

CHAPTER – I

Introduction

1.1 Background:

There is vast range of contribution in the field of institutionalism by different scholars. An institution is relatively enduring collection of rules and organized practices, embedded in a structure of meaning and resources that are relatively invariant in the face of the turnover of the individuals and relatively resilient to the idiosyncratic preferences and expectations of the individuals and the changing external circumstances. (March and Olsen, 1989:3-20). The institutional perspective emphasizes the invariant characteristic of the organization regardless of the turnover of the individuals, their preferential unique ideology or expectations. Institution is the state of an organization whereby it can face internal and external interactions and shocks in a natural way and proceeds with stable manner. It's a process by which organizations attain such a position that there is least effect of physical setting e.g. turn-over of individuals, routines, identities etc in organizational operation system. Thus organization gains continuity, legitimacy, acceptance and stability during institutional development process.

An applied concept of procedure that has deepened its roots in the physical setting of any particular area inhabited by politically organized human beings, which has been practiced regularly through institutional framework and also functions within defined mechanism including the processes accepted by the wider mass is regarded an institution. In this respect, regular happenings within the guidance and control of an institutional entity created solely for the same purpose could be referred to as an institutionalized process and the continuation of such practices is called institutionalization. In other words, institutionalization relates with the process of gaining acceptance, continuity, permanence and deepening roots of any institutional framework through its regular functioning that has been practiced by a society with a motive to create opportunities for the progress, prosperity and wellbeing of human inhabitants living within their defined geographical perimeter (Malla, 2010, PP: xix). Malla's stance indicates the political nature of human being and the influence of every human being in any institution.

All organizations are not institutions but all institutions are organizations. To the extent that an organization succeeds over time in demonstrating the value of the functions and having them accepted by others as important and significant, the organization acquires the status of institution. An institution is not only a structure but also an entity existing with the continuous support and legitimacy from its environment. It is a system formed due to social responsibility, and the social acceptance. Social acceptance is attained with a significant and persistent cultural element, such as practice a relationship or an organization which focuses on certain fundamental problems of social life (Encyclopedia Britannica 1978:365). It is the process of acquiring value and stability with the ultimate goal of delivering common goods. Adding up values in a continuous and stable fashion is required while delivering common goods.

Rules, routines, norms and identities are both instruments of stability and arenas of change. Change is a constant feature of institutions and existing arrangements impact how institutions emerge and how they are reproduced and changed. Institutional arrangement can prescribe and proscribe, speed up and delay change and a key to understanding the dynamics of change is a clarification of the role of institutions within standard processes of change (March and Olsen 1989:3-20). Institutionalization process deals about how consistently the changes in internal and external environments are responded by the organizations. Institutional actors get patterned in a constellation. Institutional development is thus considered as the internalization of the patterns of actor constellations.

Poudel (2014) summarizes institutionalism as systems of social role and norms which regulate behavior in organized pattern (Poudel 2014:138). The features of institution are further identified as (Poudel, 2014:139):-

- Institutions are systems due to their roles and social acceptance
- Institutions try to solve the problem that occur in the human life
- All institutions are organizations but organizations are not institutions
- Institutions regulate the human behavior through its roles and functions
- Institutions get social acceptance, love and trust, and
- Institutions survive for long time by adopting innovation and change

Undoubtedly, social acceptance is one of the core factors in any institution. Acceptance is supplemented by trust and love toward the institutionalism. Institutions attain these by solving human problems and regulating human behaviors. While progressing onward, there is innovation and change in the institutional arena.

Understanding of institutionalism facilitates the study of the state mechanism and state roles. The state is responsible to protect the wellbeing of its citizen. The well being of citizen is ensured through the enforcement of national policies. All the rules, regulations and acts which govern the enforcement process are derived from the constitution. As enshrined in 'The Constitution of Nepal 2015', one of the main state liabilities are inter alia to preserve, promote and protect fundamental rights and human rights by following and implementing policies and guidelines of the state(Constitution of Nepal, 2015, Article 52). To meet these liabilities, institutional arrangements are there in every state. These institutional sub-systems are interrelated within and outside the nation.

If we consider the global scenario, a global governance system is virtually observed which is responsible to the promotion of welfare, protection from criminal activities which have international ramifications. The international mechanism is also important to harmonize the initiatives taken by various states against the effect of transnational organized crimes such as crime of money laundering.

Money laundering is a sophisticated crime phenomenon. Anti-Money Laundering Act (Nepal) 2008 has provided a practical definition of this crime. It occurs if in case anyone, directly or indirectly, earns from tax evasion or terrorist activities or invests in such activities or acquires, holds, possesses or utilizes assets by committing any or all offences stipulated as per law and in case assets acquired, held or accumulated from investment of such assets is possessed, held or used, utilized or consumed or committed any other act so as to present such assets as legally acquired or earned assets or conceals sources of origin of such assets or assists any one to transform, conceal or transfer such assets with an objective of avoiding legal actions to the person having such assets(Money Laundering Prevention Act, 2008, Article 4). The MOLPA is supplemented by few other acts which are:- 1) Mutual Legal Assistance Act, 2) Seizing, Freezing and Confiscation Act, 3) Organized Crime (Prevention) Act, 4) Extradition Act etc. These legislations provide policy foundation regarding money laundering.

These provisions, what we may call collectively "policy doctrine" regarding Anti-Money Laundering (AML)/Counter-terrorist Financing (CFT) are being translated into real practices through institutional arrangements. Department of Money Laundering Investigation (DMLI) lies at the central focus and acts in coordination with other agencies like- Police, Financial Information Unit(FIU) of Nepal Rastra Bank, Ministry of Finance, Ministry of Home Affairs, Ministry Foreign Affairs etc. The concept is that these agencies form an institutionalized framework to combat money laundering. As per the legal provision, the main responsibility is vested to DMLI, so it is imperative to focus the study within this department.

Policy necessitates specific institutional arrangements for implementing all AML/CFT measures. After promulgation of AML Act in 2008, institutional arrangements are made and its not been a long time period for any institution to grow and develop in a normative manner. New departments are created and became functional to achieve the AML objectives. Present time DMLI and other stakeholders are actively responding to money laundering crimes in Nepal. Plans and programmes are proposed and they are carried out as outlined by the plans. Hence the development depends on so many institutional variables. This research work will take its journey from the doctrine thus emerged from global community, and proceeds through Nepalese AML/CFT regime, examining the institutionalization process in Nepalese context. Nevertheless, the study is focused specifically on the institutional development of DMLI, a crux entity of AML/CFT regime of Nepal which includes identifying major institutional variables and measuring their effects in DMLI's context.

1.2 The Statement of the Research Problem

The 1990 United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances (UNCITND, 1990), is the first international legal instrument to embody the money-laundering aspect of this very new crime dimension and is also the first international convention to criminalize the act of money-laundering. The Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member jurisdictions. The objectives of the FATF are to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering,

terrorist financing and other related threats to the integrity of the international financial system. The FATF is therefore a “policy-making body” which works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. The FATF has developed a series of recommendations that are recognized as the international standard for combating of money laundering and the financing of terrorism and proliferation of weapons of mass destruction. They form the basis for a coordinated response to these threats to the integrity of the financial system. First issued in 1990, the FATF Recommendations were revised in 1996, 2001, 2003 and most recently in 2013 to ensure that they remain up to date and relevant, and they are intended to be of universal application.

Since Vienna Drug Convention 1990 to recent 2013 - FATF recommendations, there are number of international standards related with transnational crime, where Nepal has expressed its commitment to comply with them (Sharma, 2014:11).

Generally, the international instruments have two types of effects, the first are soft type having moral binding effect only i.e. the member states are morally obliged to comply. Non-compliance to such standards by the states cannot be corrected by imposing any forceful measures by the international community. The second types of international instruments are having mandatory effect i.e. once they are ratified by the state; it is obliged to uphold them through necessary legislative and institutional arrangements in the respective territory. Non-compliance to such mandatory instruments by the member states result in facing some coercive and adverse measures from the international community. These internationally accepted doctrines are the sources of new policies for the states.

Nepal is party to most of the international covenants and recommendations regarding Anti-Money Laundering and Counter Terrorist Financing (AML/CFT). As a signatory member of such mechanism, Nepal's obligation is to ensure enactment of sufficient AML/CFT legislation, policies and corresponding institutions to function within the territory of Nepal.

Department of Money Laundering Investigation (DMLI), the pivotal investigative entity of money laundering crime under Ministry of Finance (MOF), was established in July 2011 with a mandate to investigate all such crimes and prosecute the offenders with the help of Nepal Police, Nepal Rastra Bank and other agencies. The Asset Laundering (Prevention) Act 2008 was enacted

to address this particular crime and empowered DMLI, Police, NRB and concerned other actors. This act has incorporated most of the provisions set forth in all concerned international standards. Central Investigation Bureau (CIB) of Nepal Police was established in 2010 with the mandate of investigating organized and transnational crimes including the crime of money laundering as per the request of DMLI. A financial intelligence unit under NRB was established in 2008, which is engaged in processing raw information and developing the intelligence to support the money laundering investigations. Several other government entities are there to support investigation; prosecution and adjudication contributing to implementation of AML/CFT policies. Nepal enacted at least half dozens of Laws and Acts to meet its obligation of AML/CFT.

Policy implementation covers a broad area. However this study is confined within the institutionalization of AML/CFT regime only. Hence number of scholarly works are reviewed pertaining to institutionalism and will be examined in our context. There are few specific questions which are addressed in this research project.

- What circumstances led the emergence of AML/CFT policies in Nepalese context?
- What institutional arrangements/developments are in place to implement the AML/CFT policies in the context of Nepal?
- Which variables are effective in the institution building process? What is the extent of effect of such variables on the institutional process?

Institutionalization process is a sort of acquiring values and stability of any organization in the passage of time. The Institution Building Model (IBM) explains rather focuses organizational aspect instead of institutional values. Uphoff refers institution building as a process that is basically related with the "introduction and establishment of organisations" that on its part "induce changes" with the "belief and action within a society" (Uphoff, 1971). Closer to a newly established organization like DMLI, which has to be examined through institutional perspectives, Institution Building Model (IBM) is believed to be one appropriate model to examine such aspects and therefore this particular model has been chosen in this research.

Considering a short period since Nepal's entry into this mechanism, the major issue to study is how these developments are being institutionalized in our context. Therefore the significance of the study is to zoom at institutionalism developed during this short period.

1.3 The objective of the Study:

- 1.3.1 **General Objective:** The general objective of the study is to develop general understanding of the national institutions involved in AML/CFT initiative in Nepal.
- 1.3.2 **Specific Objective:** In more specific term, the objective of the study is to examine institutional development of Department of Money Laundering Investigation (DMLI), a pivotal entity, by analyzing effects of institutional variables based on Milton JEsman and Fred C Bruhn's Institutional Building Model (IBM) and some other variables like acceptance, stability, cultural element etc and also supplemented by correlation analysis.

1.4 The scope and limitation of the study:

The study took the start point as the emergence of the AML/CFT doctrine in worldwide scenario. The money laundering activities are supplemented by terrorist financing. Major part of this research is engaged in investigating the institutional development in Nepal to uphold standards of AML/CFT as reflected in various international and national policies.

There are global and regional mandatory instruments applicable to Nepal. Nepal has expressed its commitment and has become party of those instruments. It is mandatory for Nepal to uphold and apply such measures in the national context. To meet such obligation legislative and institutional arrangements should be in place. The study is focused in examining the extent of institutional development of Department of Money Laundering Investigation (DMLI) regarding to AML/CFT.

There is not a single theory to explain institutionalism. Several theories are there which do not support a specific model but there is almost a common understanding about how institutions are build up. The study will try to extract the basic finding of such studies and asses their

applicability in the institutional context of DMLI. Keeping in view the lengthy job to pile up the conclusions drawn thereby only those effective variables from different theories are chosen for this purpose. Still the question is how to identify the effective ones and how to rate their effectiveness toward institutional development. While choosing variables, the trend and conclusions from the past study will be considered.

One of the basic theoretical foundations of this study is considered to be institution building theory of Milton J Esman and Fred C Bruhns which was elaborated later by Norman T Uphoff. The study attempts to visualize and revolves around Institution Building Model (IBM). Institution building involves deliberate efforts to establish organizations which can, if the technology they incorporated is appropriate and productive, raise the capacity of a society to satisfy the needs and desires of its members (Uphoff, 1971:24). IBM scientifically tries digging into institutionalism and theorizes existence of variables like doctrine, programmes, internal structure, resources and institutional linkages with environment.

Other significant contributions from different scholars in this field are also considered for review. These reports reveal significant existence of other variables such as acceptance, stability, cultural elements etc.

The main institutions acting in the field of AML/CFT are: Department of Money Laundering Investigation (DMLI), Nepal Police and Nepal Rastra Bank/Financial Intelligence Unit (NRB/FIU)

Investigation of money-laundering cases involves multiple government organizations. Though there are many more organizations involved in the sophisticated investigation of money laundering crime, each of them is not covered by the study. The intended scope is to examine the institutional variables connected only with DMLI. therefore utmost attempt is made to investigate the generic variables whether dependent or independent linked to institutionalism.

1.5 Structure of the Report

The report is organized in five different chapters and one Annex Section.

The first chapter deals with the introduction of the study including the background, research objectives, scope and limitations, research problem and issues, scope and limitations etc. This

chapter opens the entry to the research field. Institutionalism is an abstract type of subject matter which can be studied in qualitative manner. In this chapter efforts have been made for entire scoping of the research work. This will provide the outline of the research path and introduces the basic concepts and issues of the project.

The second chapter deals with the conceptual part of the study by elucidating related literature. Secondary sources will be accessed with an illustration of the inception, evolution, and institutional growth of AML institution including its practices and process. Since the emergence of the historical institutional concepts, the entrenchment of scholarly repository proceeds up to theories of new institutionalism. Besides these core theories, the national and international doctrines related to AML/CFT will be scrutinized. The ultimate aim is to identify the institutional variables that will be examined. The entire literature review will help to frame robust theoretical background of the study and at the mean time the gap in the past studies, if there is any, will also be identified during this exercise.

The third chapter basically deals with the methodological consideration of the study. The study adopts a mixed model. This chapter outlines the study schedule, approaches and practicalities of the project. This chapter is focused with the tools and tactics that are utilized during the study.

The fourth chapter is all about analysis and discussions with all data and facts. The facts collected are analyzed by using several tools like SPSS-cross tab, SPSS-correlation and other qualitative tools. This section serves as a processor to all inputs.

The fifth chapter is about the conclusions of the study. This chapter recapitulates the conclusions and summary. The extent of institutional growth and effects of institutional variables in the field of AML/CFT are indicated with best possible methods.

Apart from above, one annex section is attached in the last part of the report. This section provides supplementary information about initiatives undertaken by this research. Annex section includes- The Questionnaire, FGD Schedule, Mono-variate Analysis of Constructs, Statistical tables and Bibliography.

CHAPTER – II

Literature Review

This section deals with the generic theoretical aspect of institutionalism along with other policy issues of AML/CFT regime.

The generic theoretical concepts of institutionalism are primarily derived from contributions of Milton J esman and Fred C Bruhn's Institution Building Model (IBM). Further to this, discussions are made based on other old and new institutionalism forwarded by March and Olsen and several other contributors. Basic objective to scrutinize these scholar works is to build up understanding on institutional issues and to explore scope of this study with appropriate variables. The second section deals with dimensions of crimes, the AML/CFT regime and contemporary policies both national and international.

2.1 The Institutionalism Approach

2.1.1 The Institution Building Model: The distinctive feature of the institution building approach is its focus on how the organization can most productively fit into its environment and change this. The institutional variables which will be analyzed are the factors which are most readily manipulated or controlled to bring about such change. The organization to be institutionalized is, of course, affected by the variables in the environment - the level of government revenue, the ideology of the national leadership, the rate of urbanization, etc. In many ways the institutional variables - to use the language of scientific method- are acting upon and being acted upon by variables outside the organization. This underscores the interdependence found between institution and environment, something which the institution building approach stresses. This mutual dependence can make for difficulties at the outset, but it also holds out the possibility of sustaining an institution once it is established (Uphoff 1971: 26).

IBM identified some institutional variables which are - leadership, doctrine, resources, internal structure and programmes.

Leadership: -Positioned at the centre, leadership enables and maneuvers all organizational elements and assets and applies different motivational forces at different time and different situations. Business dictionary elaborates the leadership roles as establishing a clear vision, sharing that vision with others so that they will follow willingly, providing the information, knowledge and methods to realize that vision, and coordinating and balancing the conflicting interests of all members and stakeholders. A leader steps up in times of crisis, and is able to think and act creatively in difficult situations (Online Business Dictionary, 2016).

Doctrine: - The specific foundation of values, objectives and operational methods of any social phenomena is represented by doctrine. Doctrine concerns about what the organization stands for and what it hopes to achieve. The free-online-dictionary defines doctrine as (1) a principle, or body of principles presented for acceptance or belief, as by a religious, political, scientific or philosophic group (2) rule or principal of law, especially when established by precedent. Statement of official government policy, especially in foreign affairs and military strategy. Something taught; a teaching (The Free Dictionary, 2016)

Therefore doctrine stands to attract support and ensure survival of institution.

Resources: The human and non-human inputs both tangible and intangible form, organized and utilized so as to achieve the organizational products and services are resources. They are essential to operate any organization. According to free-online-dictionary it is the total means available for economic and political development, such as mineral, labour force and armament resources. The total means available to a company for increasing production or profit, including plant, labor and raw material; assets and such means considered individually (The Free Dictionary, 2016)

Internal Structure: - The patterns of authority, channels of communication, division of labour and array of coordination and control means collectively considered as internal structure. Every operational and maintenance units of any institution are organized in some specific pattern ultimately demonstrating unique structure.

