent ICT personnel to manage the Data Centre and the HR development and training system to be hosted there. There is a potential attractive job profile for newly trained ICT professionals in the New Training Section, to play a pioneering role in developing and maintaining a crosscutting computer based HR system at IRD and further at other related government departments.

Threats

The trainings strategy is going to be a living instrument: It will need:

1. Strong leadership and competence induced not only by one person (HCD division or DG) but by a steering board and by effective management for making training and its strategic tools an essential element of quality performance of IRD.
Risk: This management will not be implemented.
2. An agreement of a training cycle consisting of regular/standard and advanced/ad hoc trainings clearly defined by curricula and supported by training material: handbooks, manuals and other materials.
Risk: This training cycle will not be implemented and controlled as proposed.
3. A HR development system based on individual staff member development profiles. These profiles have to be agreed, updated: staff members have to be informed about these profiles and their individual current status. This HR development system has to be closely linked to the training staff members receive and can apply for. Promotion and HR development will be an integral part of HCD.
Risk: This HR development system and training system will not be financed and developed.
4. A computer based HR development system. The above mentioned system is not possible to be implemented without a computer based approach. The HR development and training system has to be hosted and controlled at the IRD data centre

Risk: This computer based HR development system and training system needs financial and human resources and might not be agreed, implemented and controlled.

5. A quality assurance (QA) system for all the above mentioned technical measures. The whole process of building a HR development and trainings system needs to be steered and controlled by a monitoring system. Regular reporting and performance and risk assessment mechanism need to be in place and have to be induced, supported and controlled by the management.

Risk: This QA system might not be agreed and implemented.

6. A new staff policy for the ICT division is proposed taking care of the professional competence of some of its staff members allowing these IRD staff members to fully understand the ICT processes at IRD. These processes and the related infrastructure are core competences of IRD and should be in the hands of IRD or at least controlled professionally by IRD.

Risk: Professionals will not be trained for the purposes at the ICT division, the Data Centre and the needs of e-Training, e-Profile. The situation of a Data Centre depending on external consultancy is extremely risky and provision will have to taken to maintain a competent ICT division staffed with knowledgeable professionals. A breakdown of these would have very negative consequences for the administration of IRD and the whole government.

2.5 Key Areas for training Strategy in IRD

The analysis of the interviews and survey conducted in Dec 2103 to Feb 2014 lead to findings in key areas of HCD implemented at IRD and to the need to develop a strategy addressing the following issues:

- Implementation of Training cycles at IRD and field offices
- Documentation of training and training material
- Evaluation of training and HCD at IRD and regional offices
- International standards in curricula and gaps in relation to Training within IRD
- A Quality Assurance mechanism to monitor progress
- Maintain sustainability by introducing an achievable and realistic strategy proposal

Implementation of training cycles at IRD and regional offices

Training needs are quite easily identified but less easily implemented to meet the needs of a complex but vital institution for the development of the country like the IRD. One of the preconditions to talk and discuss the layout, scope, targets and goals of HCD is a training cycle which has to be defined, approved, steered and maintained on a regular basis by the HR institutions of IRD and the Ministry of Finance. One of the essentials of this (or these) training cycles is the accessibility and availability to all concerned stakeholders of HCD in this area. These stakeholders will not be only a Steering Committee, but also all HR representatives and likewise all trainees.

Documentation of training and training material

Without a proper documentation methodology, little is possible. The preconditions for electronic accessibility are exceptionally positive in the IRO / TPO in Nepal, including not only Kathmandu valley but also the regions. Training courses will have to be modularized and this has to be well documented and transparent to all stakeholders to allow reuse and proper and adequate development of training modules. A future documentation system of training and training material will have to be an essential element of improving the quality of training and HCD within IRD Nepal. Details for organizing the documentation of trainings, manuals, schedules, trainings required for promotions and positions are included in the concept described in the next chapter.

Evaluation of training and HCD at IRD and field offices

No HCD system will work properly without a comprehensive Evaluation of training and HCD. This system cannot be confined to a simple test and approval system and the issue of certificates but will have to rely on course or module evaluation at all stages, including user (trainee) satisfaction with the trainings and impact of training on professional performance of IRD staff at all levels.

International standards in curricula and gaps in relation to Training and HCD within IRD Nepal

The Revenue system of a country is of essential importance for its development and economical sustainability. Even if different countries have their special conditions and circumstances, it is important to learn from others. Internationally the Tax systems in different countries have much more in common than their separating gaps. Training and HCD is done in many countries according to specialized training institutes with transparent curricula and well documented evaluation systems. These are kept in mind in formulating recommendations, and also taking into account the special character of a country like Nepal that is open to adopt good practices from other countries and institutions.

A Quality Assurance mechanism

A Quality Assurance mechanism helps to adjust weaknesses of an approach at predefined stages and to assist stakeholders to supervise a proposed approach and allow adjusting according to observed criteria. A generic system (Quality Gates, proposed initially by AUSAID) and easily adaptable to the challenges of the RAS project will be proposed together with tools and mechanisms. Quality gates will be introduced as an on-going process for monitoring and as a system that can continue once the HCD is designed, operational and managed by partners on a long term basis.^{10 11}

¹⁰ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1540.0> and

¹¹ http://www.klaus-roeder.com/Ordner/PDFs/Projects/13Afgh/13AfgDocs-QualityGates_%20for%20SSAfghanistan_KR130603.pdf

3. Recommended Training Strategy for IRD

3.1 Objectives and key Elements of Training Strategy

In keeping with IRD's new Strategic Plan, the overall objective of the Training Strategy for IRD is: "Improving Capacities of IRD for improving efficiency and effectiveness in the Tax System". The overall outcome of increased capacities within IRD will be increased tax revenues that allow the Government of Nepal to invest in targets of National importance.

In comparison to the international examples of tax administration training given in the previous chapter, the training for IRD will have to be something different given the special character of IRD and Nepal.

The key elements of the proposed Training Strategy include:

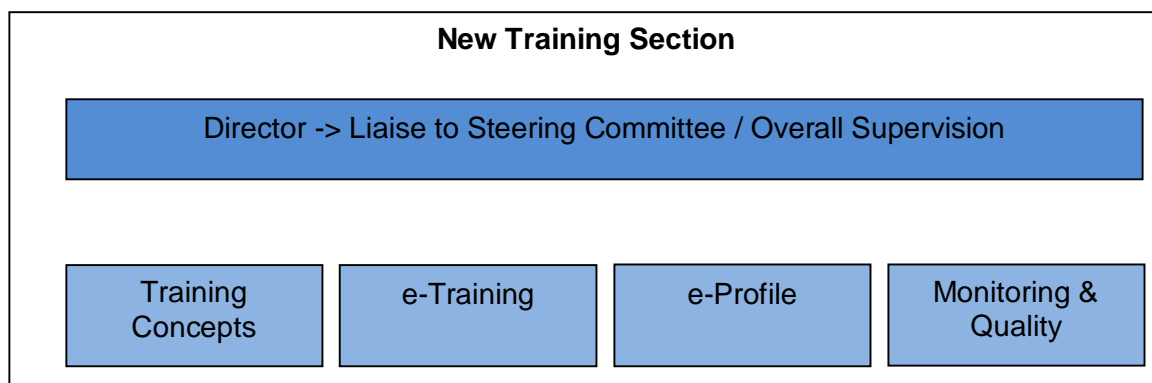
- Training Section: for administration of training strategy implementation with key role for a Steering Committee and Director (HCD)
- Training Offers: training type and concepts for development of a syllabus and curriculum for IRD
- E-Training: computer based system of keeping track of held and future trainings, the training material, the training evaluations and assessments
- E-Profile: a computer based system to keep track of the IRD officer's profiles, trainings attended, training results
- Quality Assurance: system to keep track of progress and performance of trainees and IRD staff

3.2 Training Section – Administrative Structure

For implementation of the Training Strategy it is recommended that a new "Training Section" is established within the Training Department of the M&E division of IRD. The new management structure will include a Steering Committee, Director (HCD) and 4-5 support project officers responsible for: training concepts; e-training; e-profile; and monitoring/quality control (explained below). It is not recommended to create a New Training Academy, as the responsibilities would not be better placed in a centralized system, but what is strongly advocated is a decentralized system which allows delegating responsibilities that should be well administered in future by the proposed new management structure. At present the Training Department of IRD is dramatically understaffed but there is no recommendation for a much higher staff pool. There must be, however, a changed structure, and new responsibilities assigned to staff already part of the IRD Training Department or interested staff seconded to the Training Department.

The role of the GIZ-RAS project has been supportive in the past as has been the DANIDA support, but the responsibility for the management of the New Training Section should be entirely in the hands of IRD. It is recommended however that the GIZ-RAS project assumes

a stronger responsibility especially in a transition phase, when the New Training Section is formed and constituted.



Steering Committee

A very prominent role will be played by the Steering Committee. Members will be constituted by the leading authority of the tax system in Nepal: the Ministry of Finance. It should incorporate leading members of the institutes involved in administrative issues (Ministry of Finance, DG and Directors of IRD), leading members of the institutes involved in training issues (RATC, NASC, KU –Kathmandu University), support and international agencies (IMF, DANIDA, DFID, GIZ etc.) and also technical expertise on Tax and legal issues (Attorney General, OECD, IMF etc.). This high ranking board should have the role of a board of governor and supervisors, meetings should be annual, but the Support and Steering Committee should have a constant position in the e-Training system, allowing the members to receive information regularly (Newsletter to the members of the Support and Steering Committee by the director of the New Training Section) and a feedback and suggestion platform for the members of the Support and Steering Committee.

Director (HCD)

A Director (HCD) is proposed as the functional head to manage implementation of the training strategy. The Director (HCD) will play a key role in coordination with the Steering Committee and for the design and delivery of training courses and coordination with training institutions both international and national. He/she would be empowered to make budgetary decisions and to liaison for accessing government and private sector resources and consultancy inputs for implementing the training strategy. The Director of the “New Training Section” should have strong capacities in:

1. Knowledge of processes and needs of IRD and the Tax system in Nepal
2. Strong motivation and organizational skills
3. Competence and Know-how in relation to high ranking Steering Committee
4. Human resources management skills with trainer, trainees and in relation to e-Training and e-Profile
5. Computer competence for e-Training and e-Profile
6. Monitoring and Quality Assurance

Assistant Directors / Project Officers

It is recommended that the Director is assisted by a group of 4-5 staff member with necessary levels of competence and responsibility to manage the four main tasks of the training Section - training concepts; e-training; e-profile and quality assurance for monitoring. The roles of officers responsible for e-Training and e-Profile could be filled with staff to be professionally trained on ICT issues. A 2-3 month training course would seem to be sufficient, and opportunities to engage in advanced trainings within the fast developing area of IT should be provided. Furthermore the profile of these officers should itself be a motivation for those officers with some ICT background to join the New Training Section.

Trainers/Training Institutions

There will be no direct need for specialized IRD trainers as some of the trainers will come from external institutes (e.g. RATC), some from specialized training academies (NASC etc.), trainers recruited from IRD officials and external trainers (e.g. Baker Tilly, OECD). Likewise no additional regional trainings centres are recommended but in this case the on the spot training should be arranged according to necessities (class room training in rented premises, Training on the job and Blended Learning on the premises of the IROs, TSOs). It is important that all these regional activities are documented and follow the SOPs of the New Training Section. This in turn has to be assured by the responsible Directors of New Training Section, IRO, TSO and supported by the GIZ-RAS project. Trainers should be chosen as they had been in the past: Experienced trainers from RATC and training institutes, external trainers of professional training agencies, experienced senior staff members of IRD. In addition a pool of regional trainers recruited from experienced senior staff members of regional offices will be needed. There should be some need for a ToT programme for these trainers, also the on the job training would need some systematic preparation.

