

“A performance-driven culture has evolved”

Former DHI chairperson, Lyonpo Om Pradhan shares DHI's journey since inception as he bows out

You are leaving DHI after serving two terms as the Chairman. What have you left behind?

It was a great honor and privilege. My constant endeavor was to implement the provisions of the Royal Charter and ensure its success. DHI is now a well-established organisation that is in the process of achieving its mandate. The credit for DHI's successes jointly goes to the DHI Board of Directors, CEO, and boards, CEOs and managements of DHI corporations.

Q&A

DHI functioned in a most transparent manner, and there were no adverse reports of any corruption or nepotism in recruitment in DHI or its corporations during the period 2008 to 2013. I consider this as a major accomplishment of His Majesty's vision.

Among others, a new work culture has evolved successfully among DHI officials because of the way responsibilities are handed down, authority distributed, and officials work diligently as a team to fulfill their respective mandates because they are qualified to do their jobs. It has taken DHI a lot of effort to recruit well-educated, and above all, capable and dedicated officials to work as a team.

While knowledge, education and experience are considered paramount, we have also taken into account loyalty (tha-damtshi) and ultimate responsibility of the officials to the Tsa Wa Sum. This is the guidance I have tried to give and inculcate in all the senior officials of DHI in their work and lives.

It is the seventh year since DHI was formed as the investment arm of the government. Could you highlight some of the achievements?

Some of the key initiatives related to investment for the period 2008 to 2013 are:

- New investments include Dagachhu, DCCL, Dungsam Polymers, Thimphu Tech Park, Bhutan Hydropower Services, and Koufuku Pvt. Ltd. The other investments were made in rights issue of BoB and BNB.

- Carried out detailed study for SEZs, Amochhu (Toorsa) land reclamation project and

Bhutan Education City, created DHI Infra as a specialised subsidiary for infrastructure projects and project management.

- Carried out detailed study of the possible sectors in the hospitality and identified and developed the Wellness Resort Project under FDI and the Bhutan International Convention Centre. Created DHI Hospitality as a specialised subsidiary company for hospitality related projects.

- Studied all the existing mining possibilities and applied for six mining applications for Dolomite, Quartzite, Coal and Limestone.

- Carried out over 25 pre-feasibility and feasibility studies in addition to numerous concept studies.

- To date, DHI incorporated eight additional companies since DHI was started.

In forming DHI, you said there was a need to bring change to “prudently manage government resources”. What changes were incorporated?

DHI has played an integral role in cultivating a performance-driven culture in its seventeen portfolio companies and enhancing the performance of these companies. Some of the changes incorporated are listed below:

- Introduced the DHI Ownership Policy 2010, which provides an overall framework for the governance of the DHI companies and ensures transparency, accountability and responsibility in the DHI group.

- Introduced annual Board Orientation Programme on board leadership and corporate governance for the new board directors.

- Developed and implemented CEO recruitment and performance evaluation system. A similar performance evaluation system for Board directors is also developed and pilot tested.

- Developed Service Rules Guidelines to standardise HR practices and promote a professional and conducive work culture.

- Implemented SAP as a common ERP platform in DHI, DGPC, BPC and working further to implement in other companies.

- Introduced a system of setting annual targets and sign-



ing, monitoring and evaluating annual compacts with its companies,

- Introduced performance management systems to align employee incentives to corporate performance; performance based variable pay and bonuses linked to corporate and employee performance targets.

- Implemented a system of independent annual customer satisfaction surveys for DHI companies to benchmark and improve customer services. The customer satisfaction survey started since 2010 has shown improvements in service delivery by companies.

- Introduced Customer Grievance Cell through contact centres in each service-oriented companies.

There are still dissatisfactions on services some companies under DHI (like Bank of Bhutan and Bhutan Telecom) provide. What is the missing piece?

It must be remembered that Bhutan is a small, vulnerable, landlocked and a developing country between the two giants of Asia. Limited domestic markets and purchasing power and resources are limited or are yet to be fully exploited. It has a high level of outside financial and economic dependence. The functioning of the country's public and private sectors are necessarily constrained and adversely affected by these factors.

After the Bank of Bhutan came under DHI's umbrella, DHI initiated complete modernisation of the Bank. As a result Internet banking was instituted, ATM facilities were put up in key consumer locations, credit cards were introduced for Bhutanese travellers; and most importantly, foreign debit and credit cards could be utilised in Bhutan, thereby enhancing

earning of foreign exchange in various business locations (POS) in the country.

There have been teething problems in the use of advanced technologies, as a result of which consumer complaints have been received. Effective mechanisms have been set in place to expeditiously address consumer complaints.

Bhutan Telecom (BT) has advanced a great deal in the provision of its services over the past five years. Every effort has been made to meet the competition and lower costs. But the constraints of BT must be recognised – firstly, the teething problems arising from introducing new technologies. Secondly, the constraint of a small customer base shared by two companies.

The Education City project, which took off under the wings of DHI initially, is embroiled in controversy with the present government drawing curtains on it. Was it a mistake in taking up the idea in the first place?

The Education City project was the initiative of the government and not that of the DHI. The DHI was only requested to find investors and propose the best manner in which it could be implemented to meet the government's stated objective of increasing employment within the country, creating a knowledge/education hub, and to establish another non-traditional revenue source. DHI undertook this work with the clear understanding that DHI would conduct the activities solely in the best interest of the nation, in an open and transparent manner, and with the advice and guidance of international advisers/consultants as DHI did not possess all the expertise in this regard, and DHI would not be an investor.

Recommendations of DHI and consultants would be subject to review and approval by the government's education board, work of secretaries to government and senior officials chaired by the Minister for Works & human settlement. The education city board and cabinet would take the final decisions. However, now it does not seem that the education city project will go ahead despite all the in-

puts, as the views of the previous and present democratic governments seem to differ.

Credit constraints, revision in electricity tariffs and liquidity crunch are laying heavily on the private sector. How should the government align its policies to help private sector grow?

Generally speaking, private sector prospers in a liberal policy environment. The DHI has provided opinions and recommendations on how the government can work towards easing the business environment for the private sector. Erratic, inconsistent and above all restrictive decisions on fiscal, monetary and trade matters should be avoided as such a situation makes progress in the private sector difficult. Economic goals and objectives can be disrupted. The new Prime Minister has expressed his desire to raise Bhutan's ranking in the World Bank list to the first 100. This entirely depends on government policy reforms and actions. At the same time it should be borne in mind that the Bhutanese situation calls for a lot of cautionary policies. We cannot permit free flow of outside labour and capital – this has to be carefully done in order to protect the larger interests of the country and to protect our sovereignty and independence.

As you recently handed over the chairmanship to Dasho Sangay Khando, what challenges and opportunities do you see in having a former land secretary become DHI chairman?

Dasho Sangay Khando has worked with me for many years in the Ministry of Trade & Industry (which included Power, Geology, Mines & Minerals and Tourism). He is an experienced officer when it comes to the economy and has had a lot of exposure to corporations. One of his greatest challenges will be to safeguard the autonomy of DHI and implement the spirit and substance of the Royal Charter. He also has a tremendous set of qualified officials in the DHI team to work with. I wish him the best of luck!