Programmes: - Doctrine is translated into a complete set of activities through programmes (Uphoff 1971, p29). It involves a set of choices about how the organization will

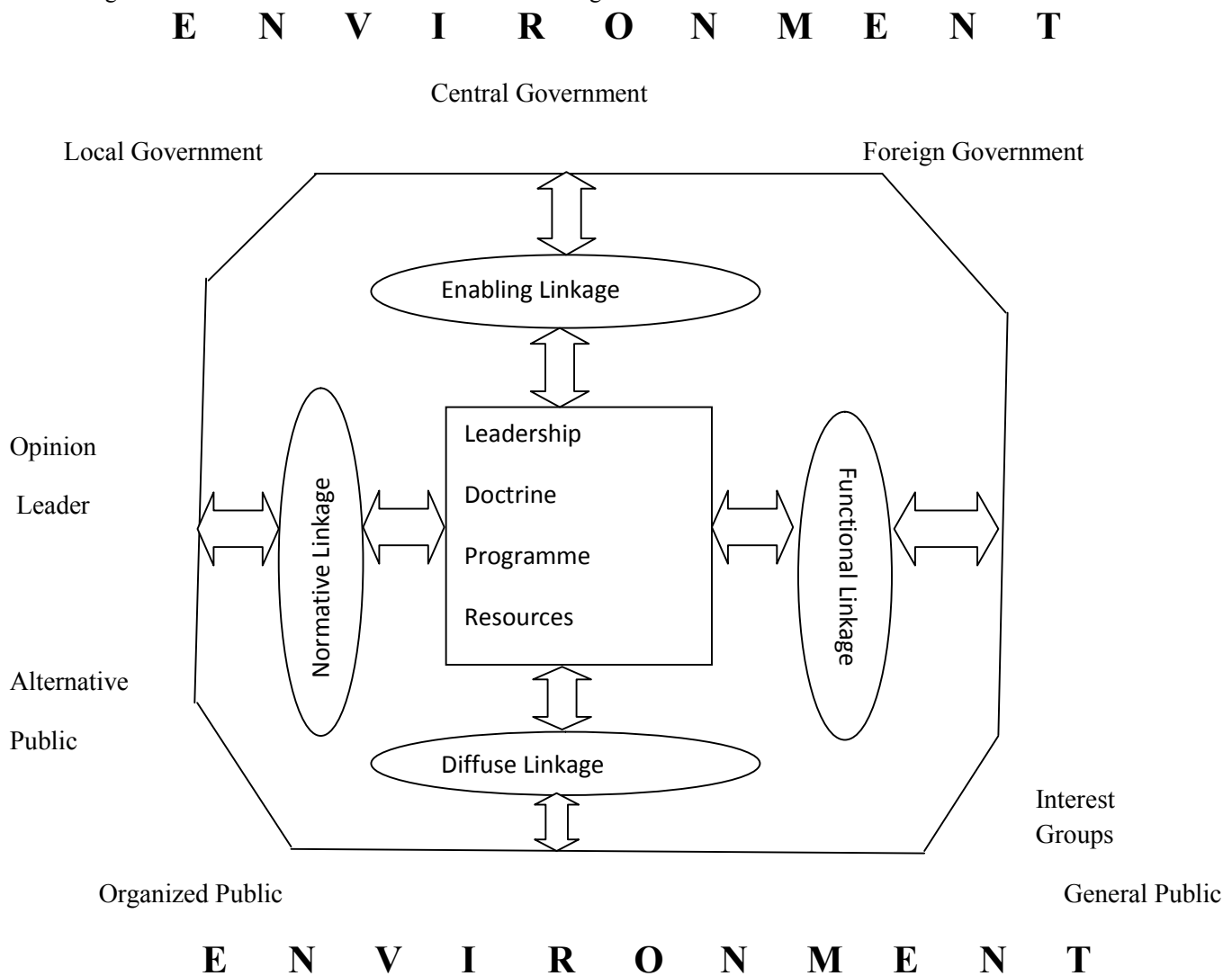
apply the available resources and what streams of products and services is intended to provide(Esman 1969, p14).

In practice any of these may not be variable, doctrine may be prescribed by any of the superior organization, resource may not be expandable at least in the short run, there may be no means of changing or improving leadership, the internal structure can be fixed by the civil service regulation, even the programmes may be set by the legislation(Uphoff,1971: 26). Among all, doctrine is less tangible variable. It is a clear idea about what it stands for, what it hopes to achieve and what styles of action should be used to promote its objective. Overall organizational activity can result to the extent that doctrine is clearly articulated and widely understood within the organization. Doctrine has both internal and external implications, helping to coordinate activities from inside and to elicit support from outside. These variables contribute to internal environment of institution.The internal variables are acting upon and being acted upon by variables in the external environment. The institutional variables are the most significant aspect of an organization through which it can alter and make more favourable its relationship with the elements in its environment.

Institutional Linkages:Similarly in the institution building process, some variables contribute to transaction between internal and external factors. Institution cannot exist in isolation from its environment. These external environmental factors are considered as linkages or external variables of institution.Linkages with environment including but not limited general public, organized public, alternative public, interest groups, opinion leader, local/central/foreign governments are to be analyzed in institutional development process. There are four specific linkages identified in IBM which are- enabling linkage, functional linkage, normative linkage and diffused linkage. Enabling linkages guarantee the access to authorities and resources and guarantee subsequent operations of the institution at least with minimum level. The input providers are linked to the recipients of those outputs produced by institution. Such linkages are categorized as functional linkages. Similarly the competitive relationship with similar institutions which have overlapping interests in terms of objective, doctrine, programmes et cetera are normative linkages and those linkages connecting the general public to an institution in un-organized way adding up to great deal of legitimacy and support are diffused type of linkages.

A Seminar on Institution Building and Development was held by Centre for Economic Development and Administration(CEDA) on June 26-30, 1971 in Tribhuvan University, Kathmandu. This Seminar concluded with number of papers which comprehensively elaborated IBM. This research has taken the two categories of institutional variables firstly the institutional variables such as- doctrine, leadership, programmes, internal structure and resources. Secondly the environmental variables such as normative, functional, enabling and diffused linkages are also considered for the study. Therefore a basic foundation of this research is based on assessment of practicability of IBM. The graphical representation of this model is following:

Fig:1 Institutional variables and environmental linkages



Source: by Milton J Esman and Fred C Bruhns, cited by Uphoff, Seminar Report by CEDA, 1971

The process of institution building does not encompass all of developments but rather a practical part of it. IBM involves introduction and establishment of organizations which in term induce changes in patterns of action and belief within the society. Most commonly these changes are associated with new technologies, both physical and social. The crux of the institution building process is moving from introduction to establishment, and this depends on many factors which are identified and studied within the IB framework. Many different kinds of organization may be involved - schools or universities, government agencies or corporations, research institutions, newspapers or broadcasting companies, farmer associations, youth clubs, credit unions, transportation pools, equipment maintenance units, auditing bureaus, even recreational programmes. And the technologies involved can be diverse - improved seeds, national planning, technical education, leadership training, programming budgeting, organization and management techniques, merit promotion systems, school curriculum reforms, marketing reforms etc.

How productive these technologies could be in particular circumstances will depend on considerable measure on whether or not the organization introducing them can sustain itself. Conversely whether the organization can survive or not will depend to a large degree on whether or not the technology it promotes is productive enough to gain support from significant sectors of the community. These are interlocking considerations. IB cannot guarantee the productivity of the technology being introduced, but it can aid in establishing the organization involved so that there is sufficient opportunity for the innovation to be tried out and adopted if conditions justify this.

If there is a central feature of development which most people could probably agree on, it is that development represents increased productivity. Something which is more developed is more productive; and that which is under developed is less productive than it could be. To be sure productivity is usually thought of as referring only to output of economic goods and services, but it is useful to expand our conception of productivity to include social and political equivalents of goods and services, things like social esteem and difference and political participation (CEDA, 1971: 22).

An institution can be productive of social benefits and political satisfaction in the same way that it provides people with economic benefits or satisfactions. Development seen in an appropriately broad context includes increase in economic, social and political productivity

increases in a country's capacity to satisfy the economic, social and political needs and wants of its people.

To the extent that an organization succeeds over time in demonstrating the value of its functions and having them accepted by others as important and significant, the organization acquires the status of an "institution". It becomes more stable and secure, better able to perform the function for which it was established or modified, thereby ensuring that the innovation raising productivity is incorporated into the society's regular activities and belief. Institutions can be thought of as the building blocks with which a society's edifice of higher productivity are erected.

In any society there are many institutions existing at any particular time. Each represent some past achievement of institutional status derived from a contribution to people's well being and satisfaction, though this is not to say that every institution necessarily contributes to every body's well being and satisfaction. All institutions should be viewed in terms of what they can contribute or have contributed to the people's welfare. There should be no presumption that a new institution will automatically be more productive than an old one just because it is new, that would be a mistake. Existing institution can be quite productive. At the same time it would be a mistake to assume that every institution is productive now or it is as productive as it could be. Times change, environments change. As new productive opportunities come along, institutional change becomes desirable, and institutional building is called for.

Institution building involves development of an institution from a mere organization with certain innovative purposes and pursues evolutionary not revolutionary changes. Institutional development is conducive when changes into the system occurs with continuous paces but not a short term or dis-continuous changes.

Siegel's (1966) analysis revealed a strong suggestion of linear development of the institutionalization process through the stages of non-institution, semi-institution, and institution. Analysis of survival and normativeness tend to characterize the semi-institution stage, while influence and autonomy appear to be related to the institutionalized end of the continuum. A thorough perspective on institutional status gives following three stages:

Survival (Non-institution) Stage- An organization may survive but the price due to incompetent leadership, inadequate technology, environmental hostility etc may lead to abandonment of innovations (Uphoff, 1971, PP43) thus at this stage survival is vital. But survival may not be a sole criterion for institutionality but surviving as an additional

organization, by protecting and promoting those innovative objectives also fosters societal acceptance and integrity. Therefore survival is foremost necessary condition but not a sufficient condition of institution building. Therefore survival from two factors i.e. sacrifice of innovative elements and dependence upon founding structure are crucial in the institutional context.

Normative (Semi-institution) Stage - With deployment of resources and support organizations are able to influence the components of the environment including those relevant to its success. They are needed for compliance and contributions as well. Establishing normative valuations of the organization in the environment such that it is accorded legitimacy and support particularly from those sectors relevant to its success. This support is eventually received from general public through diffused linkages(Uphoff, 1971, PP44). Therefore moving beyond survival, there is a criterion whether institution has established considerable continuity and consensus. In other words, its service to the society should be so valuable that it is considered one of the important institution in the constellation of government institutions. Therefore institutionality is more concerned with relations and action patterns that are normative for other social units.

Autonomy (Institution) Stage - Starting institutional journey from non- institution toward semi and a full fledged institution, the basic criterion of attaining this stage is its assurance to sufficient support, so that it is not significantly dependent on any particular sector. The widespread valuation within the environment allows no sector or agency interfere with the institution's operation. Moreover it allows autonomy to deviate from parent system, autonomy to acquire resources based upon intrinsic value, autonomy to rely on intrinsic value for defense against attacks and encroachment, and ability to influence decisions in functional areas and to enlarge sphere of action.

2.1.2 Historical to Contemporary Institutionalism: Old and New Approaches

In sociological institutionalism, institutions are defined very broadly, so as to include not only externally imposed and sanctioned rules, but also unquestioned routines and standard operating procedures and, more importantly, socially constructed and culturally taken-for-granted world views and shared normative notions of "appropriateness" (Berger & Luckmann 1966; March & Olsen 1989; DiMaggio & Powell 1991; Zucker 1991). In that view, therefore, institutions will define not only what actors can do, but also their perceptions and preferences - and thus what they will want to do (Scharpf, Fritz W, 2000:6). One shortcoming of much of the historical institutionalists literature is its alleged lack of testable propositions and the elusive notion of 'unintended consequences' of initial institutional choices.

The important question we must address is, what do we mean by the term institution? Lengthy explanation is always there: Institutions are those social patterns that, when chronically reproduced, owe their survival to relatively self-activating social processes. That is, institutions are not reproduced by "action," in this strict sense of collective intervention in a social convention. Rather routine, reproductive procedures support and sustain the pattern, furthering its reproduction-unless collective action blocks, or environmental shock disrupts, the reproductive process. The concern here expressed is the relative emphasis on values and cognition. The Selznick model treats institutions as repositories of value, and individual commitment is therefore a byproduct of normative socialization (note here the continuity with Parsons). By contrast, neo-institutionalists view institutions as cognitive phenomena-recipes and scripts for behavior that make the world manageable and tend to assume that individual commitment is motivated by a fundamental need to reduce uncertainty.

A distinction between organization and institution has to be drawn. Philip Selznick elaborated and discussed about it. As an organization is institutionalized it tends to take on a special character and to achieve a distinctive competence or, perhaps, a trained or built-in incapacity. Monitoring the process of institutionalization it costs as well as benefits is a major responsibility of leadership. Thus institutional theory traces the emergence of distinctive forms, processes, strategies, outlooks and competence as they emerge from patterns of organizational interaction and adaptation. Such patterns must be understood as responses to both internal and external environments. It was pointed out that, "distinctiveness" should be taken too literally. Institutionalization is neutral idea, which can be defined as the emergence of orderly, stable, socially integrating patterns out of unstable, loosely organized, or narrowly technical activities. Perhaps the most significant aspect of institutionalization is infusion with the value beyond the technical requirements of the task at hand. The test is expandability, that is, the readiness with which the organization or practice is given up or changed in response to new circumstances or demands. More convincingly the new is the re-conception of formal structure as thickly institutionalized (Selznick,1992:235).

On this understanding, the official design is created within a received and constructed framework of culture and constraint. Therefore it is not merely supplemented by more informal and spontaneous practices, attitudes, relationships and commitments. Rather the formal structure

must itself be seen as an adaptive product, responsive to environmental influences, including cultural definitions of propriety and legitimacy. The new theorists rightly give great weight to structured cognition. This very useful idea reminds us that the interaction of culture and organization is mediated by socially constructed mind, that is by patterns of perception and evaluation. The old institutional theory including the institutional economics of Jon R Commons and his generation was deeply interested in the vitality and coherence. To be true, the "new" institutionalism must find its place within that tradition (Selznick, 1996:270-277). Selznick however emphasizes on the built - in capacity of organization through its interaction and adaptation to achieve stable and socially integrated patterns. Thus it visualizes the values beyond the technical or physical structures of the organization.

The historical model seems more bureaucratic as Thelen (1999) concluded in the study. It will not, however, substitute for the process-oriented analysis that is characteristic of historical institutionalism, which is often the only way to understand how some games came to be nested within others in the first place. Many of the insights from the recent feedback literature will certainly play a role as well; this work has provided invaluable tools for exploring the key issues of who, exactly, is invested in particular institutions, and what sustains these institutions dynamically over time. Institutional research's traditional focus on continuity and stability is thus maintained, but in some cases this should be combined with greater attention to what specific mechanisms sustain that stability, for it is there that we will find clues as to the particular external processes that can produce political opening and change. Attention to the different mechanisms of reproduction will also lend insight into the distinctive ways that different countries are affected by putatively common international forces and trends. In short, a more precise specification of the reproduction mechanisms behind particular institutions is the key to understanding important elements of both stability and change in political life (Thelen, 1999: 31). Institutions may face external shocks and they are compelled to re-settle their positions either constitutionally or operationally. Thelen's report is incomplete if it focuses only in the process within institution.

The main points of the institutional approach can already be found, for example, in the writings of Jean-Jacques Rousseau. His criticism of Hobbes, Locke, and others for assuming that the behavior of possessive individuals in a particular historical and social context expressed the

natural preferences and traits of all human beings is an institutionalist claim that behavior and preferences are not coincident. Rousseau viewed preferences, such as the desire to accumulate property, not as universal postulates on which one could found a scientific theory of politics but as products of society—its norms and its institutions. Law and custom shaped men's preferences and institutionalized power and privilege, thus converting natural inequalities into more pernicious social inequalities. To discover the true nature of man, untainted by the social order, one would have to imagine men in a pre-social state, stripped of all effects of social intercourse and even language. To restore the natural freedom of man under modern conditions, Rousseau proposed the social contract. Such a contract would allow men to “find a form of association which will defend and protect with the whole common force the person and goods of each associate, and in which each, while uniting himself with all, may still obey himself alone, and remain as free as before.” Institutions—most centrally the law and the constitution—thus play a dual role. They constrain and corrupt human behavior. Yet, they provide the means of liberation from the social bond. Social institutions do not embody man's fundamental nature. Instead, as artifacts of history (in this case, of the civilizing process), institutions induce particular behaviors. Being creations of man, however, they can be transformed by politics. Political institutions can be reworked to function more justly, and political decisions made within these institutions will alter social institutions so as to produce better citizens (Immergut, 1998: 5).

Without attending to these problems, we historical institutionalists will contribute to a bifurcation that is already taking place. The terrain of institutionalist analysis is being carved up in terms of two orientations: rational choice versus interpretation. As the argument is that there is a common theoretical core to these approaches, it can be certainly endorsed the potential for the fruitful combination of elements of rational choice, organization theory (or sociological institutionalism), and historical institutionalism. At the same time, however, historical institutionalists has to reclaim analytic and normative space for issues of power and justice. The power-centered view needs to make itself an equal competitor to calculus and culture (Immergut, 1998: 24). The dual role of enabling and constraining individual is analysed in this report. Institutions induce human behavior and are not merely coincident. The whole analysis is focused with the traits and pattern of behavioral dynamics which are outcome of preferences and privileges.

The article of "New Institutionalism: Organizational Factors in Political Life" by March & Olsen symbolizes formal birth of new institutionalism politics. In this article, they point out, "In classical theories of earlier politics, the old institutionalism did exist". However, old institutionalism and new institutionalism differed from each other, so it would be much accurate to describe the latest thought as integration of old institutionalism factors with non-institutionalism features in the latest politics." That is to say, new institutionalism is an outcome of integration of old institutionalism with various research methods in politics.

Major viewpoints of new institutionalism methodology: Since March & Olsen formally applied the phrase of "new institutionalism", different understanding of new institutionalism in institutionalism has largely enhanced our understanding in the political world. Major viewpoints of new institutionalism methodology include the following-

- Understanding of political life from the perspective of institutionalism, which makes political life the center of politics research again,
- Analysis on personal preference and behavior is added,
- Revises negligence of behaviorism on political value, attaches importance to substantive justice of institutionalism and procedure itself, and focuses on analysis and judgment on "positive" institutionalism
- Determines the core status of institutionalism analysis method, but has neglected neither interests and strategies of political behaviors, nor distribution of power among them
- Not only history affects institutionalism, but what's more, institutionalism affects history, and it is institutionalism, but not an individual, that is the primary target of political science research. That, to a great extent, facilitates our understanding in institutionalism and the historical progress of institutionalism development.