Responsibility of the New Training Section

The responsibilities in the New Training Section should be clearly defined and also be part of the job profile of the officers at the e-Profile.

Role->Director: Very important is the relationship to the Steering Committee, to keep the New Training Section abreast with recommendations, wishes and tendencies in academic and political structures. The Director should be empowered by the Steering Committee to take policy and budgetary decisions and coordinate training activities at national and international levels.

Role->Training Concepts: No training should be conducted without proper syllabus. A syllabus, descriptive course content, should be set beforehand and prepared by the designed teacher who supervises or controls the course quality. This will lead to the development of a curriculum, a planned interaction of trainees with instructional content,

materials, resources, and processes for evaluating the attainment of educational objectives. Both, syllabus and curriculum should be provided in paper form and online.

Role->e-Training: The e-Training system will store the instructional content, materials (manuals, evaluation form, requisites, resources) of each course. It will likewise store the institutional memory for this course (when, with whom, which results) of each course. Those responsible for the e-Training will have administrative responsibilities for the computer system and will have close contacts with the administration of the Data Centre and HRIS (Human Resources Information System). This role will be closely linked to the staff capacity of the ICT division. The requests from IRD and Regional offices should be channelled by the e-Training system. (For more see chapter “A Computer based Training Cycle”).

Role->e-Profile: The e-Profile system will have to be a part of HRIS (Human Resources Information System) and will be very closely related to the e-Training system. The e-Profile will contain information standards of the HRD but it will also contain information about the trainings the officer has participated in, his/her results, his/her career plan, trainings related to his/her career plan. It is important that this information is (partly) a common good of IRD. The officers are informed about their careers plan about the trainings related to the career plan. It's obvious that results and achievements are subject to confidentiality and should be accessible to supervisors only. This role will be closely linked to the staff capacity of the ICT division. (For more see chapter “Training as a common Resource & Human Resource Development and the Officers' Profile”)

Role->Monitoring & Quality: This is usually considered to be a part of the training itself, but is usually not enough to assure the quality of outcome. Outcome is not only the course success but it is the (in the case of IRD) performance of IRD itself. This is already measured by M&E Internal Monitoring System and should be easy to control. A training related monitoring is essential to assure good outcome measured by a delayed evaluation: training effect on job satisfaction, job performance related to trainings received. Even if this sounds like future music, these indicators should be part of the e-Profile system and need to be controlled to improve performance and training effectiveness. Since most of the tasks of this role are automated, this role might also be realized by the Director.

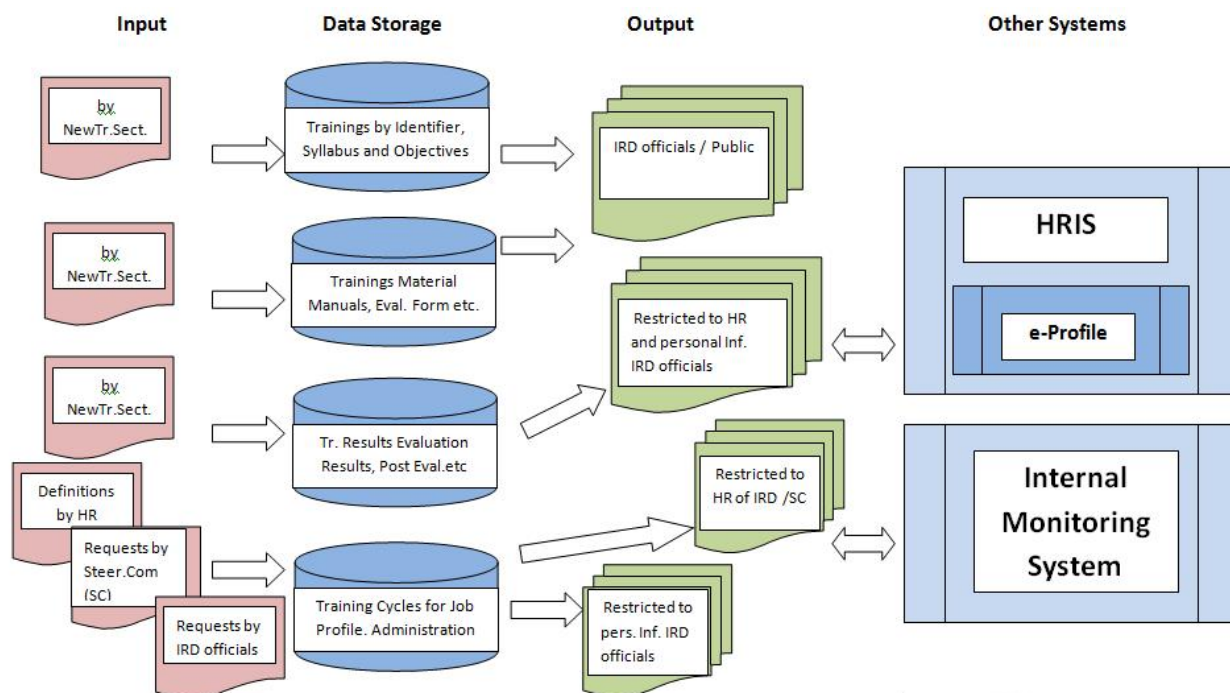
Sustainability of the New Training Section

The Sustainability of the New Training Section is one of the key issues to be considered. The New Training Section will need support from the Ministry of Finance (management and financial), excellent professional staff member for the roles proposed, acceptance of staff officers throughout the IRD and regional offices (verified by openness, feedback and linkage of e-Training and e-Profile, support from external agencies (e.g. GIZ-RAS), and justification by raising the performance level.

The verification of the above mentioned criteria will be among the responsibilities of the Quality Assurance system of the New Training Section. This will be explained in detail further below.

3.3 e-Training: Computer Based Training System

The graph below illustrates the proposal of the e-Training system (Input, Data Storage and Output) and its relation to other e-systems in IRD



The e-Training will be the principal technical tool of the New Training Section. It is obvious that the computer based system will have to be developed by a professional service provider (e.g. Professional Computer System - PCS). The technical system will have to be specified by the professional service provider in close collaboration with the IRD staff of the *New Training Section*. It is roughly sketched with the functional elements it should contain and its functionality:

Inputs are generated by the *New Training Section* but request can also be submitted by the Steering Committee (SC) and the IRD officials. Rights administration has to be secured by system developers.

e-Training as a common Resource

Training needs are quite easily identified but less easily implemented to meet the needs of a complex but vital institution like the IRD. One of the preconditions to talk and discuss the layout, scope, targets and goals of HCD is a training cycle which has to be defined, approved, steered and maintained on a regular basis by the HR institutions of IRD and the Ministry of Finance. One of the essentials of this (or these) training cycles is the accessibility and availability to all concerned stakeholders of HCD in this area.

These stakeholders will not be only a Steering Committee, but also all HR representatives and likewise all trainees. So the e-Training system will be an open system.

The New Training Section will be responsible for inputs: Syllabus and Curricula, all Training materials. The e-Training system as an information system will be accessible to all as far as training material is concerned. Trainees will be able to learn the trainings offer from the e-Training system, they will also be able to get informed about their job profile as it is defined by the HR division. They will understand where the job profile would need some more training. They can also inform themselves about the results of their trainings. Again this will be secured by rights administration by the system developers. Exchange with other systems (HRIS with the integrated e-Profile) and the Internal Monitoring system will allow to management supervisors (HR, DG and Directors, SC) with access rights to evaluate job performances, job profiles and impact and effectiveness of trainings.

3.4 e-Profile – IRD Officers' Profile

In the Strategic and Reform Plans, one of the key activities identified is to update staff profile in e-IMS (here called the e-profile) and to have updated information on motivation, deployment and support.

As the e-Training system is closely linked to the HRIS and especially the e-Profile, it will be possible to provide information about the officers' profiles in relation to trainings available. The performance of trainings should be evaluated in the e-Training system, linked to e-Profile and be usable for promotion and award systems. E-Profile will also maintain information on training abilities and performance of IRD officers. This should also be an information system about who among the IRD officials are apt to be a trainer as well as trainer availability from outside.

Managing the Officers' Profile

Managing the Officers' Profile and the information stored and maintained in the e-Profile system will be held under the responsibility of the HR division. This officers' profile system will be an essential part of the successful implementation of a training strategy at IRD. Training has to be linked to tasks. Even if transfer of tax officers to other government department is frequent, the e-Profile information will be resourceful information for all other government allocations, if not today in the near future. This is also envisaged in the Strategic Plan (Strategic Objective 3.2: Operationalization of full-scale e-governance system)

Each Officer's Profile should be identified with a development strategy, promotion option and closely linked to tasks and obligations. This system should play a role in the selection of IRD officers so that knowledge and professional background will play as important a role as intentions and request of the new recruits. Accounting knowledge and performance as displayed in inception courses is essential for a new recruit but even officers with weak accounting background could benefit from a development strategy and should be designed to make full use of the resources of tax officials. Feedback from tax officials also being part

of the e-Profile system will allow monitoring job satisfaction and reacting as supervisor to inefficient use of human resources. Highly qualified officers will be selected for ToT training, on the job trainers and coaches will benefit from their effort in the promotion scheme.

Profile, Training and Allocation of Officers

Each Officer's Profile has to have a close linkage to trainings and the allocation of the officers. Again this, the allocation, will be the identification of the HRIS and its integrated e-Profile system. A well structured training strategy and clearly visible performance and results information in the e-Training system will allow supporting the pending decisions from the HR division. In this respect, making the e-Profile an instrument to be used when new recruits pass through RATC and being allocated to appropriate government positions is clearly recommended.

3.5 Inventory of Types of Training

Before starting to design an organizational plan on how to implement the training strategy, an inventory of possible types of trainings usable and at the reach of IRD is presented in addition to the possible partnering / twinning arrangement mentioned with NADT Nagpur, Strong preference has been expressed to the first two types of trainings given below by several interview partners at IRD in lieu of classical formal class room training.

3.5.1. Types of Training

1. Coaching and on the job learning

Coaching consists of a series of structured one-to-one meetings focused on improving an individual's skills and performance, usually for the current job. Coaches seek to provide a subject related job perspective to a structured dialogue to help individuals find solutions to issues they are facing on the job when they will be without assistance. Sometimes coaches are hired from outside the organisation, but organisations like IRD should expect IRD managers to operate as coaches. This also will indicate a training need of these managers (ToT).

2. Mentoring

Typically mentors will be experienced managers who regularly meet more junior colleagues to help them perform better and develop them for career advancement. For more senior managers, outside mentors may sometimes be hired. These trainings on the job and by senior colleagues will have to be supported by incentives and support by the management of IRD. It might also be done on a regional basis a mentor might be responsible for a number of regional offices.

3. In-house courses

Developing courses to be run on IRD premises and tailored to the needs of staff. This is useful if the training need is widespread across the organisation or is quite specific to IRD needs, for example training on a new system or processes. IRD might commission an

external trainer to develop and deliver the course, or as someone with relevant expertise within the organisation to deliver the training. IRD might need to ask whether there is a need for a "train the trainer (ToT)" training to ensure that the selected trainers can communicate their knowledge effectively.