The new institutionalism is an outcome of integration of old institutionalism with other methodologies. Interdisciplinary integration is the trend of contemporary social science development, and new institutionalism also embodies its attempt towards this trend. Therefore, appearance of new institutionalism politics is not only criticism for ignorance of behaviorism politics on institutional study, but response of social sciences to institution, such as economics. Then, on the basis of criticizing behaviorism and inheriting traditional institution study, and on

the basis of absorbing and modifying economics, sociology and history, the institutional analysis paradigm by Aristotle was finally integrated with several methodologies to generate a new school in political science, the new institutionalism politics.

As a matter of fact, pure institutional study doesn't exist. Therefore, the research method of new institutionalism is generated by means of modifying research method of old institutionalism and successfully borrowing research methods of various relevant disciplines. That is to say, research method of new institutionalism is an outcome of integration of old institutionalism with several methodologies. In this meaning, it is no longer a unitary methodology. Just as Peters said, new institutionalism is seen as "broad, yet diversified direction of political study", and they are assembled together by the assertion that "institution is a variable to explain most political life and it is a factor which also needs to be explained". (Wu, 2009: 108).

2.1.3 Institutional Creation and Operation

The Institutional Creation Phase: One key challenge faced by policy-makers in the construction and reform of institutional orders is the so-called negotiator's dilemma, which – in devising or reforming institutional order – mirrors the collective search for a solution that leaves all participants better off, and a struggle to realize individual distributive goals (Lax and Sebenius, 1986; Scharpf, 1997). This tension between realizing the 'common good' and securing distributive gains from cooperation is a recurrent theme in the literature on institutional choice.

The link between the institutional creation and the institutional operation phase can thus be depicted as follows: enacted institutions are likely to become enmeshed in mutually contentious interpretations when actors in the enacting coalition are driven by conflicting polity ideas. Alternatively, as we have argued, actors may remain vague about the practical applications of the negotiated outcome if agreement will not be jeopardized. In contrast, if actors' preferences for institutions are driven by the expected policy outcomes, the hammering out of institutional rules is likely to be more specific; once enacted, these rules are less prone to conflicting interpretations (Rittberger, 2001: 451, 677–85).

The Institutional Operation Phase: Rules adopted by the enacting coalition during the creation phase structure and frame interaction between actors of the executing coalition in the operation phase. They influence outcomes and thus determine the distribution of gains from institutionalized co-operation. As rules may be open to interpretation, however, actors in the executing coalition participate post hoc in rule reformulation by interpreting them and by filling (perceived) gaps. The separation between institutional creation ('games over rules') and operation ('games within rules') becomes blurred. Knight (1992) makes this point forcefully by demonstrating that actors dissatisfied with the distributional outcomes induced by institutional rules have an incentive to challenge the dominant application of rules by employing an alternative interpretation or by not 'obeying' the dominant one. Thus, games over outcomes are supplemented by a constantly smoldering battle over rules and their interpretation (Linder and Rittberger 2003:451). The findings presented by Linder and Rittberger allow us to assess the explanatory value of some of the instruments of historical institutionalism. The approach to historical institutionalism calls into question two key concepts in this theoretical strain – unintended consequences and exogenous shocks – to the degree that they may become superfluous under the conditions elaborated in this article.

Unintended Consequences: A brief review of the logic behind the institution-building efforts of the enacting coalition suggests that, even if actors in the creation phase had possessed full information about the consequences of their institutional choice, they might not have embarked on a different course of action. Given the variation in institutional preferences among members of the enacting coalition, no other compromise may have been feasible in reality.

Conflict-laden Institutions Instead of Exogenous Shocks: We have also cast doubt on the familiar claim, invoked simultaneously by some historical institutionalists and their critics, that events exogenous to the research design (such as 'critical junctures') induce 'punctuated equilibria' and thus lead to institutional change and reformulation.

Although we do not deny that exogenous factors may affect the functioning of institutions, we posit that institutional analyses that fail to 'go back and look' are prone to miss an essential part of a comprehensive explanation of why institutions, once enacted, appear dysfunctional or even self-destructing. The European Union has often been characterized as an 'unfinished' constitutional system whose evolution has not only been fuelled by functional

demands to overcome collective action problems, but also by different polity ideas concerning appropriate governance structures (Linder and Rittberger, 2003:68).

Stability factor is further elaborated by this 'Creation and Operation' literature. Every institution created in the society has been originated from realizing common goods and securing their distributive gains. Dissatisfaction over the distributive gains may opt for alternative interpretation and a smoldering battle may occur. Unintended consequences and shocks by institutions go for self destruction and disfunctioning. In DMLI's case, we cannot smell the possibility of such phenomena as this particular institution has not been matured enough. But utmost importance should be given to this factor while assessing the relation between stability and exogenous shocks.

2.1.4 Institutions as form of Capital

At the theoretical center of the new institutionalism paradigm is the concept of choice within constraints. Institutions, defined as webs of interrelated rules and norms that govern social relationships, comprise the formal and informal social constraints that shape the choice-set of actors. Conceived as such, institutions reduce uncertainty in human relations. They specify the limits of legitimate action in the way that the rules of a game specify the structure within which players are free to pursue their strategic moves using pieces that have specific roles and status positions. Norms are implicit or explicit rules of expected behavior that embody the interests and preferences of members of a close-knit group or a community. The institution of modern marriage, for example, encompasses social norms governing sexual conduct (monogamy), child-rearing (shared responsibility), property rights (equal), conflict, dissolution, and, upon divorce, the custody of children. The informal norms are monitored by family members, relatives, friends, and acquaintances, while the legal rules are formally monitored by the state. Insofar as norms help solve the problem of coordination and collective action, they enable actors to capture the gains from cooperation, which, in the case of marriage, entails sharing and thus lessening the costs of bearing and rearing children (Nee 1996: 8). The idea of norms as a form of capital was moral code, especially a code supporting trust and confidence between men. A well-founded belief is there, that they will not always let you down in favor of their private, short-term gain. Conformity to norms of a social group is what renders the norm a form of capital. Because norms are collectively maintained, and benefits gained by conforming are shared by members of the

group, norms amount to a collective good (Coleman 1990a, Nee 1996:12). The belief and trust between individuals reinforce the rules and norms. Individuals and actors contribute to collective goods and they are knitted in webs of interrelated rules and norms.

Actors make choices with in constraints or uncertainties. Institutions reduce uncertainty in human relations and promote conformity to norms of social group. The free actors(players) pursue their moves with in their choice set. Benefits eventually gained are shared among all members of the group. These shared benefits amounts to collective goods thus forming social capital. Situation of sharing benefits is indicator of acceptance.

Building Constructs: Stability, Acceptance and Cultural Elements

Two major factors in the institutional study drawn from above paragraphs are – stability and acceptance. Interactions and adaptations in a social arena of any institution are just beyond the technological and physical setting or structure of it. Institutions are self activating social process with a notion of appropriateness and accepted as socially constructed and culturally taken for granted. All human being are political elements. Political opening toward change and adaptation shapes the institutional advancement. March and Olsen's stance to new institutionalism is influenced by political perspective of the actors. Political adaptation contributes to stability and acceptance. Stability and acceptance both are intangible constructs.

It is very difficult to frame testable propositions related to institutionalism. However, these two constructs are consolidated by above discussions made by 'IBM' or 'Creation and Operation' or 'Social Capital' literatures. By nature, they(stability and acceptance) are subjective or behavioral type but they have to be examined as independent variables with respect to their influence in institutional building process in this research.

2.2 Advancement of Criminality

Criminality has become most sophisticated through its widely knitted activities of organized and transnational behavior. Differing with the traditional crime pattern, a new dimension has emerged where a predicate crime is committed at one level and another category of activity occurs which enables the real criminals hide from the scene and manage their assets gained illicitly with the commission of that particular crime. Money laundering is no more an

easily observable phenomenon because criminals are trying to disguise the origins of money obtained through illegal activities so it looks like it was obtained from legal sources. Otherwise, they can't use the money because it would connect them to the criminal activity, and law-enforcement authority take control over them to investigate.

The International Criminal Police Organization (INTERPOL), in response to new crime threats aims to road map future policing with championing the innovations. Police forces are facing challenging operational landscape, as criminals take advantage of new technology, the ease of international travel and the anonymous world of virtual business. Criminal phenomena are becoming more aggressive and elusive. It is crucial for police to stay one step ahead of criminals. In today's world this can only be achieved if law enforcement officials have real-time access to information beyond their own borders (INTERPOL, 2014). Crime categories are diversified and many are of transnational character. Networking in various criminal activities, and use of hi-tech facilities by the criminals have made crime control and investigation extremely difficult. Besides these, some categorical criminals enjoy protection from their patrons and also have influences in the political and criminal justice systems. Because of such circumstances, crimes are very difficult to investigate, prosecute and adjudicate. A substantial development of serious and organized crime and terrorism has been operating through structured networks in numerous fields. To cope with these challenges, policies and counter measures are put in place at the national and international level.

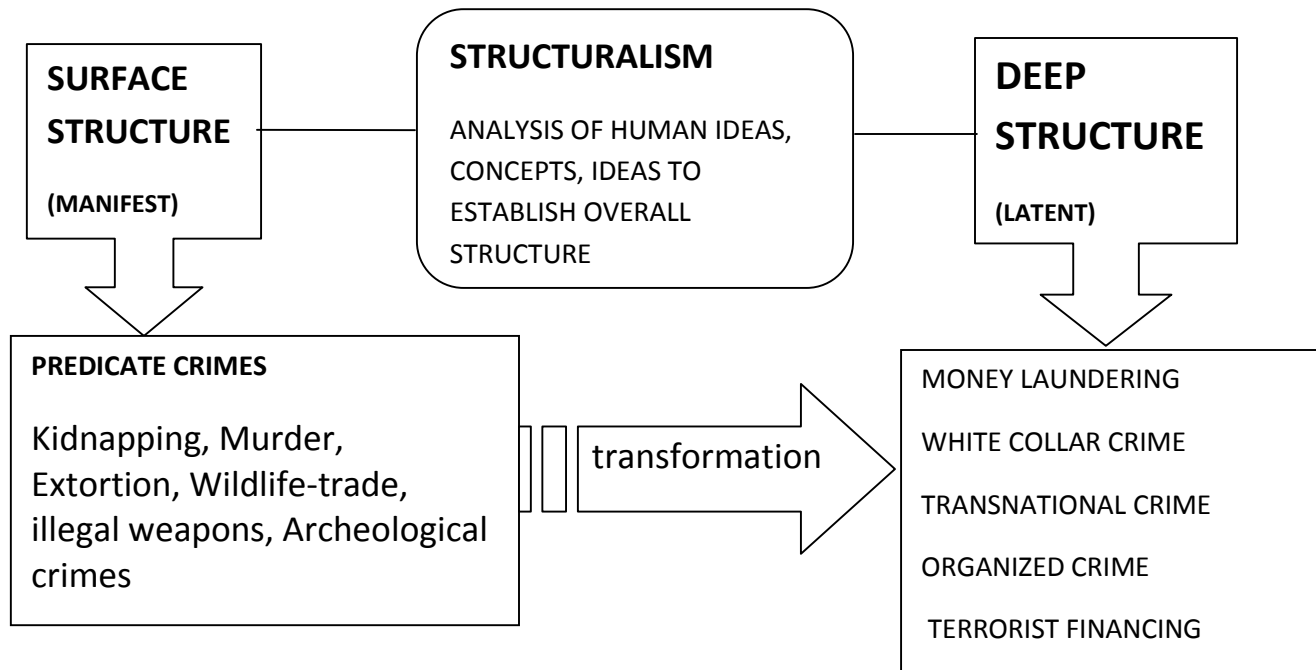
2.2.1 Understanding of Money Laundering - Structuralism Approach

Many of the traditional criminal groups have been transformed into organized criminal groups, thereby forming entrepreneurial avenues to operate in a systematic way. Most crimes are committed for money and the collection, transfer, and payment of money are part of most criminal activities. A crime, committing which doesn't require a gun or a knife and the perpetrators conceal their real criminal image by using cover of a social and business entrepreneurship and seem to be a person of reasonably high profile. An apparent individual victim may not be seen but legitimate economy in general is being victimized.

The phenomena of money laundering and terrorist financing can be better understood with the use of structuralism approach. Human activity and its product even perception and thought itself, are constructed and not natural. The societies are complex system ruled by a

social contract, of which the participants are not always conscious, so that the contract is latent rather than manifest (Gautam and Poudel, 2007: 436). The aim of structuralism is to gain a comprehensive view of social and institutional relations existing between individuals and institutions with a view to establishing over all structure. This approach can be utilized to make understanding about complex interrelated system of organized crime and money laundering.

Fig: 2 Structuralism and the Crime of Money Laundering



Source: Conceived by Author

2.2.2The International Regime of AML/CFT: UN has adopted numerous resolutions and treaties, thereby; all the signatories abide by its provisions related with AML measures. Some significant UN conventions and resolutions are-

- The 1990 United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances (UNCITND, 1990), is the first international legal instrument to embody the money-laundering aspect. This is also the first international convention which criminalizes money-laundering.
- In September 2001, the UN Security Council adopted Resolution 1373(SCR 1373) through which it imposed certain obligations on Member States, such as the

prevention and the suppression of the financing of terrorist acts, the criminalization of terrorism-related activities and of the provision of assistance to carry out those acts, the denial of funding and safe haven to terrorists and the exchange of information to prevent the commission of terrorist acts.

- In April 2002, The International Convention for the Suppression of the Financing of Terrorism (ICSFT, 2002), came into force, which is designed to criminalize acts of financing terrorist activities. The convention also seeks to promote police and judicial co-operation to prevent, investigate and punish the financing of such acts.
- In September 2003 and December 2005, the UN Convention against Transnational Organized Crime (UNTOC, 2003) and the UN Convention against Corruption (signed in 2003) respectively came into force. Both instruments widen the scope of the money-laundering offence by stating that it should not only apply to the proceeds of illicit drug trafficking, but should also cover the proceeds of all serious crimes.

Financial Action Task Force (FATF, 2013) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF recommendations are recognized as the global AML and counter-terrorist financing (CFT) standard. The FATF recommendations set out a comprehensive and consistent framework of measures, which countries should implement in order to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction. Nepal has become member of FATF/APG in June 2002 (APGML, 2014).

FATF Standards comprise the Recommendations themselves and their Interpretive Notes, together with the applicable definitions in the Glossary. The measures set out in the FATF Standards should be implemented by all members of the FATF and the FSRBs, and their implementation is assessed rigorously through Mutual Evaluation processes, and through the assessment processes of the International Monetary Fund and the World Bank – on the basis of the FATF's common assessment methodology. The FATF calls upon all countries to implement effective measures to bring their national systems for combating money laundering, terrorist financing and the financing of proliferation into compliance with the revised FATF Recommendations.

UN Security Council through its Resolution 1617 (2005) and the Annexed Plan of Action of Resolution 60/288 of the UN General Assembly, stresses the importance of the implementation of the FATF 40 Recommendations and the 9 Special Recommendations on terrorist financing (SCR 60/288, 2006). This is a stringent back up by UN to FATF recommendations.

FATF further reiterates National cooperation and coordination mechanism. Countries should have national AML/CFT policies, informed by the risks identified, which should be regularly reviewed, and should designate an authority or have a coordination or other mechanism that is responsible for such policies. Countries should ensure that policy-makers, the financial intelligence unit (FIU), law enforcement authorities, supervisors and other relevant competent authorities, at the policymaking and operational levels, have effective mechanisms in place which enable them to cooperate, and, where appropriate, coordinate domestically with each other concerning the development and implementation of policies and activities to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction.(FATF Rec. 2, 2013). Nepal became a member of the FATF/APG in June 2002.

The G8 states have noted a substantial development of serious and organized crime, and terrorism, operating through structured networks in numerous fields. The recourse by criminals to ever more complex, sophisticated and increasingly dangerous methods of operation, together with the increasingly international national nature of serious and organized crime and terrorism and their cross-border ramifications, makes investigation more difficult. To gather evidence more effectively on organized crimes and terrorists groups, law enforcement, therefore, often requires the ability to apply the special investigative techniques, as well as measures designed to encourage witnesses who may face a substantial prison sentence, or retaliation by others, to nonetheless come forth (G8 Recommendation, 2004). The G8 recommendation thus reinforces the use of stringent measures. The application of such measure is possible only when there are appropriate and sufficient institutional arrangements are put in place. These institutions would be working with national and international systems.

2.2.3 National Context about AML/CFT Regime:

Every state is responsible to protect and promote the wellbeing of its citizen. Constitution of Nepal, through guiding principles and policies, guarantees state mechanisms to ensure crime prevention and justice. Art. (51)TA of Constitution of Nepal 2015 states that effective measures

shall be taken to ensure prevention and providing justice from any kind of corruption, embezzlement and social crimes. These kind of principles and policies are provisioned to direct the state toward a welfare nation (Shiwakoti, 2015:117).

The Department of Money Laundering Investigation (DMLI) was created by the Government of Nepal in July 15, 2011 (Ashadh 31, 2068 BS). The DMLI is one of the pivotal investigative units in Nepal to fight, among others, money laundering, terrorist financing and any forms of illegal earnings and contribution to terrorism and proliferation. It is the country's major actor of the anti-money laundering and countering the financing of terrorism (AML/CFT) regime (DMLI, 2014).

In order to encourage the legitimate economic activities and, by corollary, to discourage the illegitimate economic activities, including checking terrorist financing through effective investigation, appropriate legal and institutional arrangements, are to be provisioned. This is why the Department of Money Laundering Investigation has come into existence (DMLI, 2014).

There is no doubt that the functions that DMLI discharges the functions that are related to the investigation of money laundering. Also, investigation on terrorist financing falls under the preview of this Department. To this end, stakeholders within the government machinery include the Nepal Rastra Bank, Nepal Police, Office of the Attorney General and Special Court of Nepal. The external stakeholders, still within the country, like business communities, traders associations and various professional and vocational groups are also equally important. The ones beyond the national frontiers are the Financial Action Taskforce -- the Paris-based umbrella organization to act as the apex body of the inter-governmental AML/CFT regime, the World Bank, IMF, various UN bodies, etc. Similarly, we have the Asia/Pacific Group on money laundering as the regional AML/CFT body with its headquarters in Sydney, Australia. Also, the AML/CFT entities of the neighbouring and friendly countries that lend their hands in course of our endeavor to investigate into serious cross-border crimes are our valued stakeholders (DMLI, 2014).

Financial Information Unit (FIU) is Nepal's financial intelligence unit. It is a central, national agency responsible for receiving, processing, analyzing and disseminating financial information and intelligence on suspected money laundering and terrorist financing activities to

the Investigation Department, other relevant law enforcement agencies and foreign FIUs. The FIU was established on 21 April, 2008 under the section 9 of the Assets (Money) Laundering Prevention Act, 2008 with the Nepal Rastra Bank (the central bank) as an independent unit. The FIU is also assigned to function as the secretariat of the Coordination Committee constituted as a standing committee under the coordination of secretary of Ministry of Finance including secretaries from Ministry of Home, Law, Justice and Parliamentary Affairs, Foreign Affairs and Deputy Governor from Nepal Rastra Bank as members. The chief of FIU is the Secretary of the committee. (NRB/FIU: 2014)

Mission Statement Nepal police, "Guided by the core theme of rule of law, to establish law and order in the society by effective investigation and prevention of all criminal cases" emphasizes the prime concern to detection and prevention of crime (Nepal Police, 2014). The specialized investigative central agency of Nepal Police, Central Investigation Bureau(CIB) has set the following priorities (CIB, 2014)

- Investigate the complicated, serious and sensitive crimes
- Investigate special crimes and human right rights violations
- Bust the organized criminal groups and end impunity
- Free investigators from undue and unethical influences and non-professional practices
- Institutional development of investigative capability, technological capability etc

CIB Regulation 2070 article (3) stipulates the responsibilities as - Depending on the seriousness, nature of the crime and organized group involved and their influence in the society, CIB shall be conducting specialized investigation in such criminal cases. CIB has been considered as a specialized investigating authority responsible to investigate heinous crimes which are transnational, organized, important and sensational for the wellbeing of the nation, cases of serious human rights violation etc (CIB Regulation 2013, Article 6ka).

2.3 The Legal Framework

Money Laundering Prevention Act (MOLPA) 2064

This is the main substantive and procedural legislation about AML and came into force on 2064/10/14. MOLPA defines and criminalizes the act of money laundering and terrorist

financing. It has extra-territorial jurisdiction in ML cases. The main provisions set forth in this Act are(MOLPA, 2064):

- GON shall establish one department to investigate offenses related to money laundering and financing on terrorism (art 11.1)
- The department shall be headed by at least one Gazetted Class-I Officer of GON and have the prescribed organizational structure and personnel working in it.(art11.2 and 11.3)
- GON shall provide specialist personnel from different agencies as required by the department.
- Article (3) criminalizes the act of money/asset laundering as mentioned in Art3.1/3.2
- ML crime is also considered as Organized Crime and has added criminal liability
- Punishment for committing ML/TF crimes up to five times amount of total money laundered and 20 years of imprisonment (art-)
- Empowers the ML investigators with more intrusive measures such as specific investigative techniques(SIT)

MOLPA seems to be comprehensive enough and it empowers the concerned authorities to optimum extent. Though it has stringent measures, there are questions arising as why implementation is not effective.

Proceeds of Crime(Seizing, Freezing and Confiscation) Act 2070

Assets related with crimes are subject to legitimate seizing, freezing and confiscation. This act has attempted to integrate the powers of all related authorities which was scattered with various stakeholders before. It has provisioned to manage seizing, freezing and confiscation as deemed necessary during investigation, prosecution and adjudication.

Extradition Act 2070

This act facilitates the extradition treaty and subsequent extradition of absconded fugitives among different nations. It has provisioned the request and procedure of extradition, conditions to accept or deny extradition requests, ensure right to hearing and legal aids etc.

Mutual Legal Assistance Act 2070

This legal instrument manages and facilitates exchange of cooperation and assistance between nations. Specifically, acquiring evidences, information, conducting raid and seizure,

implementation of court sentence etc can be managed with different countries as per the provisions of this act.

Organized Crime Prevention Act 2070

The main aim of this act is to manage investigation, prosecution and adjudication of transnational organized crimes applying specific techniques and also to protect victims and witnesses related with such crimes. Nepal seems to be more progressive in setting conditions of organized groups than the UN standards. One unique feature is the provision of plea-bargain with suspect who help investigating authorities. Such helpful suspect shall be exempted up to 70 percent of the punishment.

Further to these Acts, Money Laundering Regulations 2066, Mutual Legal Assistance Regulations 2070, National Action Plan 2068-073 are also in effect. These various policies are comprehensive but yet to be implemented in optimum extent (Pudasaini, 2071)

2.4 The Research Framework and Theoretical Constructs

Scanning briefly into these policy doctrines, it reveals that the AML/CFT doctrine emerged internationally and it influences to all national governments. At the same time, there is a monitoring mechanism in global and regional level to ensure that the members comply with the standards proclaimed therein. Nepal has also initiated legislative and institutional arrangement to meet the requirement posed by this AML/CFT challenges. The lead agency DMLI along with other support agencies work together and since the establishment, it has been progressing toward one of the most essential institution of the nation.

Institutions proceed from the beginning as non-institutional toward normative and autonomous stage. In regard to client status, initially they seem indifferent and thus gradually toward tolerance, involvement, recognition and acceptance. Hence acceptance from clients is the most saturated stage of institution from client's perspective. Similarly staff status from installation goes toward distillation, innovation and creation.

The research tries to examine the institutional status with specific attention on some specific constructs emerged after analysis of various institutional factors.

Acceptance: One major construct built to examine is acceptance which is realization of goodwill and trust of any institution. Assessing whether steps taken by any institution are acceptable by wider masses of our society could be one benchmark. And belief is induced by such actions. Legitimacy constitutes a form of capital yielding a political esteem. To what extent a good-will type of legitimacy is gained? Institution should function as repository of values and commitments and common goods produced are realized and that gains are being distributed over the populace. An institution succeeds over time, demonstrates value of its function, therefore it is accepted as an important organization.

Stability: Another criterion is stability which is regularity, adequacy, survival and progression in consistent paces. One pertinent fact is to observe the manner of several external and internal interactions and/or shocks. Striving to survive for a long period of time adopting changes and innovations is considered as a generic trait. Stability may be reflected through significant instruments of rules, routines, norms and identities. Consistent patterns of organizational interactions and adaptations reveal that any organization has acquired some distinctive institutional form.

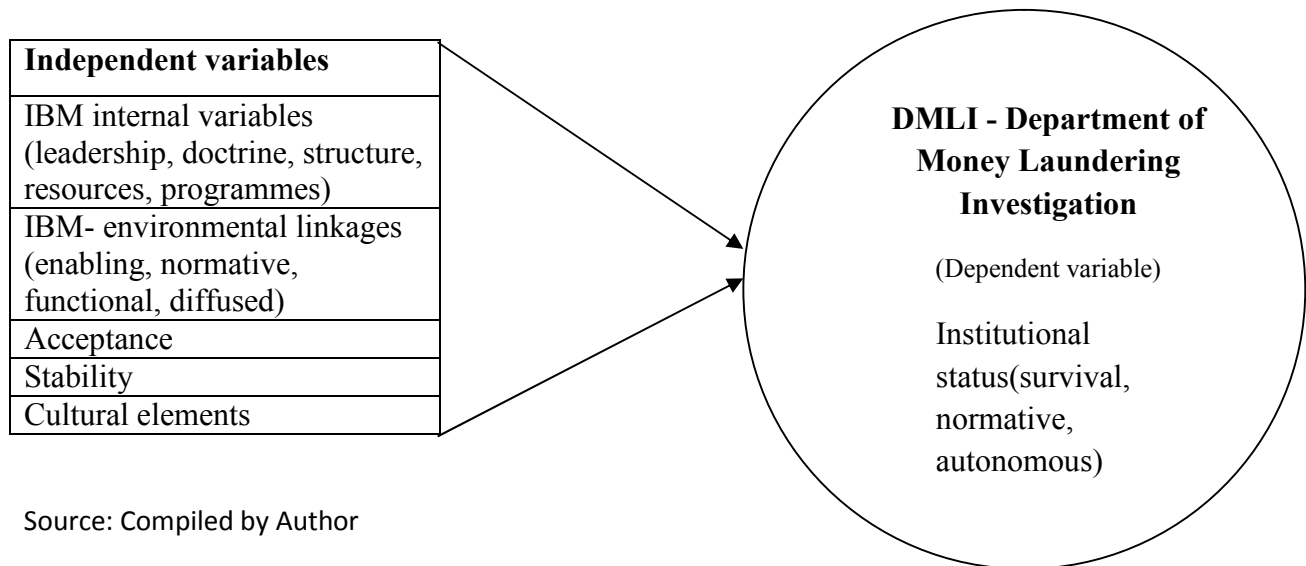
Cultural element: A pattern of collective behaviors and assumptions that are taught to new organizational members in any stable organization. The set of customs, beliefs and practices within actors cause significant influence in the institutional development and overall transformation process. Institutional culture and the environmental factors are dependent of each other.

The Institution Building Model (IBM) variables: The distinctive feature of the institution building approach is its focus on how the organization can most productively fit into its environment and change this. The institutional variables which will be analyzed are the factors which are most readily manipulated or controlled to bring about such change. The organization to be institutionalized is, of course, affected by the variables in the environment - the level of government revenue, the ideology of the national leadership, the rate of urbanization, etc. In many ways the institutional variables - to use the language of scientific method- are acting upon and being acted upon by variables outside the organization. This underscores the interdependence found between institution and environment, something which the institution building approach stresses. This mutual dependence can make for difficulties at the outset, but it

also holds out the possibility of sustaining an institution once it is established (Uphoff 1971: 26). Two broad categories of IBM variables are the internal organizational factors (leadership, doctrine, programmes, resource and internal structure) and the external environmental linkages(enabling linkage, normative linkage, functional linkage and diffused linkage).

The following sketch represents entire research work

Fig.3The Research Framework



Source: Compiled by Author

CHAPTER – III

METHODOLOGY

3.1 Background

Methodology would provide scientists a mechanical book of rules for solving problems. Often these rules or systems of appraisal also serve as theories of scientific rationality, demarcation criteria or definitions of science. Outside the legislative domain of these normative rules there is of course there is an empirical psychology and sociology of discovery (LAKATOS, 1992:103). Research methodology refers to the philosophical framework, view of being human, truth, value, epistemological perspective and assumptions that are associated with a specific research method. It outlines investigative journeys of human civilization and modes of inquiry used in the quest of knowledge in existing world for beneficial aims and results (Hostetler, 2005).

3.2 Philosophical Consideration: Ontology and epistemology

Research is an academic journey in pursuit of scientific knowledge. Knowledge what we claim to possess should have been generated through valid process. Challenging or verifying the already established theories is the line of action we may follow during the course of scientific investigation. The entire process will enable us to reach a valid conclusion i.e. scientific knowledge claim and it is possible only when we follow some philosophical principles.

There are few questions about this knowledge claim, which are essential in visualizing the ontological assumption of the study like - Why is there something exists? Is it possible that, prior to now, there was absolutely nothing in existence? What is ultimately (really) real (as opposed to what is only apparently real)? Is reality fundamentally one or many? Is there anything that does not change? Is reality fundamentally material or spiritual? Which is more basic, being or non-being? From these philosophical questions, we move toward generating scientific knowledge. Ontology in this research can be defined “as the study of what we know or rather what we think we know and epistemology as the study of how we achieve knowledge or rather how we think we achieve knowledge” (Freimuth, 2009:2).

The ontological assumption in this research is that existing AML/CFT regime enables to have institutional development of Department of Money Laundering Investigation (DMLI). In this regard, GON initiatives are institutionalized to some extent.

Epistemology is the study of knowledge and justified belief. As the study of knowledge, epistemology is concerned with the questions like: What are the necessary and sufficient conditions of knowledge? What are its sources? What is its structure, and what are its limits? As the study of justified belief, epistemology aims to answer questions such as: How we are to understand the concept of justification? What makes justified beliefs justified? Is justification internal or external to one's own mind? Understood more broadly, epistemology is about issues having to do with the creation and dissemination of knowledge in particular areas of inquiry (Malpas and Davidson, 2012). Epistemology is about knowledge and a number of challenging questions such as how do we produce new knowledge, when do we know that we know something? Thus, epistemologically we should try to find out nature, origin, and limits of human knowledge on the given subject. It is necessary to justify the beliefs by some sorts of evidence. Here the validity and the reliability of the sources become important. We can trust only those sources that provide evidences. It also becomes important to present and scrutinize the evidence put forward in terms of logic and reason. It should be plausible that the evidences support the claim. This study, being targeted to assess the institutional development and examine the related variables, it considers mostly the qualitative techniques. The epistemological methods of this research include content analysis through hermeneutics, perception and attitude measurement and analysis, focus group discussion etc.

3.3 Operational Concept

3.3.1 Research Design: The plan, structure, and strategy of investigation conceived so as to obtain answers to research questions and to control variance constitute research paradigm. The plan is overall scheme or programme of the research. It includes an outline of what the investigator will do from writing the hypothesis and their operational implications to the final analysis of data. The structure of the research is more specific. It is the outline, the scheme, the paradigm of the operations of the variables. When we draw diagrams, that outline variables, and their relation and juxtaposition, we build their structural schemes for accomplishing operational research purposes. Strategy as used here is also more specific than plan. In other words strategy

implies how the research objectives will be reached and how the problems encountered in the research will be tackled (Kerlinger, 1986:275 cited by Wolf and Pant PP: 50).

This research follows a quantitative design backed up by qualitative inputs. The institutional variables are examined to see their significance in the development of the institution. So it is mixed and evaluative research. Mason and Bramble elucidate evaluation as "evaluation is the process of determining the value or worth of something" (Mason and Bramble PP56 cited by Wolf & Pant 1999). The phenomenon of evaluation is in Wolf and Pant's word "oriented toward formal and objective measurement of the extent to which a given action, activity or programme has achieved its original objective" (Wolf and Pant 1999: 214).

Major work of it are accomplished by using both quantitative and qualitative analytical tools. Likert Scale Techniques are employed in order to furnish consolidated conclusion. Explorative techniques are also be used in fact finding operations with an aim to analyze opinions and behaviors. The findings of the research study may prescribe some resolutions. There can be continuous study in such area of administrative science.

3.3.2 Primary DataCollection

During data collection, the information collected through questionnaire survey and focused group discussion are considered as primary data. A questionnaire, which is a systematic instrument was administered to respondents intended to retrieve particular kind of information from respondents.

The questionnaire includes seven sections (from no. 1 to 7). From 1 to 6th section questions are organized so as to acquire appropriate response about independent variables like acceptance, stability, cultural element, IBM variables (IB variables and environmental variables), linkages with the environment and institutional creation and operation. The seventh dependent variable is about institutional status or stage of institutional development. Total of 98 Likert items are organized in these questionnaires.

The sample questionnaire with its schedule is as attached in Annex- I.

Similarly, focus group discussion was conducted as per the schedule attached in Annex - II

3.3.3 Secondary Data

Secondary sources are major resources in this study. There is vast range of scholar works available in the print or online form. A big collection of articles 'The Compendium' provided by CDPA was most useful in this purpose. Similarly, CDPA library, TU Central Library was used to find books, online resources, previous study reports etc. Few articles from Online Publication were also consulted. These kinds of resources were very useful to enrich theoretical insights about institutionalism.

State agencies like DMLI, Commission for Investigation of Abuse of Authority (CIAA) are regularly publishing materials like Annual Reports and other promotional stuff. Most of the volumes of 'Sampatti' the annual journal from DMLI were went through. Nepal Law Commission provides both online and print materials related with legal issues, laws, regulations by laws etc. Constituion of Nepal 2015, Money Laundering and Terrorist Financing (Prevention) Act, Mutual Legal Assistance Act, Organized Crime Act, Proceeds (Seizing, Freezing, Confiscation) of Crime Act, Extradition Act are major legislations which were gone through.

Official web portals of various agencies are also major sources of information. UN database provides all UN Conventions and Security Council Resolutions which were very important to go through. Similar sites from INTERPOL, FATF, APGML, Group 8 Nations etc were accessed time to time.

3.3.4 Sampling

Basically non-probability sampling techniques were used during data collection phase of this research. Samples are drawn from different strata. Issue of institutionalism in countering money laundering is not a matter of common understanding. Therefore the respondents are to be selected in such a way that they are aware enough to provide the response against stipulated questionnaires. In order to conduct focus group discussion, some key informants are chosen and their response was recorded. The snowball and judgmental techniques was also employed to select the respondents. The sources of primary data is the outcome from the respondent of questionnaire, focus group discussion etc. Similarly, literature review of policy doctrine both

national and international, annual reports, journal, publications constitute secondary source of data.

Sampling Units

There are two kinds of study units. Perception and attitude measurement techniques are employed to retrieve information from these units. The two kinds of study units are:-

Endogenous unit: Respondents belonging to this unit are from law enforcement agencies of the state pertaining to AML/CFT i.e. DMLI, Police and FIU. One sample to be selected by purposive/judgmental sampling method from DMLI and related institutions involved in AML/CFT activities. Focus Group Discussion will be conducted with some of the key informants. Questionnaire survey will be basic method to collect information with them.

Exogenous unit: This domain includes individuals from the society (Financial Crime Analyst, Investigation experts, business houses etc). One sample is to be selected through snowball and stratified random sampling method from this unit.

However, there is no analysis made as to how these two units are interrelated. In order to receive a balanced responses from both spheres of institutional arena, these two units were considered for study.

3.3.5 Socio-Demographic Characteristics of Respondents

Among all 55 respondents, there are two broad categories based on age, thus-

Table1. Age Distribution of Respondents

Age Group		
	Freq	Percent
<=35	22	40
>35	33	60
Total	55	100

Source: Field Survey 2015

With respect to gender, 92.7% respondents are male and 7.3 are female.