4. External training courses

Attending external training courses have the advantage of allowing IRD to network and learn from people in other organisations. This networking element is one of the reasons classroom based training remains so popular. External training can be expensive. IRD had good experiences with training externally organised and held by Baker Tilly. This is also true for external courses outside the country: OECD sponsored courses abroad. Also National Academy of Direct Taxes (Nagpur) should be considered for curriculum development and methodology support.

5. Conferences and study visits

Conferences are ideal for getting up to date with developments and for networking and learning from others. For information on some of the events being run within the Tax Revenue sector, try the International Support websites which provides information on conferences and learning events being run by the International Tax Revenue Support Services in areas such as HR and Job Practice, Auditing, Investigation and Campaigning.

6. E-learning/Blended Learning

E-learning is increasingly being used to supplement traditional courses. With the developments in technology, structured E-learning is becoming more sophisticated and can be tailored to individual and small groups of learners. It can be used to provide large groups of people with the same material whilst still allow individuals to learn in their own time. Blended Learning combines classroom training with self-determined and self-paced learning by trainees. This is better suited for subject matter training and has proven to be more successful than simple e-Learning. A broad scope of training offers and vast experience is provided by GIZ e-learning academy (<http://www.gc21-eacademy.org>)

7. Secondments

A secondment allows an IRD officer to take on a different role in a different part of the organisation (or in another organisation like the ones mentioned in see chapter "Comparing to International Practises") for a set period of time. This might be a full time secondment from IRD existing job, or part time.

3.5.2. Training material and documentation

Without a proper documentation methodology, none of the above mentioned criteria are possible. Training courses will have to be modularized and this has to be well documented and transparent to all stakeholders to allow reuse and adequate development of training modules. A future documentation system of training and training material will be an essential element of improving the quality of training and HCD within IRD Nepal. Details for organizing the documentation of trainings, manuals, schedules, trainings required for promotions and positions, also will be included in the e-Learning system all the material which has been indicated in structured generic scheme in the Computer based Training system (e-Training).

- **Trainings by Identifier, Syllabus and Objectives.**

This is the proper list of all trainings available or planned. Existing curricula will be stored in standardized form here, even if not all information is available of documentation and results, all available training information should be transferred.

- **Trainings Material Manuals, Evaluation Forms etc.**

This is the repository of all documentation linked to the list above

- **Trainings Results, Evaluation Results, Post , Evaluation Results etc**

This is the repository of all results linked to the lists above, this links to e-Profile for updating the job profile of IRD staff

- **Training Cycles for Job Profile and General. Administration**

This is the repository of all administrative procedures, also request and documentations of Steering Committee activities. There will be information system on career and job profiles at IRD. This links to HRIS, e-Profile for updating the job profile of IRD staff. According to the Strategic Plan (Strategic Objective 3.2 Operationalization of full-scale e-governance system) this should be extended to other departments of the Nepali government.

3.5.3. Trainers

The trainer profiles should be stored in the e-Profile system but linked to the Training Cycles for Job Profile and General Administration. In this repository all trainers' information are stored and request for trainers can be channelled by both systems e-Profile and e-Training. Trainers' selection should be by capacity and knowledge but clear preference should be given to in-house and regional IRD staff to keep and make use of available competence at IRD.

3.6 Syllabus, Curriculum Development

Training should be conducted with a proper syllabus. A syllabus, descriptive course content, should be set beforehand and prepared by the designed teacher who supervises or controls the course quality. This will lead to the development of a curriculum, a planned interaction of trainees with instructional content, materials, resources, and processes for evaluating the attainment of educational objectives. Both, syllabus and curriculum should be provided in paper form and online. There are several steps in curriculum development, starting with:

Prioritising and analysing learning needs. Areas to consider when prioritising are:

- What impact will developing these skills have on IRD's performance?
- What would be the cost/benefit of investing in developing these skills?
- Which skills needs are the most important to our long-term success?
- Which skills needs are the most urgent?

A Cost/benefit analysis: can be conducted as a means of assessing the potential costs of learning and development activity against the potential gains in a quantifiable way. Making the case for the value of learning interventions to decision-makers and funders for

investment in training is strengthened by a cost/benefits analysis. Training or learning interventions will not always be the appropriate solution for organisational issues, and the process of undertaking a TNA and a cost/benefit analysis is likely to highlight areas where other solutions are required.

This is followed by drafting a Course Syllabus: including identification of Course Description; Course Objectives; Learning Competencies; Course Modules; Goals /Outcome (which are long term effects of the training) and Assessment.

Standard Description of course	Course Syllabus.	Trainers	On the job / practice	Assessment
Description	Syllabus	Trainer 1	Classroom 1	
		Trainer 2	Internship 1	Test 1
		Trainer 3	Training on the job 1	Test 2
				Final Approval

3.6.1. A Recipe for a Curriculum

The example given below is generic albeit related to the TNA. This special course has been prioritized as an important training module for IRD. The final curriculum would have to be developed in collaboration with IRD specialists. The example should make it clear how the various curricula should be developed following a Standard Operating Procedure. In the example the course syllabus identifiers and the Trainer ID are generic. They will relate to the corresponding information from e-Training and e-Profile, the same as the course Manuals and Assessments which will be related to Manuals, Evaluation Forms and Evaluation Results after the Evaluation has been performed in e-Training.

Tax compliance officer training in a Regional Office (Tax Officers of IRO, TSO)

1. Prioritising learning needs

Question: What impact will developing these skills have on IRD's performance?
 Answer: Compliance expertise of the tax officer will highly enhance job efficiency and tax revenue

Question: What would be the cost/benefit of investing in developing these skills?
 Costs: Training 50 Tax Officers * Costs of training = Sum
 Benefit: Increase in Revenue Collection by related Regional Tax Offices by 20 %

Question: Which skills needs are the most important to our long-term success?
 Answer: TN Assessment showed lack of Auditing and Investigation skills

Question: Which skills needs are the most urgent?
 Answer: Most urgent will be to address SME which not VAT paying companies yet comply with government regulations.

2. Draft of a Course Syllabus

A. Course Description

This Tax compliance officer training curriculum instructs fiscal specialists on the latest Inland Revenue Service (IRD) rules as well as state and local tax regulations. The program will

ensure that a compliance officer provides adequate recommendations to top management and departmental heads with respect to regulatory filing requirements and other fiscal conformity issues. The tax officer will also act more efficiently within his/her office obligations in the tax payer services.

B. Course Objectives

The fiscal compliance training curriculum shall cover the latest IRD rules by which a corporation must abide when reporting tax information. The course will refer to the reporting guidelines for a tax paying company. It is one important threshold for a business enterprise to convert its status to that of a VAT paying company during the fiscal year. This is a transition envisaged by IRD because a VAT paying company generates higher revenues. The training session will cover current sales tax reporting rules for a company using the Integrated Electronic Tax System.

C. Learning Competencies

At the end of the course the trainee should be able to perform tax compliance auditing and investigation with confidence and expertise. He / She will be able to obtain better results in service quality and collection enforcement and be able to assist colleagues in these matters at the regional offices.

D. Course Modules:

- General Compliance rules
- Behavioural Training to cope with companies reluctance and defensive actions
- Blended Learning Classroom Session for
 - Compliance Auditing
 - Compliance Investigation
- On the Job Training, a case of Compliance Auditing
- Secondment to one IRO for Compliance Investigation

E. Goals /Outcome (which are long term effects of the training)

The Revenue collection from Vat-paying companies, especially SME swill increase by 20% in the region

F. Assessment

Assessment is done by course evaluation on each course

Further assessment is done by performance evaluation after each on the job training and secondment

Final evaluation is done the Internal Monitoring System about Revenue Collection Increase in the region

Final evaluation of job satisfaction of trained officers should be done after one year

3.6.2 The curriculum based on this course syllabus

Standard Description of course	Course Syllabus.	Trainers	On the job / practice	Assessment
Behavioural Training	B1	Tr / 1 Week	Classroom 1	
	B1		Finalizing	Test 1
Blended Learning Classroom Session Compliance Auditing / Investigation	BL_CL1	Tr / 1 Week	Classroom 2	Test 2
Blended Learning Classroom Session Compliance Auditing / Investigation	BL_EL1	Tr / 4 Weeks	Self Learning	Online Exercises evaluation
Compliance Auditing	OJ1	Tr / 1 Week	Training on the job	Performance evaluation
Compliance Investigation	OS1	Tr / 1 Week	Secondment on the job	Performance evaluation
Finalizing		8 weeks		Final Approval (weighted Assessments)

3.6.3. The Evaluation of Training

No HCD system will work properly without a comprehensive Evaluation of training and HCD. This system cannot be confined to a simple test and approval system and the issue of certificates but will have to rely on course or module evaluation at all stages, including user (trainee) satisfaction with the trainings and impact of training of professional performance of IRD staff at all levels.

The Post-Training Evaluation: This will follow traditional training assessment, e.g. questionnaires at the end of a course. In case of training on the job or secondments, this will be replaced by performance evaluation of supervisors. In the case of Blended or E-Learning the performance can be measured by assessing the solved exercises, time spent on the e-Learning course, course modules finished.

The Feedback from Trainees: This is an effective tool to assure job satisfaction and maintain quality of training. This has to be aligned with the job profile and Post-Training Evaluation. Both assessments together will help to improve less effective and satisfying trainings and rely and enhance the successful ones

Performance Evaluation: Training should not only be assessed by its immediate effects but by its impact on performance. This is already possible in the M&E Internal Monitoring System on group and institution level. A personal Monitoring System as part of the e-Profile database should complete this system. This would enhance the HRIS substantially and allow management to place staff members at the position where they attain best results.

3.7 Monitoring Changes in the Training System

The mechanisms to assure that the changes envisaged for the training system at IRD are monitoring is to assure a system of high standard. It is believed that linking monitoring and evaluation, as it is often done, together as “M&E” is not helpful. Monitoring and evaluation require different skills, different types of data, and are usually done by different people. Specifically, monitoring involves greater numbers of people and is more immediate. Without proper planning and clear articulation of intended results, it is not clear what should be monitored and how; hence monitoring cannot be done well.

3.7.1. The logical framework

A logical framework approach is a good way to encourage clear articulation of results as stated in the UNDP Handbook on Monitoring and Evaluation (2009). If the words are right, then it is clearer what should be monitored. And if the monitoring is done well, the evaluation will be more efficient.

Further a generic system for Quality Assurance monitoring will be introduced subsequently. Whereas Logical Frameworks will allow to control outputs, outcomes and milestones by indicators, Quality Gates will allow mechanisms to control the change process, alert if outputs and milestones have not been met and retard change processes then or indicate green lights if preconditions of the next change in the change process are met. This so called Quality Gates approach is a simple QA system incorporating stakeholders of a current process or project (e.g. introducing a training strategy at IRD) which can be introduced with a simple one / two day Workshop to IRD.