The qualification varies from SLC to Masters and Chartered Accountants. Their participation in percentage is as follows:

Table 2. Education Background of Respondents

Education		
	Freq	Percent
SLC	1	1.8
Intermediate Level	2	3.6
Bachelor's Level	6	10.9
Masters Level	43	78.2
Chartered Accountants	3	5.5
Total	55	100

Source: Field Survey 2015

As explained earlier, there are two broad categories of respondents i.e. exogenous and endogenous. Those belonging to the institutions which are responsible for implementation of AML/CFT policies are endogenous type and those from outsiders i.e. freelancer or independent analyst belong to exogenous type. Therefore endogenous respondents from DMLI, NRB/FIU, Investigator are total 60% and exogenous are rest 40% as in the table below:

Table 3. Categories of Respondents

Affiliation		
ENDO-GENOUS	Freq	Percent
DMLI	12	21.8
NRBFIU	7	12.7
Investigator	14	25.5
EXO-GENOUS		
Freelancer	11	20
Others	11	20
Total	55	100

Source: Field Survey 2015

3.3.6 Focus Group Interview: Some key persons of the relevant institution were selected for interview to trace to thrust posed by the AML/CFT doctrine and the respective institutional arrangement. The reliability of this study was increased by employing suitable interview skills, such as; open-ended, non-directive and empathic relation of interviewer with interviewee. It requires that a researcher exhibits the following personal characteristics:

- A strong attention in ideological-theoretical knowledge;
- A cognitive skill to conceptualize information
- An ability to engage in a multidisciplinary approach and good investigative skills and interview techniques (Belasen& Frank, 2008)

In constructing the interview schedule the following criteria for question writing should be followed (Kerlinger: 1986 cited by Wolf and Panta, 1999:101)

- Is the question related to research problem?
- Is the type of question appropriate and the right one?
- Is the item clear and unambiguous?
- Is the question in any way leading?
- Does the question demand knowledge and information that the respondent doesn't have?
- Does the question demand knowledge and information that the respondent may resist?
- Is the question loaded with social desirability?

This research demands focus group from various sectors mainly from financial crime analyst, governance experts, economists, law enforcement experts etc. Focus group discussion schedule is attached in Annex-II.

3.4 Analytical techniques

3.4.1 Hermeneutics:

Hermeneutical method was employed during content analysis of the literature reviewed in the course of the research. Hermeneutical methods are considered as the art of understanding and explication. Understanding can be questionable and incomprehensible because of inter-subjectivity of colloquial patterns. Understanding can be limitless and fragmentary within the same culture or can be due to different classes, cultures and time periods.

Speaking subject is related to language in two ways: subject can use automatic property of language and can use meta-communicatively. Formal language is based on colloquial language and there can be hierarchy of formal language. Object language can lead to meta-language and to meta-meta-language and so on. Formal construction of language does not allow ad hoc stipulation and modification of rule of application. Logic forbids meta-communication about statements within a formal language on the level of object-language itself. In natural language we can talk about natural language itself; natural language is its own meta-language. Meta-communicative free play happens in natural language. Natural language, we can have freedom and competence, is context dependent, can be transmitted dogmatically and implicitly, prejudice can prevail, can be biased by context, can form new preconceptions. Considering above factors, the real essence of the text will be extracted.

3.4.2 Chronological analysis:

There exist series of literature related to institutionalism. From the old and historical models up to contemporary new institutional theories many sturdy are conducted. Similarly, to establish AML regime, different activities took place in the international and national scenario. To have a clear pattern of institutional development a chronological analysis of activities/events was done in the research. These studies is supplemented by link analysis between stakeholders.

3.4.3 Link analysis:

Link analysis helps to examine the interaction pattern of different stake holders within the environmental context. It reveals much about how the linkages are established and are functioning in the institutional arena.

3.4.4 Statistical Tools:

Likert Scale technique is applied in most of the questionnaire. Some descriptive analytical applications from SPSS are utilized during data processing and analysis. The specific tools may vary depending on the appropriateness at the situation after the processing of data. In every set of questionnaire, the Chronbatch Alpha test is performed to attain consistency and reliability.

The five point scale was later transformed into two categorical scales using TRANSFORM and RECODE operations from SPSS tool. All clusters like acceptance, stability,

cultural element and the IBM variables were then analyzed against three institutional stages such as Survival, Normative and Autonomous using SPSS CROSS-TAB operations. A summated scale of dependent variable (institutional stage) is also derived from SPSS TRANSFORM COMPUTE VARIABLES operations. Karl Pearson's Correlation between different IBM variables is examined after having summated scales. Correlations of different constructs is also performed. All these findings are tabulated in concise manner.

3.5 Challenges of data Collection/Operational consideration

The important point to consider is how to prioritize the variables as there are numerous variables. Similarly, to make the right balance between data needs and the burden on respondents, there should be limitation of the scope of the data collection. The question is should some dimensions be left aside? Which ones? Which timeframe should be set up? Defining priorities(as mentioned above). What is available now? The few things to consider will be clarity of data, relevance, accuracy, coherence etc. Extra care should be taken in using existing information from the agencies in order to avoid overlapping of data collection.

It was envisaged that mostly the secondary data would be accessible and won't be such problem in acquiring them. However for the primary data which are collected through questionnaires administered to the respondents were checked for their reliability and validity. At the same time the cooperation of the respondents is vital. To enhance the cooperation and eagerness from those, sincere initiatives from the researcher was taken.

There may arise problems of oversimplification, definition of cause and effect, control of external influences and so on. Sometimes the content was more important than statistical procedures and instruments. A qualitative study with numerous variables may encounter such problems which has to be settled during the course of research analysis. To reduce selection bias at the minimum, special care was taken at conceptual confusion, ambiguous concept specification, methodological pluralism and spurious correlations/causation. Time is considered as a scarce resource always. Methodology, if considered as mechanic only, it won't help us much.

3.6 Ethical Considerations:

Most possible care and self-commitment was observed to maintain the ethics in research. Honestly reporting and presenting data, results, methods and procedures is paramount to maintain overall honesty in the entire work. Information collected from the secondary sources like books, publications, reports were properly cited and mentioned in the bibliography. Best attempts were made to avoid bias in sampling, data analysis, data interpretation, review, personnel decisions where objectivity is expected. Striving for consistency of thought and action is another criterion, which the research tries to uphold. Being open to criticism and new ideas and sharing data, results, ideas, tools, and resources would purify all biases and leads to a scientific report. Honoring patents, copyrights, and other forms of intellectual property is not only an ethics but also respect to the creation. Proper acknowledgement or credits are given for all contributors. Many of the deviations that occur in research may occur because researchers simple do not know or have never thought seriously about some of the ethical norms of research. For example, some unethical authorship practices probably reflect years of tradition in the research community that have not been questioned seriously until recently (David and Resnik, 2014).

3.7 Validity and reliability of the report

The validity and reliability are two general criteria for evaluating the quality of any measurement procedure. Validity of measurement concerns the “truth” of the measurement. It is the degree to which the measurement process measures the variable it claims to measure. During the study, best efforts are made to maintain the face validity, concurrent validity, predictive, construct, convergent and divergent validity.

Face validity is the simplest and least scientific definition of validity. It is demonstrated when a measure superficially appears to measure what it claims to measure and based on subjective judgment and difficult to quantify. A likely problem could be participants can use the face validity to change their answers. Similarly, concurrent validity (criterion validity) is demonstrated when scores obtained from a new measure are directly related to scores obtained

from a more established measure of the same variable. The predictive validity is about when scores obtained from a measure accurately predict behavior according to a theory. On the other hand, construct validity is demonstrated when scores obtained from a measure are directly related to the variable itself and reflects how close the measure relates to the construct (height and weight example). In one sense, construct validity is achieved by repeatedly demonstrating every other type of validity. Common threats to construct validity are to be minimized. Any threats to the reliability (or consistency) of a test are also threats to its validity because a test cannot be said to be any more systematically valid than it is first systematic (or consistent). The convergent validity is demonstrated by a strong relationship between the scores obtained from two different methods of measuring the same construct and divergent validity is demonstrated by using two different methods to measure two different constructs. The most practical and effective five point Likert Techniques were applied to mark perception scales of respondents.

A measurement procedure is said to be reliable if repeated measurements of the same individual under the same conditions produce identical (or nearly identical) values. Therefore reliability is the stability or the consistency of measurement. As the error due to observer, environment, participant etc increases, the reliability decreases. Chronbatch Alpha Test was performed for each items and only consistent observations were considered for further analysis.

CHAPTER –IV

Data Analysis and Discussion

4.1 Stage of Institutional Development

The foremost point to any new organization is that it must survive. At start point, it strives to survive and if development process drives toward institutionalism organizations then go through non-institution, semi- institution and institution stages. At the survival stage, organizations are not said to be institutions but later on with gradual development around endogenous and exogenous sphere, they attain the semi-institution stage. Normative phase may also be referred to as semi-institution stage. Such an entity with a full range of autonomy is finally considered as full-fledged institution.

The stages of development are dependent variables as they depend on variations of stability, acceptance, cultural element, building-up elements (IB Model variables), and several environmental linkages. The respondents have marked their ranking in the respective column which clearly indicates the stage of institutional status. These three phases represent the dependent variables. The very early stage of any organization is its survival and afterwards it proceeds toward acquiring normative values and consequently transforms into institution where it functions as an autonomous entity. Response from the whole sample is analyzed to examine institutional continuum with respect to DMLI.

IBM model explains institutional continuum in three phases as– survival (non-institution), normative(semi-institution) and autonomous(institution). The score by the respondent in each phase is as follows:-

Table 4. Stage of institutional progression

	Frequency	Percent
Survival	3	5.5
Normative	35	63.6
Autonomy	17	30.9
Total	55	100

Source: Field Survey, 2015

In DMLI's case, considering an early period of institutionalism, if the two columns survival and normative be merged, it comes to be 69.1% and the rest 30.9% hence agree to consider DMLI as full-fledged autonomous institution. Further to it, each independent variable is analyzed with cross-tab SPSS tool.

4.2 Constructs: Stability, Acceptance, Cultural Elements and Esman and Bruhn's IB Variables

Stability

Basically the variable "stability" intends to measure the manner in which DMLI proceeds during various internal and external shocks. Country like Nepal, suffering prolonged political transition has been exposed to external influences in promulgating concerned anti-money laundering legislations. Stakeholders within country are also with divided interests. Unless a clear-cut demarcation between politics and crime is drawn, there will be always difficult to gain unanimous solidarity toward anti-money laundering and counter-terrorist financing initiatives from the state.

Under these circumstances, this variable attempts to measure how the delivery of public goods and services by DMLI is assessed in terms of quality, quantity and adequacy. There are rules, routines, norms and identities within the institutional actors of DMLI. There are ad-hoc characters of several organizations and the point is that how they are coming out of ad-hocism by stabilizing their long lasting initiatives. Through the change process, institutional adaptation and innovations also add values to this variable. Therefore, all these collectively refer to as the variable "stability". The responses from 55 respondents are in tabular form as below:

Table no.5 Influence of Stability for Institutional development

Independent Variable	Response	Stages of institutionalism(Dependent)			Total
		Survival	Normative	Autonomy	
Stability	Agree	33	69	71	67(N1=37)
	Disagree	67	31	29	33(N2=18)
	Total	100(N1=3)	100(N2=35)	100(N3=17)	55

Source: Field Study, 2016

Table(5) shows the relation between independent variable stability with institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage about present phase of institutional development of DMLI, 69% among them agree that the variable stability contributes significantly toward institutional development of DMLI during this phase. From survival stage to institutional autonomy, the gradual increase in the proportion from 33%, 69% and up to 71% of respondents agreeing with

the significance of stability indicates that DMLI will gain more stability in the later period thus contributing toward institutionalization process.

On the other hand, disagreement to this fact is high in the survival stage and low in the autonomy stage. It clearly refers that DMLI as an institution was less stable at the early stage and more in the later stage. There may arise queries as to why it was so in the early period and improved while in later period.

Further to this observation, Focused Group Discussion was conducted to consolidate ideas on it. A common idea was that, aimed to this newly instituted organization, there are several initiatives from the government but we need those activities which are of some quality not in good quantity only. Country like Nepal where every institution is suffering prolonged political transition, which is not conducive to build competitive, self-disciplined, healthy and good-governed financial system. Once the political stability is attained, other sectors including combat against ML/TF will be easy and stable.

Compared to CIAA's power, DMLI is vested with more power like it can conduct investigation against army personnel, judges, constitutionally appointed officials, NGO/INGO officials and all private sectors too. The huge coverage of responsibility and limited organizational capabilities obstruct the steady paces of this institution in the early phase.

Since Nepal has been recently (mid-2014) lifted from FATF's continuous monitoring, it also answers little bit about the institutional stability in the later phase (Nepal, 2015).

Acceptance:

This variable intends to measure how acceptable steps are employed on behalf of DMLI. Wider masses of the society should accept and have trust so that it is considered as social capital treasured by any institution. End-products are DMLI's actions and how efficiently they can induce belief is more important. Not only express series of commitments and promises, organizations should demonstrate value of their functions and consequently they could be regarded as important organizations of the society. Acceptance is also an indicator of the realization of trust and goodwill. Institution should enable itself to recognize its field of

competence and accordingly perform its role therein. Moving from introduction to establishment, how DMLI been able to gain acceptance, will be a key indicator of institutional development. Questionnaire in this variable are aimed to extract respondents' impressions about these factors. Responses gathered from the questionnaire are analyzed by SPSS cross-tab and thus tabulated as:

Table no 6. Influence of Acceptance for Institutional development

Independent Variable	Response	Stages of institutionalism(Dependent)			Total
		Survival	Normative	Autonomy	
Acceptance	Agree	100	89	94	91(N1=50)
	Disagree	00	11	06	9(N2=5)
	Total	100(N1=3)	100(N2=35)	100(N3=17)	55

Source: Field Study, 2016

Table(6) shows the relation between independent variable acceptance with institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35respondents, who rated normative-stage about present phase of institutional development of DMLI, only 11% among them disagree that the variable acceptance contributes toward institutional development of DMLI during survival phase and 89% of respondents agree that during normative stage of institutional development of DMLI. Thus major respondents follow the idea that it is in normative stage of institutionalism.From survival stage to institutional autonomy, the gradual increase in the proportion of respondents agreeing with the significance of stability indicates that DMLI is gaining more stability in the later period thus contributing toward institutionalization of trust, goodwill and acceptance.

On the other hand, disagreement to this fact is high in the survival stage and low in the autonomy stage. It clearly refers that DMLI as an institution was less acceptable at the early stage and more in the later stage. There may arise queries as to why it was so in the early period and improved while in later period.

Further to this observation, Focused Group Discussion was conducted to consolidate ideas on it. Numerous preventive, curative and promotional activities of DMLI are in place to earn acceptance from general people. More focus on awareness programmes seemingly trying to sell own ideas and consequently gain acceptance. Lifting Nepal from FATF monitoring mechanism during mid 2014 was another progress of Nepal which gives a gesture of acceptance from international community. Promoting a value based culture with regard to lifestyle and

principles of livelihoods are paramount to uphold these norms and consequently gain acceptance of general people about such institutions like DMLI..

Cultural Element:

Was there any institutional cultural developed? Efforts are made to observe whether such culture is inculcated, some questionnaires seeking response about this particular factor. To identify a pattern of collective behaviors and assumptions that are taught to new organizational members, and to assess how persistent these elements are the key actions we need to perform. Sometimes cultural factors cause strong constraints against innovations. It is however very important to examine how cultural aspect of DMLI is developed since the AML/CFT tasks are performed by a team of several agencies with DMLI as a lead actor. Dependency between environment and culture is key indicator of institutional culture. Questionnaire regarding this variable are aimed to extract respondents' impressions about these issues. Responses gathered from the questionnaire are analyzed by SPSS cross-tab and thus tabulated as:

Table no 7. Influence of Cultural Element for Institutional development

Independent Variable	Response	Stages of institutionalism(Dependent)			Total
		Survival	Normative	Autonomy	
Culture	Agree	100	86	88	87(N1=48)
	Disagree	00	14	12	13(N2=7)
	Total	100(N1=3)	100(N2=35)	100(N3=17)	55

Source: Field Study, 2016

Table(7) shows the relation between independent variable institutional culture with institutional development of DMLI. Only 3 respondents rated their responses for the survival stage and among them all agree about the significance of this variable. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage about present phase of institutional development of DMLI, 14% among them disagree that the variable culture contributes toward institutional development of DMLI during normative or semi-institutional phase. Similarly, 86% of respondents agree that during normative stage of institutional development of DMLI, the cultural element is persistent in semi institutional phase. Similarly, 17 out of 55 responded for the full autonomous institutional stage. Still, 12% disagree and 88% agree with the significance of cultural element in this stage. From survival stage to institutional autonomy, the respondents agreeing with the significance of cultural element in semi institutional

stage is highest which indicates that DMLI is gaining more cultural influence in its development in the later period. This observation with majority agreement concludes that DMLI gains semi-institutional stage and wayward to institutional autonomy stage.

On the other hand, disagreement to this fact in survival stage refers that DMLI as an institution was less influenced by cultural elements at the early stage and more in the later stage.

Further to this observation, FGD was conducted to consolidate ideas on it. Frustratingly, Nepal has scored least position in terms of corruption situation and corruption has been an acceptable culture. Corruption has similar characteristics as of money laundering in terms of our society's responsiveness toward these two serious crimes. Good governance, accountability and responsiveness measures are so weak and help to promote our cultural values. In public sector a culture of lacking transparency, participation, due process, and accountability is prevalent. Jamil's finding about the administrative culture of South Asian countries is quite notable here. Their conclusion is – there is everything for the friends, strict application of law for the general people and nothing for foes (Jamil,2002).

There is an utmost need to inculcate moral and ethical values of SADACHAR to new generation so that society being built by them will not tolerate corrupted masters and money launderers of their locality. Our cultural values of our society are the major determinants of institutional culture within DMLI. Therefore, our institutional culture is not developed in a way that is required for a civilized and advanced society. But a general agreement was reached that due to open society, shared values and beliefs throughout a wider mass and ultimate change process we are also building such institutional culture which is conducive to uphold AML/CFT initiatives of Nepal. To build such culture is a very slow process but still little progress is made in our context.