3.7.2. Quality Gates: Assuring Success and Quality

A Quality Assurance mechanism is no reason in itself; it helps to adjust weaknesses of an approach at predefined stages. It will assist stakeholders to supervise a proposed approach and allow adjusting according to observed criteria. A generic system (Quality Gates, proposed initially by AUSAID) and easily adaptable to the challenges of the IRD / RAS project will be proposed together with tools and mechanisms. Quality gates will be introduced as an on-going process for monitoring and as a system that can continue once the HCD is designed, operational and managed by partners on a long term basis. For more details in other projects see footnotes ^{12 13}

¹² <http://www.abs.gov.au/ausstats/abs@.nsf/mf/1540.0> and

Attain Strategic Objectives through these activities as in Strategic /Reform Plans		Until when
Re-define and apply the approaches for entry-level, specialized, issue based and career development oriented training approaches that become compatible for institutionalization of quality circle and cadre-based team system		2014
Conduct on-the-job and off-the-job training for different issues and jobs		2014
Collaborate with Revenue Administration Training Centre (RATC) for training and workshops while identifying specific needs and output-based training programs		2014
Expedite internal monitoring plan: Activate Quality Circles in IRD Comment: This monitoring plan (for the trainings) has to be part of the training strategy. It would be advisable to apply the techniques of this monitoring plan for other activities of IRD		2015
Organize in-house seminars and conferences on issue-based themes so that contemporary tax issues are dealt efficiently and in-house competence is developed for institutionalizing “knowledge management” practices		2016
Attract and retain staff within IRD system (called here e-Profile) by introducing performance based incentives and promotion		2016
Recognize and reward good tax officials to motivate and highlight exemplary works once a year		2016
Activate Quality Circles in IRD		2016
Update staff profile in e-IMS so as to have up-dated information for motivation, deployment and support		2016
Align training with ITC division	<ul style="list-style-type: none"> off-the-job: Data Base Management, Network Management, Data Security, Managing the Data Centre 	2014, all years
Align training with RATC / in house training from IRD	<ul style="list-style-type: none"> off-the-job: Behavioural Training, Tax Laws, Basic Auditing and Basic Investigation 	2014
Conduct trainings on	<ul style="list-style-type: none"> off-the-job: Accounting, Behavioural Training, Tax Laws, Tax Collection, Tax Payer Services, Transfer Pricing and other specialized subjects on-the-job : Tax Collection, Tax Payer Services, Advanced Accounting, Auditing, Investigation 	All years
Conduct trainings on	<ul style="list-style-type: none"> off-the-job: How Quality is assessed: Quality Gates on-the-job :Job Assessment and Job Satisfaction 	All years

¹³ http://www.klaus-roeder.com/Ordner/PDFs/Projects/13Afgh/13AfgDocs-QualityGates_%20for%20SSAfghanistan_KR130603.pdf

4. Recommendations for Action

Given below are some recommendations for action that can be considered by IRD. These can be taken up for discussion once the proposed strategy is accepted by IRD.

4.1. Work Packages according to Output

Activities for Outputs	Activities for 2. Level of Outputs	Activities for 3. Level of Outputs	Timeframe	RAS ¹⁴ Inv.
Install New Training Section (NTS)	Get Agreement of Ministry of Finance on Training Strategy and Budget		2014	
	Agree on Steering Committee	Constitute Steering Committee	2014	✓
	Allocate Management Roles. Define Ownerships	Workshop based for high level officers of IRD and Steering Committee members	2014	✓
	Allocate management responsibility for manager roles	Fill manager roles	2014	
	Agree with RATC on preparatory training	Agree with RATC on preparatory training assessment and quality assurance	2014	
	Align NTS with New structure of ICT division	Professional staff at ICT is taking responsibility for IRD activities	2014	✓
	Plan Training programmes and schedule	Agree on preparatory IRD training assessment and quality assurance	2014	✓
	Develop Incentives System for IRD officers	Workshop based: Agree on system to improve acceptance, willingness of trainees and regional directors (use mixture of promotion, external trainings etc.)	2014	✓
e-Training system functional	Get Agreement of Ministry of Finance on e-Training and Budget		2014	
	Agree on guidelines for e-Training	Guidelines for e-Training elaborated and communicated	2014	✓
	Agree on Generic Curriculum for Basic Courses	Write Curriculum for Basic Auditing Course	2014	✓
	Develop Pilot Course for Service Providers for SME according to e-Training ¹⁵		2014	✓
	Develop Course on Monitoring and Assessment		2014	✓

¹⁴ Activities with RAS involvement (until Mid 2015)

¹⁵ Even if e-Training is still pending and developed

	Allocate Trainings	Allocate Developed Trainings	2014	✓
	Agree on Generic Curriculum for On the Job and Regional Courses	Develop Curricula for On the Job and Regional Courses	2015	✓
		Develop On the job Auditing Course Curriculum etc.	2015	
	All courses have been developed and stored at e-Training according to e-Training Guidelines		2016	
e-Profile system functional and compliant with e-Training, HRIS and Internal Monitoring System	Get Agreement of Ministry of Finance on e-Profile and Budget		2014	
	Agree on guidelines for e-Profile	Guidelines for e-Profile elaborated and communicated	2014	✓
	Agree on Generic Curriculum for Basic Courses and alignment with e-Profile ¹⁶	Guidelines for e-Profile alignment with training courses elaborated and communicated	2015	✓
	Agree on Generic Assessment and Quality Assurance for Training Courses and alignment with e-Profile	Guidelines for Generic Assessment and Quality Assurance for Training Courses and alignment with e-Profile elaborated and communicated	2015	✓
	All courses have been developed and stored at e-Training according to e-Training Guidelines and aligned with e-Profile according to e-Profile Guidelines		2016	

4.2. Recommendation for Training Activities

Attain Strategic Objectives through these activities as in Strategic /Reform Plans		
Align training with RATC	<ul style="list-style-type: none"> off-the-job: Basic Accounting, Behavioural Training, Tax Laws, Basic Auditing and Basic Investigation 	2014
IRD: Conduct trainings on	<ul style="list-style-type: none"> off-the-job: Syllabus and Curriculum Writing, Assessment and Monitoring Techniques on-the-job Apply : Assessment and Monitoring Techniques 	2014, All years
IRD: Conduct trainings on	<ul style="list-style-type: none"> off-the-job: Basic Accounting, Behavioural Training, Tax Laws, Tax Collection, Tax Payer Services, Basic Auditing and Basic Investigation on-the-job :Advanced Accounting, Auditing, Investigation 	2014, All years

¹⁶ Even if e-Profile is still pending

Align training centre with ICT division	<ul style="list-style-type: none"> • off-the-job: Basic Data Base Management, Network Management, Data Security, Managing the Data Centre 	2014, 2015
IRD: Conduct trainings on	<ul style="list-style-type: none"> • off-the-job: How Training is assessed and linked to job profiles • off-the-job: How Quality is assessed: Quality Gates • on-the-job :Job Assessment and Job Satisfaction 	2015, All years

Considering the need for different skills and knowledge for different level of employees (officer and non-officers), training needs could be categorized into three broad groups and the division of training between RACT and Training Section of IRD could be allocated as follows¹⁷ :

Training Needs	Proposed Institutions	Remarks
Consolidated training (Revenue administration related Policy level training)	RACT	It provides a broad knowledge to integrate the activities of IRD into national framework.
General training (Entry-level, Career –development)	RACT + IRD (Training Section)	Further work need to be done to separate the training between RACT and IRD.
Specific training (Issue-based/Specialized)	Training Section (IRD)	Skills based and those training pertinent to IRD activities to be imparted by IRD.

An Example of an Activity with related Trainings

Steps	Training Activity	Time Frame
Plan Training	Training for on-the-job Tax Payer Service Officers according to e-Training guidelines	2014
Workshop: Curriculum Development	Workshop for Curriculum Development for Tax Payer Service Officers to be conducted on-the-job <ul style="list-style-type: none"> • Prioritising Learning Need • Draft a Course Syllabus • The Curriculum based on the Course Syllabus 	2014, two days
Pilot Course	Training for on-the-job Tax Payer Service Officers in a Regional Office according to Curriculum	2014, one week
Roll out Course	Roll out Course: Training for on-the-job Tax Payer Service ; Select Groups of Regional Offices	2014, 2015, one week each
Assessment of Course	<ul style="list-style-type: none"> • Classical Assessment of each course (Questionnaires) • Assessment of trainee satisfaction • Assessment of performance of Regional Offices by Internal Monitoring System • Apply Quality Assurance SOP (e.g. Quality Gates) 	2014, 2015, ongoing

¹⁷ Inputs from Dr.Shree Krishna Shrestha, Professor of Management, Tribhuvan University, preparing the Human Resource Development Plan for the IRD

4.3. Course framework for Two Pilot TOT

Given below are two examples of Course frameworks for design of Training of Trainers (TOT) programmes for

I. A course framework: Service Providers for SME according to e-Training

This course could be conducted as a classical f2f course for one week for trainers to be prepared for trainings at IROs and TSOs: Designing Effective Service and Education Programs Tax Officers dealing with Micro, Small and Medium Businesses

- 1 Course concept
 - 1.1 Aims of the course
 - 1.2 What do we mean by small business?
 - 1.3 What is Service Delivery?
 - 1.4 What are the ways improving Citizen-Centred Service Delivery
- 2 Summary of the contents of following modules
 - 2.1 Reducing the Burden on SME Taxpayers
 - 2.2 Tax Policy Measures
 - 2.3 Tax Administration Measures
 - 2.4 Small Business Tax Design (SBT)
- 3 Exercises and Training Examples on the Job
 - 3.1 Pre-course preparation
 - 3.2 Key documents and websites for pre-course readings

II. A course framework: Better monitoring for Better evaluation

This course has already been designed by GIZ Global Campus as Blended Learning Course (6 weeks online, 1 week face to face-f2f course) and can be conducted as such or as classical f2f course for one week

- 1 _____ Course concept
 - 1.1 _____ Aims of the course
 - 1.2 _____ Paris Declaration and Accra Agenda
 - 1.3 _____ Rationale of the course
 - 1.4 _____ Stakeholders in the course
 - 1.5 _____ Problem analysis
 - 1.6 _____ Guiding principles
- 2 _____ Summary of the contents of following modules
 - 2.1 _____ Module 1: Monitoring: international concepts and best practice
 - 2.2 _____ Module 2: Logical analysis: a way to improve monitoring
 - 2.3 _____ Module 3: Indicators: selecting and using them for better monitoring
 - 2.4 _____ Module 4: Poverty: measuring and monitoring it for development intervention
 - 2.5 _____ Module 5: Monitoring systems: setting up/ using them for improved decision-making
 - 2.6 _____ Module 6: Evaluation: assuring efficient evaluation based on quality monitoring
- 3 _____ Suggested preparation and pre-course reading
 - 3.1 _____ Pre-course preparation / Key documents and websites for pre-course reading

4.4. Collaboration with Training Institutions

Institution	Proposed Role in Training Organization (NTS) for IRD
OECD international tax administration centres	External Trainings Supporting Training Organization IRD, TOT
National Academy of Direct Taxes (Nagpur)	Exchange of Syllabus and Trainers, TOT at Nagpur. Nagpur Trainers invited for TOT at Kathmandu and Regions. Adapt to best practices from Nagpur. Nagpur to collaborate at Steering Committee.
Other International Tax Revenue Institutions (ITAC , ITDG etc.)	External Trainings Supporting Training Organization IRD, especially in quality assurance process. Adapt to best practices from Other International Tax Revenue Institutions. Twinning and Reward system for Training
Nepal Administrative Staff College (NAS)	Outsource Special Trainings according to availability. IRD will secure quality assurance procedures according to Training Organization (NTS)
Revenue Administration Training Centre (RATC)	Close collaboration with RATC to conduct the 3 month batch of initial training for the sake of the tax authorities according to Training Organization (NTS) of IRD.
Other national Training Institutes (e.g. Baker Tilly , ADAN, ICAN)	Outsource Special Trainings according to availability. IRD will secure quality assurance procedures according to Training Organization (NTS)

Apart from this specialized institutes for Auditing like the Auditors' Association of Nepal (ADAN <http://www.audan.org.np/>) or Accounting like the Institute of Chartered Accountants of Nepal (ICAN <http://www.ican.org.np>) provide specialized training in their domains. The option to outsource some of the training to them seems to be obvious. It has to be repeated, though, that the approach of supply driven training (“we send people because training is provided and matches somehow our scope of work”) is not very sustainable. The approach should rather be to assure demand based training by defining the needs of training according to the TNA of the New Training Section and select the best training available to respond to these needs. Outsourcing might thus be a very successful approach but the main focus should be on organizing the training according to repeatable and sustainable standards defined and assured by the organization of the NTS. It is obvious that the above mentioned specialized institutes should be invited to contribute to the Steering Committee and clarify their potential of contributions to the improvement of training quality of IRD. Outsourcing of training should be no goal in itself, the focus on the best possible achievements for the IRD officers and it is believed that harmonized Syllabus and Curriculum development is an essential precondition for raising these standards.

What has been mentioned for the training inside of Nepal should also be true for any training conducted and attended outside of the country: the focus on the best possible achievements for the IRD officers and it is believed to be a harmonized Syllabus and Curriculum development. It is quite true that this will be more difficult to impose on any international training offered. It might also be true that training courses at international institutes will be granted as a reward system for merited officers. Also twinning arrangements (exchanging tutors and syllabus /curricula with

foreign training institutes) can be very successful; however the main purpose and criteria of a successful training for IRD should always be the effectiveness of the Nepalese Tax System. The guidelines for these have to remain in the hands of the management of IRD and as proposed to be the output of an effective New Training Section supported by a high-ranking Steering Committee. So the origin of any training should be the demand of IRD defined by the management of IRD. The positive effects of such a system driven by national criteria in view of best national and international practices will take some time to show effects but the revenues of the country generated by taxes are an essential and important asset for the development of the country and should be planned with care and sense of proportion and with a focus on national ownership.

Annex 1: Synopsis of Meetings with RAS related counterparts

Date: 18th to 20th of Dec 2013; 01st –09th of Feb 2014
Organisations: IRD offices, RAS office GIZ Nepal, Baker Tilly Lalitput, TSO Tangal
Purpose: The consultant met with stakeholders from the different IRD departments responsible for policy and planning and other organisations related to IRD training. Discussions ranged from highlighting issues related to skill levels and performance, lack of adequate staffing, frequent transfers of trained personnel within Ministry departments, types of technical training required, etc (business cards when presented) . This includes also meetings from the 18th to 20th of December 2013 within the RAS project, which have been included into this report.

18.12.2013,

13:45 Meeting of RAS/ GIZ project. RAS project team was presented and first discussions were done with consultant KR. RAS project will support up to 10,000 tax officials and more than one million taxpayers in Nepal.

14:30 Meeting with IRD-DG Sharma. Discussion with the DG Sharma centred about the oncoming tasks: IRD training assessment, assessment of training plans, development of a national training concept, reference to International training concepts and standards. The major task should be to identify the gaps between provided training and they international standards. Several systems of training should be assessed: tax collection, audit system, tax payer needs, and business standards. The inception phase should help consultants to find out about existing training capabilities for IRD staff.

19.12.2013,

09:30 another meeting with RAS project staff at GIZ office. More information about tax system and tax officials training systems provided: computer access at regional tax offices is good. 22 IRO (Inland Revenue offices) and 26 (Taxpayers' Service Office) are available in the country. About one million taxpayers or in the country but only 25 % taxpayers are taxed

11:15 Meeting with Ministry of Finance (Joint Secretary). MoF provided information about the training system in the Ministry of Finance. Ministry of finance is mainly responsible for a pre-service training and divides trainings for the staff members on customs, tax officials and other official entities. There is also a specialized Centre for Pre-Service training the Revenue Administration Training Centre (RATC). The Public Service Commission select suitable candidates on behalf of ministry of finance.

15:15 Meeting with Nepal Administrative Staff College (NASC). Head of training department received the group of consultants. NASC provides basic admin training. Various levels of official training is provided. Yearly training calendar is available and was produced to the visiting consultants. Training is offered also on a payable basis (typical payment is 90,000 NRS for 30 days). Accommodation can be provided. Evaluation is done after each module of training. Later evaluation of training is done after one year. Shortcomings: documentation of training is largely missing; curricula and manuals are not stored online. Nor database four training follow up yet, but planned.

20.12.2013,

10:00 Another meeting with RAS project staff at GIZ office. More information about tax system and tax officials training systems provided: IRD training is organized by a human resources director Mdam Dahar and should be supervised by M&E director Maharaj Koirala.

11:30 Meeting with of Revenue Administration Training Centre (RATC). The curriculum of the RATC is supervised by a steering committee headed by the ministry of finance. The steering committee approves training strategy. Once a year the RATC is evaluated the examination and interviews. RATC provides services by a web site: <http://RATC.gov.np> (Nepali, no English website). Training modules are documented but lack of digital copies of manuals.

13:00 Meeting with Public Service Commission (PSC). (<http://www.psc.gov.np/>). PSC receives about 100,000 applicants each year of which 300 to 400 are selected for pre- service training. There were comparable international training centres which should be regarded as references: e.g. India Tax School, National tax training school (USA).

14:30 Final and wrap-up meeting with IRD-DG Sharma. Discussion with the DG Sharma centred on findings of consultants during their visits. The reports of positive impressions of institutions like RATC and NASC were transmitted. Recommendation of DG Sharma: compliance with targets of tax academies worldwide, liaise with current lectures including RAS project.

03.02.2014

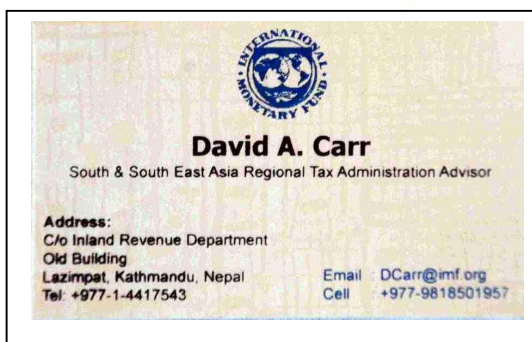
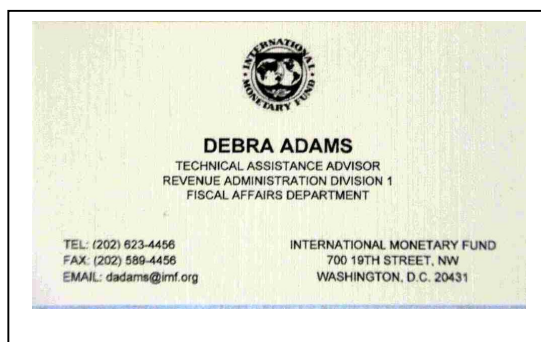
13:00 A Meeting was organized with Mr. Madan Dahal, Director Human Resources, Internal Revenue Department (IRD). Mr. Dahal recounted the overall training situation and requirements for trainings at IRD: newly recruited officers receive 2 weeks basic and initial training and advance training is provided as required. The biggest deficit of new recruits is the consistent knowledge of accounting. Whereas some (new recruits) have an economist and accounting background, others have not. The basic training is done by IRD but also by external training institute, a prominent one is *Baker Tilly* (see meeting on 06.02.2014)



13:30 A Meeting with Mr. Gopal Prasad Ghimirei, Director Policy, IRD. Mr. Ghimirei explained the proceedings of trainings in his division (as above) and could not see any needs of change.

04.02.2014

A first meeting took place at 10:15 at the GIZ-RAS office with Ms. Debra Adams, Technical Assistance Advisor, Revenue Administration Division 1 of International Monetary Fund (IMF) and Mr. David A. Carr, South & South East Asia Regional Tax Administration Advisor. Mr. Carr is seconded to IRD as IMF advisor and Ms. Adams was his predecessor at this position until a year ago. IMF has not been especially involved in training assessment but rather in general needs assessment of the operation of



IRD and as such has helped to develop the current IRD Strategic Plan the IR Reform plan and proposed a series of Standard Operation Procedures. Mr. Carr proposed his cooperation in any effort of GIZ-RAS and the training strategy team, which will be gladly accepted.

At 13:40 in a meeting with Mrs Chandra Kala Paudel, Director Tax Payer Service, IRD. Mrs Paudel explained the proceedings of trainings in her division and could not see any needs of change.

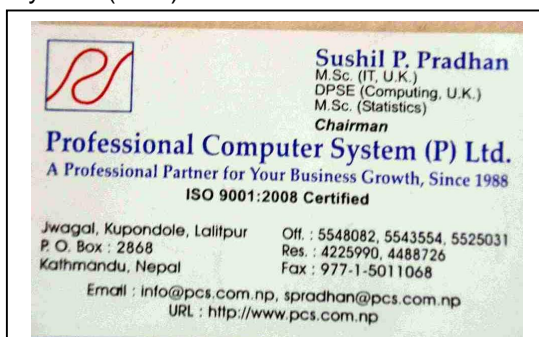
05.02.2014



The first meeting was at 11:10 on 4th of February with Mr. Shiba Kumar Pokhrel and Mr. Chuda-Mani Dhungana, Director Information Technology, IRD. Training has been provided centrally but also in regional offices, a central task was to train officers on the computer bases Integrated Tax System (ITS) which is supported by an integrated IDR help and assistance site (<http://www.ird.gov.np/ird/index/index.php>). A special lack of capacity was asserted for the management of the data centre. The data centre is administered by

Professional Computer System (PCS) and no knowledge are maintained at IRD to run and maintain the data centre. The data centre stores and maintains all the IRD recorded data. Backup and retrieval, security issues are all handled by the data centre. The Data Centre is physically located at the IRD office; backups have been located recently at a different location.

This was followed by a meeting at 12:15 with Mr. Sushil P. Pradhan, Chairman, Professional Computer System (PCS) at the GIZ-RAS office. Mr. Pradhan explained the cooperation of PCS (55 employees)



with IRD. Three different computer bases systems were developed for IRD since 1997, for Income tax, VAT and last Excise Automation System has been added. About 50-60 officers have been trained per year by PSC. Training for IRD has been on ITS but also in general terms on computer literacy.

This was followed by a meeting at 13:20 with Mr. Govinda Bahadur Baniya, Chief Tax Service Office, Tangal. The Tangal TSO is accommodation the about

8000 tax payers – about 7000 income tax payers and 2400 VAT payers of the 2., 3. and 4. wards (sub-district administrative unit) of Kathmandu. The Tangal TSO boasts an excellent installation status in a modern office building. Tax payers can inform themselves about tax regulations in a waiting area equipped with online facilities and accommodation facilities are of modern conditions. The staffs of Tangal TSO have not received any special training.

A next meeting was scheduled at 15:00 with Mr. Sharad Chand Paudel, Director Collection, IRD. Mr. Paudel emphasized that on the job training would be advisable for his division. So far a (1) behavioural training has been offered to the officers of his division, general training could be conducted at LTO, TSO and IROs. A 3-4 day training course is sufficient for tax collectors. Ministry of Finance is responsible for training. A training centre for would be appreciated. Special emphasise is recommended for training of Audit, Investigation, Tax Policy and Collection.

06.02.2014

A first meeting took place at 10:15 at the IRD office with Mr. Kedarnath Sharma, Director Audit, IRD.