IBM-Variables:

The distinctive feature of the institution building approach is its focus on how the organization can most productively fit into its environment and change this. The institutional variables which will be analyzed are the factors which are most readily manipulated or controlled to bring about such change. The organization to be institutionalized is, of course, affected by the variables in the environment - the level of government revenue, the ideology of the national

leadership, the rate of urbanization, etc. In many ways the institutional variables - to use the language of scientific method- are acting upon and being acted upon by variables outside the organization. This underscores the interdependence found between institution and environment, something which the institution building approach stresses. This mutual dependence can make for difficulties at the outset, but it also holds out the possibility of sustaining an institution once it is established (Uphoff 1971: 26). Two broad categories of IBM variables are the internal organizational factors (leadership, doctrine, programmes, resource and internal structure) and the external environmental linkages(enabling linkage, normative linkage, functional linkage and diffused linkage).

Leadership:

Leadership of DMLI should be considered and accepted so far as the most critical element in the institution building and is capable enough to deliberately induce change processes. It comprises of highly committed management both of internal and environmental relationship and is a central factor which impinges on all aspects of institution building. It should have effects on all other institutional variables. Major task of bridging internal and external interests is accomplished by the leadership. It was intended to examine whether or not innovations and entrepreneurship is possible with the existing leadership initiatives. Questionnaire regarding this variable are aimed to extract respondents' impressions about these issues. Responses gathered from the questionnaire are analyzed by SPSS cross-tab and thus tabulated as:

Table no 8. Influence of Leadership for Institutional development

Independent Variable	Response	Stages of institutionalism(Dependent Variable)			Total
		Survival	Normative	Autonomy	
Leadership	Agree	100	91	100	95(N1=52)
	Disagree	00	09	00	5(N2=3)
	Total(N=55)	100(N1=3)	100(N2=35)	100(N3=17)	100

Source: Field Study, 2016

Table(8) shows the relation between independent variable leadership with institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage of institutional development of DMLI, only 9% among them disagree that the variable leadership contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 91% of respondents agree that

during normative stage of institutional development of DMLI, leadership contributes toward institutional development of DMLI. Total 17 out of 55 respondents agree for the contribution of variable leadership in the autonomous stage of DMLI, thus the no of respondent declines. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to institutional autonomy, the gradual increase in the proportion of respondents agreeing with the significance of leadership at semi-institutional stage indicates that DMLI is gaining more stability in the later period thus contributing toward institutionalization process but not yet acquired the institutional autonomous stage though it is wayward.

Further to this observation, FGD was conducted to consolidate ideas on it. DMLI being an enforcement agency, leadership must be experienced person of criminal law enforcement background. Political interference in bureaucracy has severely impaired the leadership capabilities. Designating leadership to any organization is solely upon the wish of concerned minister or some power centers of that segment of time. Hence such leadership has to pay back the obligations toward them. Unless this kind of culture remains, the leadership cannot contribute significantly in the institutional development. Institutions like DMLI are in need of such a leadership which can take robust decisions and actions against money laundering crime. A fully autonomous institution free from unwanted interferences seems quite impossible in our context. Baseline Survey conducted by GON about crime pointed that there is alarming political protection for criminals. Of all, 79.5% respondents showed their greement to the fact that there is undue political protection for crime suspects and only 5.7% deny it (GON Baseline Survey, 2016). The situation is not much optimistic but there are signs to progress further. Good leadership is recognized by the media and society nowadays. DMLI still needs to accelerate and prove its inertia time and again which ultimately requires better leadership maneuvering.

Doctrine:

Main issue is to assess that AML/CFT doctrine is effective to address the real crux of ML problem in Nepalese context. The basic assumptions are that core concept of policy is reflected in FATF recommendations, AML Act-regulations and corresponding guidelines. It is pertinent to see whether or not doctrine is visionary only or have been translated up to the required practical level. Ensuring that those provisions significantly address the typology, patterns, trends

and features of Money Laundering/Terrorist Financing practices in Nepal is another issue to check back. Another concern is to examine AML/CFT doctrine, to be an outcome through a discourse through national political and bureaucratic level and not merely a transfer of concepts e.g. FATF/IMF/WB recommendations from the developed countries to developing countries. Our traditional attitude is more concern on improving and drafting the concepts rather than institutionalizing their effective implementation. The internationally accepted Financial Action Task Force (FATF) and corresponding international guidelines are the foundation of DMLI. Are these applicable to Nepalese context? Isn't it more idealistic rather than practical to fit within in our context? The Anti-Money Laundering doctrine is aimed to address international terrorism and financing on terrorism as a whole. Was it a global need or needed in our national context? These are pertinent issues which necessitate rightful responses from the valued respondents to ensure how significantly AML/CFT doctrine contributes toward institutional development of DMLI. The table below is a summary in a tabular form of what the respondents rated.

Table no 9. Influence of Doctrine for Institutional development

Independent Variable	Response	Stages of Institutionalism(Dependent)			Total
		Survival	Normative	Autonomy	
Doctrine	Agree	67	89	100	91(N1=50)
	Disagree	33	11	00	9(N2=5)
	Total(N=55)	100(N1=3)	100(N2=35)	100(N3=17)	100

Source: Field Study, 2016

Table(9) shows the relation between independent variable doctrine with dependent variable institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage of institutional development of DMLI, only 11% among them disagree that the variable doctrine contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 89% of respondents agree that during normative stage of institutional development of DMLI, AML/CFT doctrine contributes significantly toward institutional development of DMLI. On the other hand, total 17 out of 55 respondents agree for the contribution of variable doctrine in the autonomous stage of DMLI, and none of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that doctrine is less contributing in this phase as in the inception phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the

sharp increase in the number of respondents agreeing with the significance of doctrine at semi-institutional stage indicates that DMLI is gaining more institutionalization of AML/CFT policies/guidelines/directives/laws/by-laws in the later period specifically at normative stage. Yet, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 5 out of 55 respondents is inconclusive. It refers that DMLI as an institution was less influenced by AML/CFT doctrine at the early stage.

Further to this observation, FGD was conducted to consolidate ideas on it. Undoubtedly, AML/CFT doctrines are most necessary to follow in today's society where the sophisticated financial crimes have deep roots in the form of white collar and organized outlook. In a very short timeline since 2064, Nepal's journey of AML/CFT doctrine from FATF recommendations till formulating about half-dozen laws and by-laws, National Action Plan 2068-73 and subsequent policies are more than sufficient. Action plans, recommendations and policy making are most likely happening activities and their implementation is the least happening activities in our context. The principles and doctrines are therefore significantly present in our institutional environment. Therefore, a common agreement is reached that since doctrine has significant presence; the need now is the effective implementation.

Programmes:

Programmes have been the means to reach into the environment and affect at the best level. An institution should consistently respond with the environment through programmes. AML Act 2064, and other policies should be translated into programmes as set of concrete activities so that there is sufficient multi-agency coordination and not a blanket investigation approach applied for all types of cases. Efficient information management system is a must. How adequately programmes are focused in institutional capacity building is another criterion to check back. Effective programmes induce sufficient social support in the investigation carried by DMLI. There may be bureaucratic and other barriers in DMLI's service delivery which have adverse effect. Ensuring that Programmes and activities are conducted in accordance with legal mandate, demands from environment, opportunities for benefit and priorities set up by the institution are also some issues for assessment. This variable attempts to examine how

significantly DMLI programmes contribute toward institutional development of it. Responses about questionnaires supplied are tabulated below after cross-tab analysis of SPSS.

Table no 10. Influence of Programmes for Institutional development

Independent Variable	Response	Stages of Institutionalism (Dependent)			Total
		Survival	Normative	Autonomy	
Programmes	Agree	67	74	82	76(N1=42)
	Disagree	33	26	18	24(N2=13)
	Total(N=55)	100(N1=3)	100(N2=35)	100(N3=17)	100

Source: Field Study, 2016

Table(10) shows the relation between independent variable programme with dependent variable institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage of institutional development of DMLI, only 26% among them disagree that the variable programme contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 74% of respondents agree that during normative stage of institutional development of DMLI, programme contributes significantly toward institutional development of DMLI. On the other hand, total 14(82%) out of 17 respondents agree for the contribution of variable programme in the autonomous stage of DMLI, and only 3(18%) of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that programme is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of programme at semi-institutional stage indicates that DMLI is gaining more institutionalization of its programmes in the later period specifically at normative stage. Yet based on these observations, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 13(24%) out of 55 respondents is inconclusive. It refers that DMLI as an institution is much influenced by its programmes at every stage, mostly in normative stage, less in the autonomous stage and least or inconclusive in the survival or non-institutional stage. However, unlike the effects of leadership

and doctrine with institutional development, programmes more contributing variable in semi-institutional and autonomous phases of DMLI.

Further to this observation, FGD was conducted to consolidate ideas on it. A general perception indicates that since the GON Action Plan 2068-73 is implemented, there are sufficient programmes aimed to foster AML/CFT initiatives. Mean time, programmes to attract the sources of information are being less effective. Other stake holders are to be actively participating in AML/CFT campaign. Multi agency coordination to streamline several programmes is a must nowadays. Many of the respondents opined that programmes are seen in papers but their impact is not evaluated effectively. Sensitizing the issue of ML/TF is another important task for DMLI, which has to be incorporated in the programmes. Either promotional or enforcement type, both jobs are equally important.

Resources:

Status of an institution is accorded only when it is enabled to make claims or access on its resources according to the normative values. This variable attempts to examine whether or not resources of DMLI will be available for long run in future, since the resource provider (state) is obliged and committed to do so. DMLI acquires the status of institution in people's eyes therefore it will be better endowed with the resources from the environment through normative linkages. Another important factor is resource allocation, which is not made in a single point of time but it is allocated over time in the context of DMLI. To ensure that all existing resources (staff, economic resources, information and technology etc), which are the factors/inputs of institutional production are adequate is one vital issue of institutional development. Various questionnaires were forwarded for acquiring rightful response and a tabulated summary is given below.

Table no 11. Influence of Resources for Institutional development

Independent Variable	Response	Stages of Institutionalism (Dependent)			
		Survival	Normative	Autonomy	Total
Resources	Agree	67	83	94	86(N1=47)
	Disagree	33	17	06	14(N2=8)
	Total(N=55)	100(N1=3)	100(N2=35)	100(N3=17)	100

Source: Field Study, 2016

Table(11) shows the relation between independent variable resources with dependent variable institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage of institutional development of DMLI, only 17% among them disagree that the variable resources contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 83% of respondents agree that during normative stage of institutional development of DMLI, its resources contribute significantly toward institutional development of DMLI. On the other hand, total 16 out of 17 who rated for autonomous stage agree that the contribution of variable resources in the autonomous stage of DMLI is significant, and only one of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that variable resources is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of resources at semi-institutional stage indicates that DMLI is gaining more institutionalization in the later period specifically at normative stage. Yet, for the institutional autonomous stage, less contribution of this variable is expected.

On a whole, 47(86%) respondents out of 55 agreed for the significance of contribution of resources in the institutional development of DMLI, of which 35 responded for semi-institutional stage. On the other hand, disagreement to this fact in all stages with total 8(14%) out of 55 respondents is inconclusive.

Further to this observation, FGD was conducted to consolidate ideas on it. There is a common plight expressed by most of the governmental officials that they lack resources very badly. In view of priority given by government in AML/CFT issues, it is clear that there is sufficient allocation of resources. But still there is a need to expand its services outside capital and to international context also. Resources are to be utilized such that access to modern

technology is enhanced and networking with similar national and international agencies is strengthened. Till this point of time, resources had played significant role in the development of DMLI as an Institution.

Internal Structure:

The development process should go forward in such a way that out of loosely organized, unstable and technically narrowed activities, DMLI has been progressing toward orderly, stable and socially integrating patterns. Structural patterns are such that DMLI is advantaged at the best it could and structure of DMLI is flexible and open to continuous innovation. Another consideration is actors associated with DMLI are distinctly patterned thus their configuration or grouping constitute actor-constellation, receptive to environmental demands and responsive to leadership requirements. The structural pattern is dynamic enough so it expands and grows as needed and cohesive enough to allow coordinated activities. These issues are main thematic issues of questionnaire forwarded to respondents to get their responses. The following table is a summarized form of what was observed during this research.

Table no 12. Influence of Internal Structure for Institutional development

Independent Variable	Response	Stages of Institutionalism (Dependent)			Total
		Survival	Normative	Autonomy	
Internal Structure	Agree	67	86	88	86(N1=47)
	Disagree	33	14	12	14(N2=8)
	Total(N=55)	100(N1=3)	100(N2=35)	100(N3=17)	100

Source: Field Study, 2016

Table(12) shows the relation between independent variable internal structure with dependent variable institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage of institutional development of DMLI, only 5(14%) among them disagree that the variable internal structure contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 30(86%) of respondents agree that during normative stage of institutional development of DMLI, internal structure contributes significantly toward institutional development of DMLI. On the other hand, total 15(88%) out of 17 respondents agree for the contribution of variable 'internal structure' in the autonomous stage of DMLI, and only 2(12%) of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact

that internal structure is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of internal structure at semi-institutional stage indicates that DMLI is gaining more institutionalization of its internal structures in the later period specifically at normative stage. Yet based on these observations, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 8(14%) out of 55 respondents is inconclusive compared to agreement by 47(86%). It refers that DMLI as an institution is much influenced by its internal structures at every stage, mostly in normative stage, less in the autonomous stage and least or inconclusive in the survival or non-institutional stage. However, unlike the effects of leadership and doctrine with institutional development, internal structure is more contributing variable in semi-institutional and autonomous phases of DMLI.

Further to this observation, FGD was conducted to consolidate ideas on it. At the inception phase of DMLI, the internal structure was only outcome of contemporary directives from the ministry. Gradually the need created by the environment forced DMLI to expand its structure. Inclusion of police component and expansion of its functional network to other agencies consolidates structural pattern. Ranging from working level to the oversight level, there are structural arrangements to function AML/CFT initiatives. Structural patterns are day by day strengthening to cope with multi-dimensional needs. It looks like the significance of internal structure is highest in the semi-institutional phase and getting stability afterwards.

IBM-Environmental Variables(linkages):

In many ways the institutional variables - to use the language of scientific method- are acting upon and being acted upon by variables outside the organization. This underscores the interdependence found between institution and environment, something which the institution building approach stresses. This mutual dependence can make for difficulties at the outset, but it also holds out the possibility of sustaining an institution once it is established (Uphoff 1971: 26). The IBM external variables are environmental linkages- enabling linkage, normative linkage, functional linkage and diffused linkage.

Enabling linkages let the institution enjoying sufficient connection with the environment to enable its functioning and furnished with sufficient authority and resources and at least a minimum level of operation. Institutional dynamics are of great importance, by virtue of which it can prescribe or proscribe the change. Functional linkages ensure sufficient inputs are available and they are processed to deliver outputs in line with objectives of DMLI. DMLI should be functionally able to make us realize that it is solving problems of human life and can be understood as a system of social responsibility and social acceptance. DMLI should be regulating human behavior through its role and functions with maximum possible momentum provided that inputs from other agencies (Police/FIU etc) are significantly received. Normative linkages exist to reinforce the organizational position so that it is conducive of attracting support and values. There is overlapping interests among institutions, so normative relation with environment is competitive. Similarly, diffused linkages with groups and individuals are not formal or rigid only, but are diffused up to the level that they sufficiently influence innovations of organization and environment. These linkages promote significant mutual dependence between DMLI and its environment with an enhanced relation with numerous public to add up great deal of legitimacy and support. Numerous questionnaires are supplied to the respondents covering all these issues and their aggregate rating is thus tabulated below.

Table no 13. Influence of Institutional Linkages for Institutional development

Independent Variable	Response	Stages of Institutionalism (Dependent)			Total
		Survival	Normative	Autonomy	
Institutional Linkages	Agree	100	77	82	80(N1=44)
	Disagree	0	23	18	20(N2=11)
	Total(N=55)	100(N1=3)	100(N2=35)	100(N3=17)	100

Source: Field Study, 2016

Table(13) shows the relation between independent variable institutional linkages with dependent variable institutional development of DMLI. Altogether 35(64%) of respondents are with normative stage. Further, out of 35 who rated normative-stage of institutional development of DMLI, only 8(23%) among them disagree that the variable institutional linkages contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 27(77%) of respondents agree that during normative stage of institutional development of DMLI, institutional linkages contributes significantly toward institutional development of DMLI. On the other hand, total 14(82%) out of 17 respondents agree for the contribution of

variable institutional linkages in the autonomous stage of DMLI, and only 3(18%) of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that institutional linkages is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of institutional linkages at semi-institutional stage indicates that DMLI is gaining more institutionalization of its institutional linkages in the later period specifically at normative stage. Yet based on these observations, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 11(20%) out of 55 respondents is inconclusive compared to agreement by 44(80%). It refers that DMLI as an institution is much influenced by its institutional linkages at every stage, most in normative stage, less in the autonomous stage and least or inconclusive in the survival or non-institutional stage. However, unlike the effects of leadership and doctrine with institutional development, inter institutional linkages is more contributing variable in semi-institutional and autonomous phases of DMLI.

Further to this observation, FGD was conducted to consolidate ideas on it. It is not easy to assess how the institutional linkages with the environment are existed in a short period of time as it is only four and half years passed since DMLI was created (Sharma, 2014). Even the main investigative function of DMLI is very complicated and warrants multi-agency cooperation, engagement and task sharing environment. In the later period, MOUs with seven other stake holders including CIB of Nepal Police, Financial Intelligence Unit/NRB Immigration Department, Transportation Department, Land Reform and Management Department, Company Registrar Office and Department of National Park and Wildlife Protection is signed and co-working practices are established by DMLI.

Other law enforcement authorities which work for investigating predicate crimes are also brought into a network to share FIRs(first information reports).But there is still web-based sharing software is required so that real time information sharing is possible. Joint training/workshops, joint investigation teams are also functional. Not only within national environment, has DMLI exercised linkages with international actors and elements of the

environment. These developments enable DMLI for its functional requirements as an institution and it is wayward to acquire the stage of diffused and normative linkages.

This phase of focus group discussion turns up with mixed perception but it indicates that institutional linkages of DMLI with environment are well existed though they are need based and not enough diversified. There is sufficient ground for hope that institutional linkages will further intensify their contribution toward institutional development of DMLI in future.