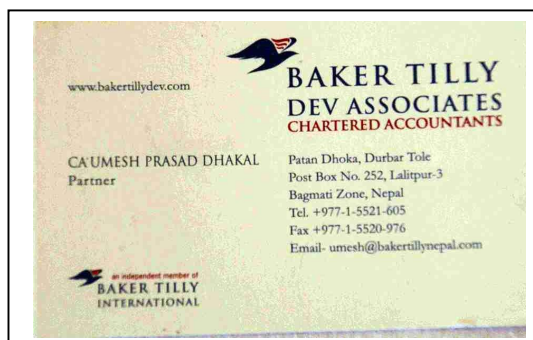
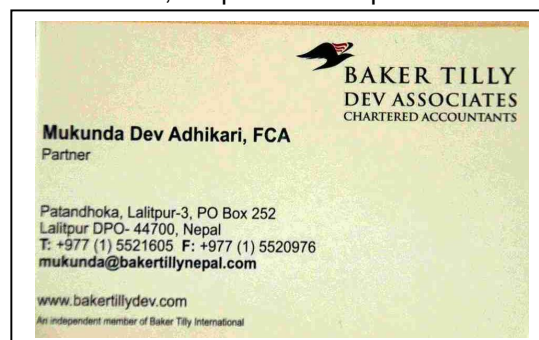


Mr. Sharma recounted that centrally only 2 officers were in his division but 60-70 officers are involved regionally in auditing. Taxpayer's declarations are selected by computerized procedures for auditing. No formal training is offered for officers allocated to auditing. Auditing is trained on the job and based on an auditing manual.

A next meeting was scheduled at 11:40 with Mr. Krishna Basnet, Director Tax Investigation, IRD. Mr. Basnet presented a list of training needs for his division –with comments:

- Training for Accounts (Basic and Advance) –this training has been given but should be improved.
- Criminal tax evasion and fraud - No training has been given until now.
- Transfer pricing- No training has been given until now.
- Tax Audit and Investigation Financial Investigation – There should be a central basic training but also additional on-the-job training in the regions.
- International Practice in Tax Investigation- No training has been given until now.

A next meeting was scheduled at 13:50 at Baker Tilly (BT) Dev Associates, Chartered Accountants, Patan Dhoka, Lalitpur with two partners of BT: Mr. Adhikari and Mr. Dhakal.



Baker Tilly has conducted about 26 trainings for IRD, sponsored by GIZ-RAS since 2011. There was no need assessment before the training was conducted. Curriculum and content was defined by RD and GIZ, however content was modified frequently by IRD at last moment without prior notice. The main number of training was on accounting but some special training has been conducted also: e.g. "Transfer Pricing". Standard accounting was conducted by resource persons provided by BT but special subjects were covered by resource persons from IRD (e.g. D.G. or directors). Trainings were conducted at LTO or rented premises; accommodation was not provided but supported by per diem from sponsors, however discussion on allowances among local and participants from outside Kathmandu valley were frequent. No legal training or ICT training was conducted by BT. BT provided

samples of course documents (manuals) as well as course reports together with evaluation questionnaires. Course evaluation presented by BT is with GIZ-RAS office.

07.02.2014

A first meeting took place at 11:00 at the IRD office with Mr. Bhimsen Timalisina, Director Internal Review (Audit Review), IRD. For his division Mr. Timalisina claimed accounting and auditing training to be of importance. Both subjects (accounting and auditing) have to be merged into one training curriculum with an additional focus on investigation. Since two years there has been no auditing training. Two weeks initial training would be needed. Additional training should be added. DANIDA sponsored and conducted trainings from around 2000. This later stopped. For now RATC does the 15 days basic training but no regional training is done by RATC.

A next meeting was scheduled at 11:30 with Mr. Lok Prasad Neupane and Mr. Yug-Jatan Humagain, Director of Excise Tax System, IRD. An excise or excise tax is an inland tax on the sale, or production for sale, of specific goods or a tax on a good produced for sale, or sold, within a country or licenses for specific activities. In Nepal it is a tax on special products like beer, spirit and tobacco. This tax section was the latest to be computerized and training is needed for the tax officers who handle the tax as well as for the tax payer and the operators of the automated system on the producer's premises (e.g. production of beer production is measured automatically and fed into Excise Automation System). The Excise Automation System is only half completed so far, more training needs is expected with completion.



A next meeting was scheduled at 12:05 with Mr. Lekhnath Sharma Pangoeni, Director International Taxation, IRD. Mr. Pangoeni explained that in his division training resources will be sought from outside the country and on international basis, e.g. OECD provided training. The number of trainees in this division will be rather limited, however international exchange would be beneficial for IRD and this divisions' staff.

A next meeting was scheduled at 12:40 with Mrs Laxmi Prajuli, Director Debt Collection, IRD. Mrs Laxmi claimed that her division had not benefitted from any special training and thought that especially forecasting and forecasting techniques would be useful for her division and should be trained.

A final meeting was scheduled at 13:00 with Kabi-Raj Paudel, Director Audit Objection IRD. Mr. Paudel stated that his division hosted only 4 officers and should benefit from intense interaction between IRD and IROs.

09.02.2014

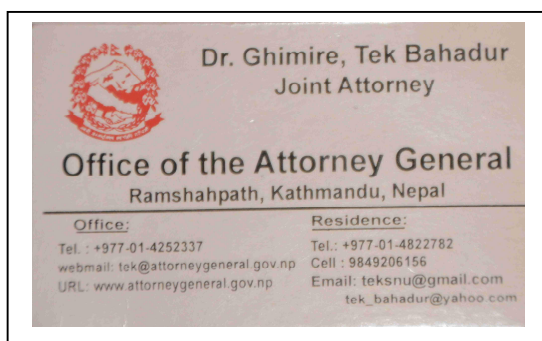
A first meeting took place at 11:00 at the RAS office with Prof. Sri Krishna Shrestha, Professor at Kathmandu University. Professor Shrestha has been consulted by IRD and the Ministry of Finance for many years on HR Development. He advocated strongly a HR System based on e-Governance, which has been recommended for quite some time for several ministries including Ministry of Finance and IRD. Prof. Shrestha estimated that 3 years would be necessary for an introduction and functioning e-Governance system including also a Training Module. He further stated that the imminent parliamentary elections would stall any immediate imminent decisions until a new government will have to be constituted.

A next meeting was scheduled at 12:00 with the director of operations division Mr. Chet Nath Dahal. Mr. Dahal was a very competent discussion partner highly interested in training and structured approaches to process organizational improvements. He presented various ideas on these subjects,

notably also on training, influenced by a "Training Needs Analysis" a generic paper by a consultancy NCVO (<http://www.ncvo.org.uk>) and other papers on "Competence Based Learning Needs Analysis" which will come in helpful, if training subjects have to be defined by IRD after the training strategy will have been endorsed. Mr. Dahal also presented a systematized approach based on a document "Arrears management process steps" which was proposed by IMF according to his confirmation.

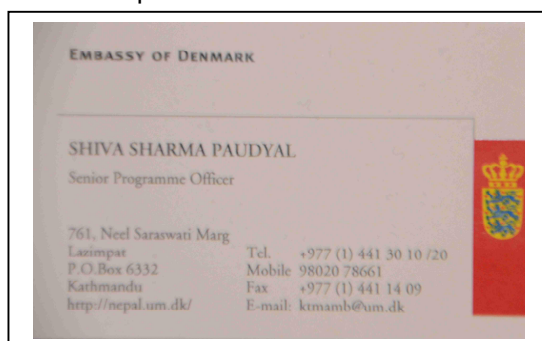
13.02.2014

A first meeting took place at 11:15 at the Office of the Attorney General with Dr. Ghimire, Tek Bahadur. Dr. Ghimire pointed out the need to train attorneys defending the cases of IRD in court. This is specialized training is so far propted by the Kathmandu University, the Juridical Academy. Training Needs Assessment has to be done by Office of the Attorney General, also in accordance to international practices and there should be ways to receive closer information about training capacities at IRD in this respect. The possibility to transmit training needs should be made available by IRD. He further stated that the permission for HCD of members of the Office of the Attorney General has to be granted by the Supreme Court.



A next meeting was scheduled at 12:30 with the director of M&E division of Mr. Maharaj Koirala. Mr. Koirala was highly interested in training and structured approaches to process organizational improvements. He is in charge of uses a system to evaluate staff performance on group level, called the Internal Monitoring system (e.g. IRO. TSO). This system evaluates performance on a monthly basis. This is a performance evaluation system measuring

quantitative results (e.g. Revenue s collected). Mr. Koirala stated, that an individual assessment system is projected, also a first draft has been worked out but it is not yet implemented because other comparable government organizations (e.g. customs) use a different assessment approach. Results for officers being allocated to another government organization would rather have a disadvantage being assessed by a unique IRD system. Further Mr. Koirala informed that Ms. Mahan Dahar is responsible for the training department; that above mentioned evaluation of group performance is carried out on a monthly basis and regional offices are visited by M&E division roughly twice a year for individual performance assessment



A final meeting was scheduled at 14:30 with the Mr. Shiv Sharma Pauyal, Senior Programme Office director the Embassy of Denmark. Mr. Pauyal iis in charge of the DANIDA (Danish International Development Agency) and DANIDA's assistance to the RAS programme (financial annual support of about 200,000 €) DANIDA supported the IRD training from 1997 to 2005 when the programme stopped due to political reasons. DANIDA participates in the project

management committee twice each year and support in training especially for the Division Training of Audit and Investigation, Mr. Krishna Basnet has been encouraged .

16.02.2014



A meeting was organized at 11:00. A Draft Report of a Training Strategy for IRD has been presented to Mr. Rajendra Prasad Sharma, Deputy DG of IRD and

two further Directors of IRD. A short summary of the Draft Report was presented (Proposal Strategy KR 140216.pptx) and a printed First Version (Draft Report _RAS_KR140216.docx) was handed over. All directors were informed of the purpose of the draft report and the content was outlined by presenting a printout of the PPT.

The presentation was accepted cordially. No immediate response or reaction was given but all directors agreed to respond during the next 3 days and comment and send

25.02.2014

Meeting with DG Sharma presenting IRD-RAS Report. DG signalled that new Training Section is welcome and feasible. About the report, a presentation was agreed to joint Directors of IRD on Friday 28th at 10:30 at IRD.

28.02.2014

Presentation of Proposal of Training Strategy at 10:30 am for 13 directors and 2 DDG of IRD was conducted successfully at IRD conference room: 30 min presentation, 30min discussion. The presentation was well received and general comments were positive.

Main recommendations for change:

There should be some explicit recommendations on incentives, how to assure that trainings will be demand driven

Without ownership of IRD the whole strategy of training or any strategy will not be implemented. The DG of IRD has to insist on the priority of implementing the training strategy, otherwise a strategy or any change in modalities of training will not be implemented.

Annex 2: Quality Gates – Tools to Assure Success and Quality

A quality assurance (QA) system has to be established for all the above mentioned technical measures. The whole process of building a HR development and trainings system needs to be steered and controlled by a QA monitoring system. Regular reporting and performance and risk assessment mechanism need to be in place and have to be induced, supported and controlled by the management. Quality Gates will be introduced to control the change process, alert if outputs and milestones have not been met and retard change processes then or indicate green lights if preconditions of the next change in the change process are met. Here there can be only a short introduction and details can be addressed in a proper course

What are Quality Gates

Quality gates are designed to facilitate the detection, discussion and resolution of issues and problems through a collaborative effort to improve the quality of products.

- Any problems arising in statistical processes should be detected as early as possible;
- Roles and responsibilities in the management of process quality should be clear and explicit
- Knowledge and information about specific stages of a statistical process should be documented and shared; and
- Regular evaluation should capture lessons learnt and lead to continuous improvement of quality management of statistical processes.

Quality gates can be used to improve the visibility of quality in the production process as well as being used to measure and monitor quality in real time at strategic points. Quality gates consist of a set of acceptance criteria imposed at predetermined points in a production process whereby each of the components (Placement, Quality Measures, Roles, Tolerance, Actions and Evaluation) play an important part in determining the fitness for purpose of the process. More will be found in related documentation (footnote at see chapter “Assuring Success and Quality”).

Quality measures should be mutually exclusive

It is important to make sure that each quality measure within a quality gate is independent of each other, that is, mutually exclusive. If quality measures are dependent on one another then the failure of one quality measure will automatically affect the success of the dependent quality measure. It is important to have quality measures that are mutually exclusive to eliminate the duplication of work as well as having quality measures that are each effective in identifying if there are problems with the processes. There may be certain types of manipulations that occur to the data during the process that require quality measures to be repeated in subsequent quality gates. This might be due to changes to data that may alter a quality measure's status from that of a green light to that of a red. In these cases it is important to repeat the use of quality measures in subsequent quality gates to ensure the quality of the process.

Consultation with all stakeholders

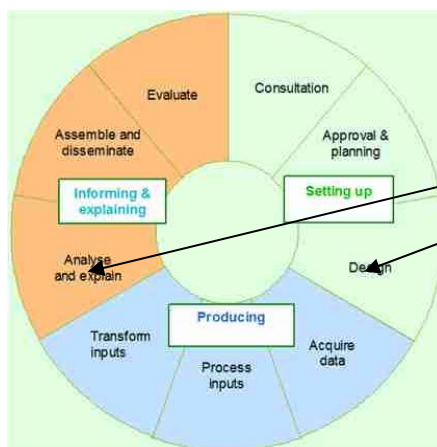
Quality gate stakeholders will vary from one gate to another. It is important to ensure that all relevant stakeholders to a quality gate are consulted with to ensure that the best quality gate is developed for monitoring purposes. These stakeholders may include staff working on a particular aspect of the process, managers of the process and other clients. Involvement of stakeholders should occur from the initial development of the quality gate. A workshop with the relevant stakeholders to find the

requirements of the quality gate is recommended initially with follow up meetings as required. These subsequent meetings can be either with individual areas or collectively for all stakeholders during the development of the quality gate.

Placement of quality gates at critical control points

"Quality gates should be located at points in time when critical decisions need to be made in order to advance the project" (McKinsey & Company). So in the case of this Proposal this will have to be newly defined. An example could be for the Output e-Training a QG at the end of each year. The purpose of quality gates is to ensure that all required material is available before a process can continue, which emphasises the importance of placing the gates at key strategic points to aid in the identification of issues. Although some criteria may not adversely impact the final output, they do affect the overall quality of the end product. If quality gates are not placed at these key strategic points the issue may not be evident until the process is too advanced for problems to be fixed.

A generic project cycle



Typical placement of Quality Gates at Handovers

The six components of quality gates:

- Placement
- Quality measures
- Roles
- Tolerance
- Actions
- Evaluation

Annex 3. Overview presentation made at IRD Workshop Feb 2014

Proposal for a Training Strategy for Inland Revenue Department (IRD)

Klaus Röder
Consultant for
Ifanos Consulting & Planning
within the
GIZ Revenue Administration support Project
Version 1.3 / 26 Feb 2014

Draft Report: Training Strategy for Inland Revenue Department

The Scope of the Proposal

Training Needs of IRD and Training Gaps
A SWOT Analysis for Training at IRD

The Draft Report for a IRD Training Strategy
Existing Training and Training Structure / International Practises

A New Training System
A New Training Section
A Computer based Training system (e-Training)
Human Resource Development and Officers' Profile (e-Profile)
Assuring Success and Quality

How to elaborate a Curriculum

A Logical Framework for Managing the Change

Recommendation for an Action Plan & Trainings /An Example

Conclusion and Invitation for Feedback

Draft Report: Training Strategy for Inland Revenue Department

Training Needs (TNA) of IRD

TNA on three levels

- Organisational level
- Team/departmental level
- Individual level

Questions/Answers to Analyze Training Needs for IRD

1. Do we have a strategic and organisational plan? (Yes, there are Strategic and Reform plan for guidelines on trainings)
2. Do we have an appraisal system in place? (No)
3. Does all staff have an up to date job description? (No)
4. Does all staff have written objectives? (No)
5. Do we have a competency framework in place? (No)
6. Do we have a training strategy and/or a stated commitment to the value of learning and development for our staff? (No)
7. Do we have processes (formal and informal) in place for effective consultation across the organisation? (No)

Draft Report: Training Strategy for Inland Revenue Department

A SWOT Analysis of Training at IRD

Strengths	Weaknesses
<ul style="list-style-type: none"> *IRD is a competent and effective organization. *Competent staff of senior officers knowing *IRD is regarded to be a competent government agency *IRD as organization working to the satisfaction of customers and development partners *IRD disposes of a very well performing computer system and network linking all regional offices to the IRD central in Kathmandu 	<ul style="list-style-type: none"> *job description exists but no update, system *staff has no written objectives and no competency framework *The data centre of IRD is maintained and supported by external competence and professionals (ICT) *This is a dangerous construction as know-how is not available in-house, security issues are not controlled by IRD.
Opportunities	Risks
<ul style="list-style-type: none"> *IRD well structured / centralized /decentralized with LTO, IRDs and TSOs in all areas of the country. *A new training strategy will allow educating competent ICT personnel to manage the Data Centre/the HR development / Training system *A new and attractive job profile for newly trained ICT professionals of the New Training Section to play a pioneering role at HR system and IRD e-Training and e-Profile also for other government departments 	<ul style="list-style-type: none"> *Strong leadership & steering board: Risk: New Training Section (NTS) will not be implemented. *A training cycle / curricula / handbooks, manuals etc. Risk: not agreed & implemented *E-Training Risk: not financed and developed *E-Profile Risk: not financed and developed *A Quality Assurance (QA) system Risk: QA system not agreed and implemented. *A new staff policy for the ICT: Risk: Professionals will not be trained for the purposes at the ICT

Draft Report: Training Strategy for Inland Revenue Department

Training Gaps of IRD

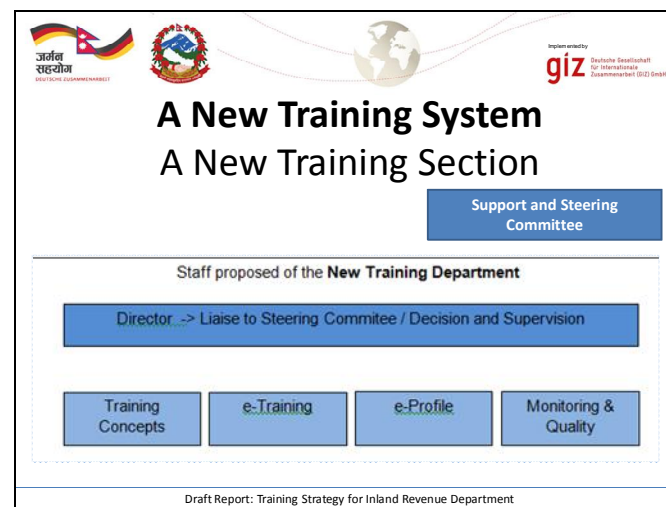
Internally at IRD

1. Training programmes have been supply driven and ritualistic
2. Transfer of tax officials every two years
3. No up to date information about qualifications of tax officials
4. Training programmes are concentrated on officer level only
5. Training programmes have been organized on the ad hoc basis
6. Virtual absence of on the job training
7. Poorly equipped training institute and human resource development

Comparison to International Tax Revenue Institutes

1. The Internal Revenue Service (IRS) of the United States
2. Indian Revenue Service (IRS) and the Income Tax Department of the Government of India and The National Academy of Direct Taxes (Nagpur)

Draft Report: Training Strategy for Inland Revenue Department



Roles in a New Training Section

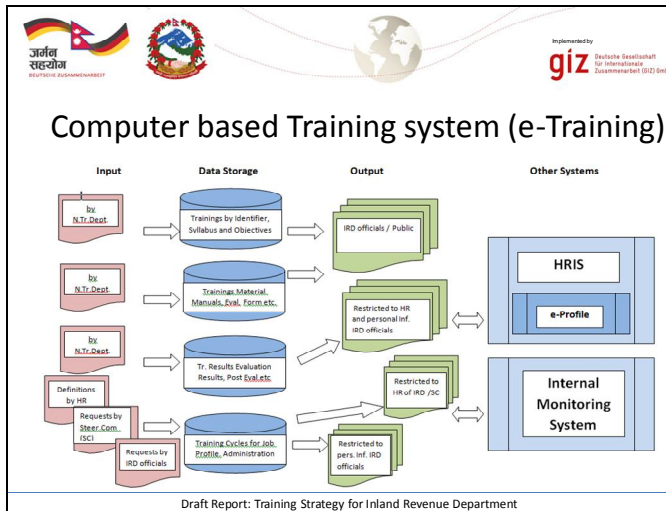
Role->Director

- Direction and Controlling
- Relationship to the Steering Committee keeping the New Training Section abreast with recommendations, wishes and tendencies in academic and political structures.

Role->Training Concepts

- No training without proper syllabus.
- Development of a curricula, a planned interaction of trainees with instructional content, materials, resources, and processes for evaluating the attainment of educational objectives.
- Both, syllabus and curriculum are provided in paper form and online.

Draft Report: Training Strategy for Inland Revenue Department



Implementerby
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

More Roles in a New Training Section

Role->**e-Training**

- The e-Training system will store the instructional content, materials of each course.
- It will store the institutional memory for this course (when, with whom, which results) of each course.
- The responsible for the e-Training will have administrative responsibilities for the computer system.
- Close contacts with the administration of the Data Centre and HRIS (Human Capacity Information Centre).
- This role closely linked to the staff capacity of the ICT division.
 - The requests from IRD and Regional offices should be channelled by the e-Training system.

Draft Report: Training Strategy for Inland Revenue Department

Implementerby
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Human Resource Development and Officers' Profile (e-Profile)

Draft Report: Training Strategy for Inland Revenue Department

Implementerby
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

More Roles in a New Training Section

Role->**e-Profile**

- The e-Profile system will have to be a part of HRIS (Human Resources Information Centre)
 - Closely related to the e-Training system
- The e-Profile will contain information standards of the HRD
 - Contains information about the trainings the officer has participated in, results, career plan, trainings related to career plan.
 - This information is (partly) a common good of IRD .
- The officers are informed about their careers plan about the trainings related to the career plan.
- Results and achievements are subject to confidentiality and should be accessible to supervisors only.
- This role closely linked to the staff capacity of the ICT division.

Draft Report: Training Strategy for Inland Revenue Department

Implementerby
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Assuring Success and Quality

A generic project cycle

Typical placement of Quality Gates at Handovers

The six components of quality gates:

- Placement
- Quality measures
- Roles
- Tolerance
- Actions
- Evaluation

Draft Report: Training Strategy for Inland Revenue Department

More Roles in a New Training Section

Role-

>Monitoring & Quality

- It is not enough to assure the quality of outcome to have a classical training assessment.
- Outcome is not only the course success but it is the performance of IRD.
- This is already measured by M&E Internal Monitoring System
 - A training related monitoring is essential to assure good outcome measured by a delayed evaluation
- Training effect on job satisfaction, job performance related to trainings received.
- Since most of the tasks of this role are automated, this role might also be realized initially by the Director.