Aggregate Conclusion: If we refer to all cross-tab results, there is a common trend that 64% of the total respondents are with normative stage and only 5% are with survival stage. However 31% are with institutional autonomy stage. Therefore, stability, acceptance, cultural elements, Institution Building Variables are persistent in normative stage and hence influencing DMLI toward institutional development. All of these variables are interrelated. The AML/CFT regime includes other institutions like police and NRB too. So many other government and non-government sectors are also stakeholders. In this context of being normative, these institutions are able to create some norms or values of anti-money laundering crime which are occurring in our society.

DMLI in particular, has acquired the normative stage of institutional development. It has been a valuable asset of our society and has been functioning as repository of values and commitments of our society. Yet it has long journey to go and achieve the status of a full fledged institution. Fighting social evils of such a transnational crime of money laundering, it will, in long run help us to advance toward prosperous and just society.

Only a five year old institution cannot attain autonomous institutional status. In our socio-political system, all state institutions are somehow functioning under political intervention. There are numerous barriers to exercise functional autonomy in such institutions. Lack of good governance culture has contributed adversely in the institutional development. DMLI's ranking as normative institution is a positive aspect and all institutional variables exert significant influence. The developments so far are not that embarrassing, but the point is way forward is not easy for DMLI. Viewing enactment of adequate legislations and establishment of dedicated department(s) it is now turn to see whether these policies and the implementers work effectively or not. Effective implementation of so far adopted policies and programmes is a great need of

today. If these things happen as per expectation, only then institutional development of DMLI gets momentum and proceeds further from normative stage.

4.3 Correlation among five constructs:

Five constructs- stability, acceptance, culture, IB variables-internal, IB variables-linkages are analyzed to check their correlation and the following result is inferred (detail tabulation of SPSS in Annex- IV):-

Table no. 14. Correlation Matrix of Five Different Constructs

Correlation Matrix of Five Constructs					
	Stability	Acceptance	Culture	Institutional Building	Linkages
Stability	1	0.609	0.407	0.739	0.563
Acceptance		1	0.336	0.666	0.505
Culture			1	0.497	0.448
Institutional Building				1	0.734
Linkages					1

Source: Field Survey, 2015

Interpretation of this result is as follows:

- Correlation of Stability with Acceptance: Correlation Coefficient $r = 0.609$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with Culture: Correlation Coefficient $r = 0.407$, p Value = .002, therefore significant positive correlation at any value of $\alpha > .002$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with IB Variables: Correlation Coefficient $r = 0.733$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.

- Correlation of Stability with IB Variable-leadership: Correlation Coefficient $r = 0.535$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with IB Variable-doctrine: Correlation Coefficient $r = 0.575$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with IB Variable-programmes: Correlation Coefficient $r = 0.633$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with IB Variable-resources: Correlation Coefficient $r = 0.409$, p Value = .002, therefore significant positive correlation at any value of $\alpha > .002$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with IB Variable-structure: Correlation Coefficient $r = 0.642$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Stability with IB Variable-linkages: Correlation Coefficient $r = 0.563$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Acceptance with Culture: Correlation Coefficient $r = 0.336$, p Value = .012, therefore significant positive correlation at any value of $\alpha > .012$ i.e. applicable for 5% confidence level.
- Correlation of Acceptance with IB Variables: Correlation Coefficient $r = 0.666$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Acceptance with IB Variable-leadership: Correlation Coefficient $r = 0.718$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Acceptance with IB Variable-doctrine: Correlation Coefficient $r = 0.503$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.

- Correlation of Acceptance with IB Variable-programme: Correlation Coefficient $r = 0.546$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Acceptance with IB Variable-resources: Correlation Coefficient $r = 0.405$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Acceptance with IB Variable-structure: Correlation Coefficient $r = 0.472$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Acceptance with IB Variable-linkages: Correlation Coefficient $r = 0.505$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Culture with IB Variables: Correlation Coefficient $r = 0.479$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Culture with IB Variable-leadership: Correlation Coefficient $r = 0.400$, p Value = .002, therefore significant positive correlation at any value of $\alpha > .002$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Culture with IB Variable-doctrine: Correlation Coefficient $r = 0.292$, p Value = .031, therefore significant positive correlation at any value of $\alpha > .031$ i.e. applicable for 5% confidence level.
- Correlation of Culture with IB Variable-resources: Correlation Coefficient $r = 0.345$, p Value = .010, therefore significant positive correlation at any value of $\alpha > .010$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Culture with IB Variable-programmes: Correlation Coefficient $r = 0.373$, p Value = .005, therefore significant positive correlation at any value of $\alpha > .005$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of Culture with IB Variable-structure: Correlation Coefficient $r = 0.459$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.

- Correlation of Culture with IB Variable-linkages: Correlation Coefficient $r = 0.448$, p Value = .001, therefore significant positive correlation at any value of $\alpha > .001$ i.e. applicable for both 5% and 1% confidence level.

Above details show that correlations are positive and highly significant.

4.4 Correlation among Esman and Bruhn's IBM variables: leadership, doctrine, resources, programmes, internal structure and linkages is analyzed and the following result was inferred (detail tabulation in Annex -V):-

Table no. 15 Correlation Matrix among IB Variables

Correlation Matrix Among Components of Institutional Building						
	Institutional Building	Leadership	Doctrine	Programs	Resources	Internal Structure
Institutional Building	1	0.798	0.704	0.800	0.759	0.791
Leadership		1	0.518	0.557	0.576	0.501
Doctrine			1	0.589	0.405	0.397
Programs				1	0.467	0.526
Resources					1	0.530
Internal Structure						1

Source: Field Survey 2015

Interpretation of this result is as follows:

- Correlation of aggregate IB Variable with leadership: Correlation Coefficient $r = 0.766$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of aggregate IB Variable with doctrine: Correlation Coefficient $r = 0.752$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of aggregate IB Variable with programmes: Correlation Coefficient $r = 0.853$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of aggregate IB Variable with resources: Correlation Coefficient $r = 0.730$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.

- Correlation of aggregate IB Variable with structure: Correlation Coefficient $r = 0.769$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of aggregate IB Variable with linkages: Correlation Coefficient $r = 0.716$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of leadership with doctrine: Correlation Coefficient $r = 0.518$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of leadership with programmes: Correlation Coefficient $r = 0.557$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of leadership with resources: Correlation Coefficient $r = 0.576$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of leadership with linkages: Correlation Coefficient $r = 0.595$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of doctrine with programmes: Correlation Coefficient $r = 0.589$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of doctrine with resources: Correlation Coefficient $r = 0.405$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of doctrine with structure: Correlation Coefficient $r = 0.397$, p Value = .003, therefore significant positive correlation at any value of $\alpha > .003$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of doctrine with linkages: Correlation Coefficient $r = 0.445$, p Value = .001, therefore significant positive correlation at any value of $\alpha > .001$ i.e. applicable for both 5% and 1% confidence level.

- Correlation of programmes with resources: Correlation Coefficient $r = 0.467$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of programmes with structure: Correlation Coefficient $r = 0.526$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of programmes with linkages: Correlation Coefficient $r = 0.613$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of resources with structure: Correlation Coefficient $r = 0.530$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of resources with linkages: Correlation Coefficient $r = 0.519$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.
- Correlation of structure with linkages: Correlation Coefficient $r = 0.603$, p Value = .000, therefore significant positive correlation at any value of $\alpha > .000$ i.e. applicable for both 5% and 1% confidence level.

Above details indicate that correlations are positive and highly significant.

CHAPTER – V

Conclusions

5.1 Research Problem and Issues: Nepal's obligation toward combating money laundering crime has been created long ago. Nepal is a party to most of the international covenants and recommendations regarding Anti-Money Laundering and Counter Terrorist Financing (AML/CFT). As a signatory member of such mechanism, Nepal's obligation is to ensure enactment of sufficient AML/CFT legislation, policies and corresponding institutions to function within the territory of Nepal.

United Nations Convention against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances (UNCITND, 1990), is the first international instrument to incorporate money-laundering.

Financial Action Task Force (FATF) is an inter-governmental body established in 1989 by the Ministers of its Member States with objectives to set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

Vienna Drug Convention 1990 to recent 2013 - FATF recommendations, there are number of international standards related with transnational crime, where Nepal has expressed its commitment to comply with them.

Toward meeting these obligations and liabilities, Department of Money Laundering Investigation (DMLI), the pivotal investigative entity of money laundering crime under ministry of finance (MOF), was established in July 2011 with a mandate to investigate all such crimes and prosecute the offenders with the help of Nepal Police, Nepal Rastra Bank and other agencies.

Similarly, Central Investigation Bureau (CIB) of Nepal Police was established in 2010 with the mandate of investigating organized and transnational crimes including the crime of money laundering as per the request of DMLI.

A Financial Intelligence Unit (FIU) under NRB was established in 2008, which is engaged in processing raw information and developing the refined intelligence like- suspicious transaction reports (STR) to support the money laundering investigations.

Several other government entities concerned with property or financial regulations (tax administration, land administration etc) are there to support investigation; prosecution and adjudication contributing to implementation of AML/CFT policies.

As a part of legal back up to these institutions, Nepal enacted at least half dozens of Laws and Acts to meet its obligation of AML/CFT. Money Laundering Prevention Act (MOLPA) 2064, Proceeds of Crime (Seizing, Freezing and Confiscation) Act 2070, Extradition Act 2070, Mutual Legal Assistance Act 2070, Organized Crime Prevention Act 2070, Money Laundering Prevention Regulations 2066 and Mutual Legal Assistance Regulations 2070 came into force in between a period of 7 years.

Considering a short period since Nepal's entry into this mechanism, the major issue to study is how these developments are being institutionalized in our context. How our country is implementing AML/CFT initiatives? Two points- a top priority given from state mechanism to fight this crime and the international pressure and mandatory obligations are very important issues regarding it. Therefore it is very significant to focus the study at institutional development of DMLI during this period.

The study had considered two broad objectives, firstly to develop a general idea of institutional arrangements of Nepal to combat ML/TF crimes and secondly to examine the influence of institutional variables like Milton Esman and Fred C Bruhn's IBM variables and others like stability, acceptance and cultural element in the development of DMLI.

5.2 Building Constructs: IBM variables, Stability, Acceptance and Cultural Elements:

Interactions and adaptations in a social arena of any institution are just beyond the technological and physical setting or structure of Institutions. They are self activating social process with a notion of appropriateness and accepted as socially constructed and culturally taken for granted. It is very difficult to frame testable propositions related to institutionalism. However the following theoretical and conceptual foundation was adopted by this study.

The Institution Building Model (IBM): The distinctive feature of the institution building approach is its focus on how the organization can most productively fit into its environment and change this. The interdependence found between institution and environment, something which the institution building approach stresses. This mutual dependence can make for difficulties at the outset, but it also holds out the possibility of sustaining an institution once it is established (Uphoff 1971: 26). Two broad categories of IBM variables are the internal organizational factors (leadership, doctrine, programmes, resource and internal structure) and the external environmental linkages (enabling linkage, normative linkage, functional linkage and diffused linkage).

Acceptance: One major factor is acceptance which is realization of goodwill and trust of any institution. Assessing whether steps taken by any institution are acceptable by wider masses of our society could be one benchmark. And belief is induced by such actions. An institution succeeds over time, demonstrates value of its function, therefore it is accepted as an important organization.

Stability: Stability is regularity, adequacy, survival and progression in consistent paces. One pertinent fact is to observe the manner of several external and internal interactions and/or shocks. Striving to survive for a long period of time adopting changes and innovations is considered as a generic trait. Stability may be reflected through significant instruments of rules, routines, norms and identities. Consistent patterns of organizational interactions and adaptations reveal that any organization has acquired some distinctive institutional form.

Cultural element: A pattern of collective behaviors and assumptions that are taught to new organizational members in any stable organization. The set of customs, beliefs and practices within actors cause significant influence in the institutional development and overall transformation. Institutional culture and the environmental factors are dependent of each other.

5.3 The Research Framework

Institutions proceed from the beginning as non-institutional toward normative and autonomous stage. In regard to client status, initially they seem indifferent and thus gradually toward tolerance, involvement, recognition and acceptance. Hence acceptance from clients is the

most saturated stage of institution from client's perspective. Similarly staff status from installation goes toward distillation, innovation and creation.

This research tried to examine institutional status with respect to various institutional factors like IB Model (CEDA, 1971) and other constructs like stability, acceptance and cultural element. Institutional variables from IB model were doctrine, leadership, programmes, resources, internal structure and environmental linkages. Those identified variables and their influence to institutional development was examined through perception survey.

Data collection was made through primary and secondary sources. All collected information was analyzed by using modern statistical tools. Both qualitative and quantitative approaches were employed during analysis.

5.4 Conclusions

Institutionalism: The study of institutional development of DMLI, considering an early period of institutionalism, if the scores of survival and normative be merged, it comes to be 69.1% and the rest 30.9% agree to consider DMLI as full-fledged autonomous institution. It clearly concludes that DMLI is an normative institution and it is wayward to full-fledged institution. At this stage, DMLI is able to establish some norms or values in our society.

Stability: Out of 55 respondents, 35 rated for normative-stage about present phase of institutional development of DMLI, 69% among them agree with the significant contribution of variable stability toward institutional development of DMLI. Agreement from major respondents clearly indicates the normative stage of institutionalism. From survival stage to institutional autonomy, the gradual increase in the number of respondents agreeing with the significance of stability indicates that DMLI is gaining more stability in the later period thus contributing toward institutionalization process.

On the other hand, disagreement to this fact is high in the survival stage and low in the autonomy stage. It clearly refers that DMLI as an institution was less stable at the early stage and more in the later stage. There may arise queries as to why it was so in the early period and improved while in later period.

A common idea in FGD was that, aimed to this newly instituted organization, there are several initiatives from the government but we need those activities which are of some quality not in good quantity only. Country like Nepal where every institution is suffering prolonged political transition, which is not conducive to build competitive, self-disciplined, healthy and good-governed financial system. Once the political stability is attained, other sectors including combat against ML/TF will be easy and stable.

Compared to CIAA's power, DMLI is vested with more power like it can conduct investigation against army personnel, judges, constitutionally appointed officials, NGO/INGO officials and all private sectors too. The huge coverage of responsibility and limited organizational capabilities obstruct the steady paces of this institution in the early phase.

Since Nepal has been recently (mid-2014) lifted from FATF's continuous monitoring, it also answers little bit about the institutional stability in the later phase (Nepal, 2015).

Acceptance: Out of 35 respondents, who rated normative-stage about present phase of institutional development of DMLI, only 11% among them disagree that the variable acceptance contributes toward institutional development of DMLI during survival phase. Similarly, 89% of respondents agree that during normative stage of institutional development of DMLI, and it has been increased up to 94% during autonomy phase. From survival stage to institutional autonomy, the gradual increase in the number of respondents agreeing with the significance of stability indicates that DMLI is gaining more stability in the later period thus contributing toward institutionalization of trust, goodwill and acceptance. On the other hand, disagreement to this fact is high in the survival stage and low in the autonomy stage. It clearly refers that DMLI as an institution was less acceptable at the early stage and more in the later stage. There may arise queries as to why it was so in the early period and improved while in later period. Lifting Nepal from FATF monitoring mechanism during mid 2014 was another progress of Nepal which gives a gesture of acceptance from international community. Promoting a value based culture with regard to lifestyle and principles of livelihoods are paramount to uphold these norms and consequently gain acceptance of general people about such institutions like DMLI.

Cultural Element: Only 3 respondents rated their responses for the survival stage and among them all agree about the significance of this variable. Out of 35 who rated normative-stage about

present phase of institutional development of DMLI, 14% among them disagree that the variable culture contributes toward institutional development of DMLI during normative or semi-institutional phase. Similarly, 86% of respondents agree that during normative stage of institutional development of DMLI, the cultural element is persistent in semi institutional phase. Similarly, 17 out of 55 responded for the full autonomous institutional stage. Still, 12% disagree and 88% agree with the significance of cultural element in this stage. From survival stage to institutional autonomy, the respondents agreeing with the significance of cultural element in semi institutional stage is highest which indicates that DMLI is gaining more cultural influence in its development in the later period. This observation with majority agreement concludes that DMLI gains semi-institutional stage and wayward to institutional autonomy stage.

On the other hand, disagreement to this fact in survival stage refers that DMLI as an institution was less influenced by cultural elements at the early stage and more in the later stage.

There is an utmost need to inculcate moral and ethical values of SADACHAR to new generation so that society being built by them will not tolerate corrupted masters and money launderers of their locality. Our cultural values of our society are the major determinants of institutional culture within DMLI. Therefore, our institutional culture is not developed in a way that is required for a civilized and advanced society. But a general agreement was reached that due to open society, shared values and beliefs throughout a wider mass and ultimate change process we are also building such institutional culture which is conducive to uphold AML/CFT initiatives of Nepal. To build such culture is a very slow process but still little progress is made in our context.

Leadership: Out of 35 who rated normative-stage of institutional development of DMLI, only 9% among them disagree that the variable leadership contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 91% of respondents agree that during normative stage of institutional development of DMLI, leadership contributes toward institutional development of DMLI. Total 17 out of 55 respondents agree for the contribution of variable leadership in the autonomous stage of DMLI, thus the no of respondent declines. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to institutional autonomy, the gradual increase in the number of respondents agreeing with the significance of leadership at semi-institutional stage indicates that DMLI is gaining more stability in the later period thus

contributing toward institutionalization process but not yet acquired the institutional autonomous stage though it is wayward.

Political interference in bureaucracy has severely impaired the leadership capabilities. Designating leadership to any organization is solely upon the wish of concerned minister or some power centers of that segment of time. Hence such leadership has to pay back the obligations toward them. Unless this kind of culture remains, the leadership cannot contribute significantly in the institutional development. Institutions like DMLI are in need of such a leadership which can take robust decisions and actions against money laundering crime. A fully autonomous institution free from unwanted interferences seems quite impossible in our context. The situation is not much optimistic but there are signs to progress further. Good leadership is recognized by the media and society nowadays. DMLI still needs to accelerate and prove its inertia, time and again which ultimately requires better leadership maneuvering.