Draft Report: Training Strategy for Inland Revenue Department

How to elaborate a (generic)Curriculum

- Prioritising learning needs

What impact will developing these skills have on IRD's performance?
What would be the cost/benefit of investing in developing these skills?
Which skills needs are the most important to our long-term success?
Which skills needs are the most urgent?

Steps towards a Curriculum

- Draft a Course Syllabus

Course Description
Course Objectives
Learning Competencies- at the end of the course the trainee should be able to:
Course Modules
Goals /Outcome (which are long term effects of the training)
Assessment

- A Recipe for a generic Curriculum

1. Prioritising learning needs
2. Draft of a Course Syllabus
3. The curriculum based on this course syllabus

Learning Objectives	Course Syllabus	Modules	On-the-job / practice	Assessment
Basic Accounting	81	12 / 1 Week	Classroom 1	Test 1
Advanced Accounting	81	12 / 1 Week	Classroom 2	Test 2
Advanced Accounting	81, 82	12 / 1 Week	Classroom 3	Test 3
Advanced Accounting	81, 82	12 / 1 Week	Self Learning	Other Modules

Draft Report: Training Strategy for Inland Revenue Department

A Logical Framework for Managing the Change

INPUTS (€)	GIZ (€)	Govt (NPR): All figures in (€) (1 US = Euro 0.73): (1€ =135 NPR)	Comments
	1	100,000	200,000
INPUTS (HR) in Full Time Equivalences (No of Professionals)	External / GIZ	Govt Nepal	
	1	2	3
OUTPUT 2	Indicator Op2	Baseline and 2014	2015
e-Training system functional	Structure of e-Training system in place and trainings are conducted and monitored according to e-Training guidelines	No trainings conducted from 6/2013 until now. Continue Basic Training RATIC (3 months). Develop Basic Accounting Course Curriculum. Livestock On the job Auditing Course Curriculum. Develop Providers for SME.	3 New roles of responsibilities installed. Continue Basic Training RATIC (3 months). Course Monitoring and Assessment developed and installed. All courses developed in 2014 and conducted.
IMPACT WEIGHTING	30%		

Draft Report: Training Strategy for Inland Revenue Department

What next - an Action Plan / Trainings

What next - a recommendation for Action according to Output

Activities for Outputs	Activities for 2. Level of Outputs	Activities for 3. Level of Outputs	Timeframe	RAS ¹⁰ Inv.
Install New Training Section (NTS)	Get Agreement of Ministry of Finance on Training Strategy and Budget.		2014	
	Agree on Steering Committee	Constitute Steering Committee	2014	✓
	Allocate Management Roles		2014	✓

¹⁰ Activities with RAS involvement (until Mid 2015)

A recommendation for Training Activities

Attain Strategic Objectives through these activities as in Strategic / Reform Plans	Until when
Align training with RATIC	2014
IRD: Conduct trainings on	2014, All years
IRD: Conduct trainings on	2014, All years

Draft Report: Training Strategy for Inland Revenue Department

An example: Activity with related Training

Steps	Training Activity	Time Frame
Plan Training	Training for a Course for Tax Payer Service Officers according to e-Training guidelines	2014
Workshop for Curriculum Development	Workshop for Curriculum Development for a Course for Tax Payer Service Officers <ul style="list-style-type: none"> Prioritising learning needs Draft of a Course Syllabus The curriculum based on this course syllabus 	2014, two days
Pilot Course	Training for a Course for Tax Payer Service Officers in a Regional Office	2014, one week
Roll out Course	Roll out Trainings for a Course for Tax Payer Service Officers in Regional Offices; Select Groups of Regional Offices	2014, 2015, one week each
Assessment of Course	<ul style="list-style-type: none"> Classical Assessment of each course (Questionnaires) Assessment of trainee satisfaction Assessment of performance of regional offices by Internal Monitoring System Apply Quality Assurance SOP 	2014, 2015, ongoing

Draft Report: Training Strategy for Inland Revenue Department

Conclusion and Invitation for Feedback

These proposals have been made by consultants for GIZ-RAS to support the change process at IRD, especially to improve the training strategy of the organization. All recommendations have been made in view of the experiences of the consultants and their discussion and findings during their visit to IRD and training organisations relate to IRD in the past and possibly in the future.

The entire forthcoming proposal is not really and completely new to Nepal. Institutions like the Nepal Administrative Staff College (NASC) and the Revenue Administration Training Centre (RATC) have a systematic approach to training and HCD, notwithstanding possible improvements according to the above mentioned lines. Institutions like these will be proposed to be mentors and stakeholders of the future improvements of Training and HCD within IRD Nepal.

The use of any of learning platforms and documentation data bases will require some learning and administrative skills by the organisers and stakeholders. However, the benefits are and will be extraordinary:

The Administrators of the IRD HR department will have an integrated and harmonized training database and documentation centre offered, updated and supported and also readily available nationwide. A well defined approach to assure quality and improvement of the IRD HCD will ensure progress and check on milestones to show the attainment of project targets.

Draft Report: Training Strategy for Inland Revenue Department

The End

Klaus Röder
Berater - Consultant
Mail: kroeder@gmx.net
Hpage: www.klaus-roeder.com
Tel. Nepal +977-9818765629

Draft Report: Training Strategy for Inland Revenue Department

Annex 4. Logframe for Managing the Change

PROJECT TITLE					
Development of a Training Strategy for Inland Revenue Department (IRD)					
IMPACT	Indicator I1	Baseline 2013	2012	Target 2013	Assumptions
To deliver sustainable government revenues by improving the results of the tax revenue system in Nepal, which allows the government of Nepal to invest in tasks to attain its development goals	Improvements in poor women, men, youth and children access to, use of and satisfaction with basic services	Poverty statistics Nepal central Bureau of Statistics		UN Human Development Index score improves by 10 positions	<ul style="list-style-type: none"> • Citizenship continues to build up • Nepal commitment to peaceful and constructive multi-stakeholders engagements and involvements. • Political tolerance and stability • Nepal continues to enjoy peace and stability • Gov Nepal commitment, and openness to engage in consultations on national issues. • Gov Nepal continues to demonstrate its commitment to public accountability and transparency. • Next Gov Nepal continues peaceful nation building • Regional conditions for economic growth continue to be favourable
		UN Human Development Index 2013 Score 157/187			
		Source			
		UN Human Development Index (http://en.wikipedia.org/wiki/List_of_countries_by_Human_Development_Index)			
Outcome	Indicator O1	Baseline 2010	2013	Target 2015	Assumptions
		12.74	15	18	
Tax revenues increase and allow Gov Nepal to invest in Targets of National Development Plan	Percentage of tax revenues rises substantially	Source			<ul style="list-style-type: none"> • Gov Nepal enforces performance contracts at national and local levels • Gov Nepal continues to demonstrate its willingness and commitment to principles of
		Strategic Plan 2012-2016: Tax revenue to GDP ratio has increased from 8.62 percent in FY 1997/98 to 12.74 in FY 2010/11			

PROJECT TITLE					
Development of a Training Strategy for Inland Revenue Department (IRD)					
IMPACT	Indicator I1	Baseline 2013	2012	Target 2013	Assumptions
					responsiveness and accountability. <ul style="list-style-type: none"> Gov Nepal commitment, and openness to engage on national issues
INPUTS (€)	GIZ (€)	Govt (NPI); All figures in (€) (1US = Euro 0.73); (1€=135 NPI)			Comments
	?	?	?	?	No information can be provided for GIZ without prior budget agreements. Information on HR costs for IRD have to be substituted
INPUTS (HR) in Full Time Equivalences /No of Professionals	GIZ	Govt Nepal			
	1	2	3	4 /5	Assuming No of professionals available full time for these positions
OUTPUT 1	Indicator Op1.1	Baseline 2014	2015	Target 2016	Assumptions
New Training Section (NTS) installed	Structure of New Training Section (NTS) in place	1. Training programmes have been supply driven and ritualistic 2. No up to date information about qualifications of tax officials 3. Training programmes have been organized on the ad hoc basis 4. Virtual absence of on the job training 5. Poorly equipped training institute and	New roles of responsibilities installed 1. Training programmes planned and allocated to job profile 2. On the job Training enhanced and functional 3. Well equipped New Training Section (NTS) planned in Output 2	New structure of New Training Section (NTS) in place with e-Training and e-Profile 1. Training programmes planned and allocated to job profile 2. On the job Training enhanced and functional 3. Well equipped New Training Section (NTS)	<ul style="list-style-type: none"> IRD and Ministry of Finance agree on Training Strategy and Budget accepted by Ministry of Finance
IMPACT WEIGHTING					RISK RATING
50%					High

PROJECT TITLE	Development of a Training Strategy for Inland Revenue Department (IRD)					
IMPACT	Indicator I1	Baseline 2013		2012	Target 2013	Assumptions
		human resource development section of IRD			4. Aligned with ITC structure	
		Source				
		Assessed by IRD management and external audit / GIZ and project management committee				
	Indicator Op1.2	Baseline 2014	2015	Target 2016		
	Roles of New Training Section (NTS) allocated	None	Director and 2 Officers in New Training Section (NTS)	Director and 4 Officers in New Training Section (NTS)		
	Source					
	Assessed by IRD management and external audit / GIZ and project management committee					
INPUTS (€)	GIZ (€)	Govt (NPI); All figures in (€) (1US = Euro 0.73); (1€=135 NPI)			Comments	
	?)	100,000	150,000	200,000	Assumed costs for development of e-Training. No information can be provided for GIZ without prior budget agreements.	
INPUTS (HR) in Full Time Equivalences /No of Professionals	External / GIZ	Govt Nepal				
	1	2	3	4	Assuming No of professionals available part time for these positions; HR division shares manpower and costs	
OUTPUT 2	Indicator Op2	Baseline and 2014	2015	Target 2016	Assumptions	

Page 60

PROJECT TITLE	Development of a Training Strategy for Inland Revenue Department (IRD)					
IMPACT	Indicator I1	Baseline 2013		2012	Target 2013	Assumptions
						and costs
OUTPUT 3	Indicator Op3	Baseline and 2014	2015		Target 2016	Assumptions
e-Profile system functional	Structure of e-Profile system in place, Assessment System and Quality Assurance System in place	No computer based staff profiles related to training -Develop e-Profile system -Develop linkage to HRIS and e-Training -Develop Assessment System and Quality Assurance System based on training strategy	3 New roles of responsibilities installed Continue Basic Training RATC (3 months) Course Monitoring and Assessment developed and installed All courses developed in 2014 are conducted		All New roles of responsibilities installed Continue Basic Training RATC (3 months) Course Monitoring and Assessment developed and installed All courses developed in 2014 are conducted according to alignment rules for e-Training and e-Profile	<ul style="list-style-type: none">• IRD and Ministry of Finance agree on Training Strategy and implementation L and district council willingness to open up, and engage in national consultations and dialogues.• Budget accepted by Ministry of Finance• GIZ / DANIDA and externals close finance gaps
IMPACT WEIGHTING						
20%						
		Source				
		Assessed by IRD management and external audit / GIZ and project management committee				