Doctrine: Out of 35 who rated normative-stage of institutional development of DMLI, only 11% among them disagree that the variable doctrine contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 89% of respondents agree that during normative stage of institutional development of DMLI, AML/CFT doctrine contributes significantly toward institutional development of DMLI. On the other hand, total 17 out of 55 respondents agree for the contribution of variable doctrine in the autonomous stage of DMLI, and none of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that doctrine is less contributing in this phase as in the inception phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of doctrine at semi-institutional stage indicates that DMLI is gaining more institutionalization of AML/CFT policies/guidelines/directives/laws/by-laws in the later period specifically at normative stage. Yet, for the institutional autonomous stage, less contribution of this variable is expected. On the other hand, disagreement to this fact in all stages with total 5 out of 55 respondents is inconclusive. It refers that DMLI as an institution was less influenced by AML/CFT doctrine at the early stage.

In a very short timeline since 2064, Nepal's journey of AML/CFT doctrine from FATF recommendations till formulating about half-dozen laws and by-laws, National Action Plan 2068-73 and sub-sequent policies are more than sufficient. Action plans, recommendations and policy making are most likely happening activities and their implementation is the least happening activities in our context. The principles and doctrines are therefore significantly present in our institutional environment. Therefore, a common agreement is reached that since doctrine has significant presence; the need now is the effective implementation.

Programmes: Out of 35 who rated normative-stage of institutional development of DMLI, only 26% among them disagree that the variable programme contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 74% of respondents agree that during normative stage of institutional development of DMLI, programme contributes significantly toward institutional development of DMLI. On the other hand, total 14(82%) out of 17 respondents agree for the contribution of variable programme in the autonomous stage of DMLI, and only 3(18%) of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that programme is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of programme at semi-institutional stage indicates that DMLI is gaining more institutionalization of its programmes in the later period specifically at normative stage. Yet based on these observations, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 13(24%) out of 55 respondents is inconclusive. It refers that DMLI as an institution is much influenced by its programmes at every stage, mostly in normative stage, less in the autonomous stage and least or inconclusive in the survival or non-institutional stage. However, unlike the effects of leadership and doctrine with institutional development, programme is more contributing variable in semi-institutional and autonomous phases of DMLI. A general perception indicates that since the GON Action Plan 2068-73 is implemented, there are sufficient programmes aimed to foster

AML/CFT initiatives. Mean time, programmes to attract the sources of information are being less effective. Other stake holders are to be actively participating in AML/CFT campaign.

Resources: Out of 35 who rated normative-stage of institutional development of DMLI, only 17% among them disagree that the variable resources contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 83% of respondents agree that during normative stage of institutional development of DMLI, its resources contribute significantly toward institutional development of DMLI. On the other hand, total 16 out of 17 who rated for autonomous stage agree that the contribution of variable resources in the autonomous stage of DMLI is significant, and only one of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that variable resources is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of resources at semi-institutional stage indicates that DMLI is gaining more institutionalization in the later period specifically at normative stage. Yet, for the institutional autonomous stage, less contribution of this variable is expected.

On a whole, 47(86%) respondents out of 55 agreed for the significance of contribution of resources in the institutional development of DMLI, of which 35 responded for semi-institutional stage. On the other hand, disagreement to this fact in all stages with total 8(14%) out of 55 respondents is inconclusive.

There is a common plight expressed by most of the governmental officials that they lack resources very badly. In view of priority given by government in AML/CFT issues, it is clear that there is sufficient allocation of resources. But still there is a need to expand its services outside capital and to international context also. Resources are to be utilized such that access to modern technology is enhanced and networking with similar national and international agencies is strengthened. Till this point of time, resources had played significant role in the development of DMLI as an Institution.

Internal Structure: Out of 35 who rated normative-stage of institutional development of DMLI, only 5(14%) among them disagree that the variable internal structure contributes

significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 30(86%) of respondents agree that during normative stage of institutional development of DMLI, internal structure contributes significantly toward institutional development of DMLI. On the other hand, total 15(88%) out of 17 respondents agree for the contribution of variable 'internal structure' in the autonomous stage of DMLI, and only 2(12%) of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that internal structure is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of internal structure at semi-institutional stage indicates that DMLI is gaining more institutionalization of its internal structures in the later period specifically at normative stage. Yet based on these observations, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 8(14%) out of 55 respondents is inconclusive compared to agreement by 47(86%). It refers that DMLI as an institution is much influenced by its internal structures at every stage, mostly in normative stage, less in the autonomous stage and least or inconclusive in the survival or non-institutional stage. However, unlike the effects of leadership and doctrine with institutional development, internal structure is more contributing variable in semi-institutional and autonomous phases of DMLI.

Further to this observation, FGD was conducted to consolidate ideas on it. At the inception phase of DMLI, the internal structure was only outcome of contemporary directives from the ministry. Gradually the need created by the environment forced DMLI to expand its structure. Inclusion of police component and expansion of its functional network to other agencies consolidates structural pattern. Ranging from working level to the oversight level, there are structural arrangements to function AML/CFT initiatives. Structural patterns are day by day strengthening to cope with multi-dimensional needs. It looks like the significance of internal structure is highest in the semi-institutional phase and getting stability afterwards.

IBM-Environmental Variables (enabling/functional/normative/diffused linkages):

Out of 35 who rated normative-stage of institutional development of DMLI, only 8(23%) among them disagree that the variable institutional linkages contributes significantly toward institutional development of DMLI during semi-institutional phase. Similarly, 27(77%) of respondents agree that during normative stage of institutional development of DMLI, institutional linkages contributes significantly toward institutional development of DMLI. On the other hand, total 14(82%) out of 17 respondents agree for the contribution of variable institutional linkages in the autonomous stage of DMLI, and only 3(18%) of them disagree at the autonomous institutional phase. The no of respondent declines in this phase indicating the fact that institutional linkages is less contributing in this phase. An inconclusively small number, i.e. 3 out of 55 responded for survival stage of DMLI in respect to this variable. From survival stage to semi-institutional phase, the sharp increase in the number of respondents agreeing with the significance of institutional linkages at semi-institutional stage indicates that DMLI is gaining more institutionalization of its institutional linkages in the later period specifically at normative stage. Yet based on these observations, for the institutional autonomous stage, less contribution of this variable is expected.

On the other hand, disagreement to this fact in all stages with total 11(20%) out of 55 respondents is inconclusive compared to agreement by 44(80%). It refers that DMLI as an institution is much influenced by its institutional linkages at every stage, most in normative stage, less in the autonomous stage and least or inconclusive in the survival or non-institutional stage. However, unlike the effects of leadership and doctrine with institutional development, inter institutional linkages is more contributing variable in semi-institutional and autonomous phases of DMLI.

In the later period, MOUs with seven other stake holders including CIB of Nepal Police, Financial Intelligence Unit/NRB Immigration Department, Transportation Department, Land Reform and Management Department, Company Registrar Office and Department of National Park and Wildlife Protection is signed and co-working practices are established by DMLI.

Other law enforcement authorities which work for investigating predicate crimes are also brought into a network to share FIRs(first information reports). But there is still web-based

sharing software is required so that real time information sharing is possible. Joint training/workshops, joint investigation teams are also functional. Not only within national environment, has DMLI exercised linkages with international actors and elements of the environment. These developments enable DMLI for its functional requirements as an institution and it is wayward to acquire the stage of diffused and normative linkages.

Focus group discussion turns up with mixed perception but it indicates that institutional linkages of DMLI with environment are well existed though they are need based and not enough diversified. There is sufficient ground for hope that institutional linkages will further intensify their contribution toward institutional development of DMLI in future.

Correlation among five constructs: Five constructs- stability, acceptance, culture, IB variables-internal, IB variables-linkages are analyzed to check their correlation:-

- Stability with Acceptance, Culture and IB Variables (leadership, doctrine programmes, resources, structure, linkages): significant positive correlation
- Acceptance with Culture, IB Variables(leadership,doctrine , programme, resources, structure, linkages): significant positive correlation
- Culture with IB Variables (leadership, doctrine, resources, programmes, structure, linkages): significant positive correlation

Correlation among IB variables:

- Aggregate IB Variable with leadership, doctrine, programmes, resources, structure, linkages: significant positive correlation
- Leadership with doctrine, programmes, resources, linkages: significant positive correlation
- Doctrine with programmes, resources, structure, linkages: significant positive correlation
- Programmes with resources, structure, linkages: significant positive correlation
- Resources with structure, linkages: significant positive correlation
- Structure with linkages: significant positive correlation

Above findings lead us to some realization that DMLI is gaining gradual development toward institutionalism. The institutional variables like – acceptance, stability, cultural element, leadership, doctrine, internal structure, resources, and environmental linkages have shown their significant influence in the development process. There is not a long time period, not even a decade of DMLI's existence. All above institutional factors may not have been effective enough to exert their influences to this young institution.

There is another trend in the above data analysis. Either by agreeing or disagreeing with the significance, among 55 respondents, only 3(5%) go for survival, 35(64%) go for normative and rest 17(31%) go for autonomous stage. Moreover the 'agreement' part varies within the range of 67 to 95 percent. For normative selection only, the 'agreement' factor varies within the range of 69 to 95 percent. The major part 35 out of 55(64%) opted normative, and mostly among them rated their agreement toward significance of that particular variable. This finding strongly supports that DMLI is at normative stage of its institutional development with significant effect of institutional variables like- stability, acceptance, cultural element, doctrine, leadership, resources, programmes, internal structure and environmental linkages.

Another area of deriving conclusions is to see whether or not these institutional factors are correlated with each other. If there is good inter-relation among various factors, the institution grows and succeeds smoothly over time. The statistics indicates that variables like stability, acceptance, culture, aggregate institution building variables (doctrine, programmes, leadership, resources, internal structure and) and environmental linkages are significantly positively correlated with each other. Moreover to it, institutional variables including environmental linkages are also significantly positively correlated. For instance, institution building variables affect stability/culture/acceptance/linkages and so on. This finding supports the fact that there is an effective correlation, coordination and synchronization among these factors. Therefore, DMLI as an institution is advancing in a coordinated manner.

5.5 Further Research Issues

Apart from these discussions and finding, a further scope is also realized that there can be monovariate analysis for individual variables. This analysis will scale the magnitude of the variable and tendencies of data analysis. This will help institutions to look after any particular factor and its real status and a subsequent policy or other kind of interventions. A statistical data is attached in ANNEX – V of this report.

The constructs built here are result of review of available contemporary literature. In specific circumstances, there may be other factors and variables which could be of particular effect. This modality could be applied for such kind of research too.

THE END

ANNEX - I

Dear Sir / Madam,
Greetings!

My name is Pitambar Adhikari, M.Phil Student of Central Department of Public Administration (CDPA), Tribhuvan University, Nepal. I am doing a research work on "Study of Institutional Development of Department of Money Laundering Investigation (DMLI) to Implement Anti-money Laundering Policy Streams".

This research attempts to assess the extent of Institutional development in Nepal with focus on the contribution of several independent variables (as manifested in the questionnaire) towards institutional development after the enactment of AML Act 2064 and numerous national and international policies.

I have attached few questionnaires (page 2-8) which you are requested to kindly respond based on your knowledge and experience. Your response on these questionnaires will make my research success. Kindly provide background information also. The information that you provide will be exclusively for the purpose of scholarly works in a strict adherence with widely accepted ethical code and norms. Please feel free to contact me if you need more clarification or wish to add more comments. My contact is mobile: 9851288081 and email: adhikari04@yahoo.com

Thank you for your response.

Respondent's Background Information

1. Name* (optional): 2. Age: ... 3. Gender: ...

4. Education: D Masters Bachelors Intermediate C

5. Affiliation and work experience:

- Employee: Department of Money Laundering Investigation/Ministry of Finance
- Employee: Nepal Rastra Bank/Financial Information Unit
- Money Laundering/Terrorist Financing Investigator
- Economic Analyst, Freelancer, Journalists etc
- Business House/Entrepreneur
- Others (Please Specify).....

*Note: **DMLI**: Department of Money Laundering Investigation, the apex investigating authority of money laundering **FIU**: Financial Intelligence Unit of NRB which collects and processes information regarding suspicious banking transactions **CIB**: Central Investigation Bureau, specialized investigation unit of Nepal Police to assist DMLI **AML/CFT**: Anti-money Laundering/Countering Finance on Terrorism **FATF**: Financial Action task Force, an international oversight body of which Nepal also a member*

Questionnaire

1. Stability

A. Please indicate your response about the following statements

Statements	Your Response					
	Strongly Agree	Partially Agree	Neutral	Partially disagree	Strongly disagree	No Idea
In the due course of investigating cases related to money laundering, DMLI has to go through several external and internal interactions and/or shocks. Despite these interactions and shocks, DMLI has gained stability.						
DMLI is delivering common public goods and services in adequate quantity and quality so as to acquire values and stability.						
DMLI is continuously delivering public goods and services.						
DMLI strives to exist for a long period of time adopting changes and innovations.						
The instruments of changes such as rules, routines, norms and identities significantly prevail in DMLI.						
DMLI consistently responds with change process.						
Patterns of organizational interactions and adaptations reveal that DMLI has acquired some distinctive institutional form while advancing from inception till present outlook.						
There is significant innovation in DMLI						
There is significant legitimacy in DMLI						
There is significant normality in DMLI						
There is significant entrenchment in DMLI						
There is significant rigidity in DMLI						
There is significant rejection in DMLI						

2. Acceptance (realization of trust, goodwill)

Please indicate your response about the following statements.

Statements	Your Response					
	Strongly Agree	Partially Agree	Neutral	Partially disagree	Strongly disagree	No Idea
The steps taken to prevent and investigate ML/TF cases are acceptable by wider masses of our society.						

The legitimacy in the form of “goodwill” possessed by an organization is an intangible but valuable asset. It constitutes a form of capital yielding a political esteem and difference in DMLI’s context.						
There is trustworthy response from DMLI pertaining to ML/TF crimes.						
People of our society love the actions of DMLI with optimum extent.						
Actions are the end products of DMLI and belief is induced by such actions. Actions are efficiently able to induce such beliefs.						
DMLI functions as a repository of values and commitments.						
The common goods produced and gains being distributed by DMLI can be realized.						
DMLI as an institution succeeds over time, demonstrates value of its function, therefore it is accepted as an important organization.						

3. Cultural Element

Please indicate your response about the following statements.

Statements	Your Response					
	Strongly Agree	Partially Agree	Neutral	Partially disagree	Strongly disagree	No Idea
There is persistent cultural element within DMLI, which is a pattern of collective behaviors and assumptions that are taught to new organizational members.						
There are strong constraints caused by the bureaucratic culture (the set of customs, beliefs and practices) towards innovation.						
The major actors of AML/CFT in Nepal are personnel from financial administration, police; central bank etc. The cultural elements from their respective institutions are significantly influential in the overall transformation process of DMLI.						
Institutional culture of DMLI and the environment are highly dependent of each other.						
Team work culture is significant in DMLI.						
Participatory culture is significant in DMLI.						
Affiliation within DMLI is significant.						
DMLI’s actors are significantly committed.						

4. Institution Building Variables

A. Leadership

Please indicate your response to the following statements.

	Strongly Agree	Partially Agree	Neutral	Partially disagree	Strongly disagree	No Idea
The leadership of DMLI is considered and accepted so far as the most critical element in the institution building.						
DMLI's leadership is capable enough to deliberately induce change processes.						
DMLI's leadership is central factor and it impinges on all aspects of institution building.						
DMLI's leadership has effects on all other institutional variables						
The task of bridging internal and external interests is well accomplished by the leadership.						
Innovations and entrepreneurship is possible with the existing leadership initiatives.						

B. Doctrine

Please indicate your response about the following statements

Statements	Strongly Agree	Partially Agree	Neutral	Partially disagree	Strongly disagree	No Idea
The Financial Action Task Force(FATF) recommendations and corresponding guidelines are the foundation of DMLI and are most applicable to Nepalese context.						
Anti-Money Laundering doctrine is aimed to address international terrorism and financing on terrorism as a whole which seems more idealistic rather realistic.						
AML doctrine is best fitted and needed in our context.						
International and national AML/CFT doctrines have been translated up to the required practical level.						
AML doctrine addresses the typology, patterns, trends and features of Money Laundering/Terrorist Financing practices in Nepal.						
The AML Act 2064 is merely a transfer of concepts like FATF/IMF/WB recommendations from the developed countries to Nepal.						

In the context of AML Act 2064, crimes related to ML and TF are defined in such a way that they can be spotted distinctly.						
The series of Acts/regulations/National Guidelines/Strategies indicate that Nepal is concerned more with improving and drafting the concepts rather than institutionalizing their effective implementation.						
AML Act 2064 is effective to address the real crux of ML problem in Nepal.						

C. Programmes

Please indicate your response to the following statement:

Statements	Your Response					
	Strongly Agree	Agree	Neutral	Do not Agree	Strongly Disagree	No Idea
AML Act 2064, and other policies are translated into programmes as set of concrete activities.						
DMLI's programmes have been the means to reach into the environment and affects at its best level						
There is sufficient multi-agency coordination						
Blanket investigation approach is not applied for all types of cases.						
There is efficient information management system.						
DMLI is consistently responding with the environment through programmes.						
DMLI is adequately focused in its capacity building.						
There is sufficient social support in the investigation carried by DMLI.						
There are no effective bureaucratic barriers in DMLI's service delivery.						
Programmes and activities are conducted in accordance with:						
• legal mandate						
• demands from environment						
• opportunities for benefit						
• priorities set up by the institution.						

D. Resources

Please mark appropriately to indicate your response.

Statements	Strongly Agree	Agree	No Idea / I don't know	Do Not Agree	Strongly Disagree
Resources of DMLI will be available for long run in future, since the resource provider (state) is obliged and committed to do so.					

Status is accorded to DMLI according to the normative values and it is enabled to make claims or access on its resources.					
DMLI acquires the status of institution in people's eyes so it will be better endowed with the resources from the environment through normative linkages.					
Resource allocation is not made in a single point of time but it is allocated over time in the context of DMLI.					
All existing resources (staff, economic resources, information and technology etc), which are the factors/inputs of institutional production are adequate.					

E. Internal Structure(allocation of resource or patterns of resource flow)

Please tick appropriately to indicate your response about following statements:

Statements	Strongly Agree	Agree	No Idea / I don't know	DoNot Agree	Strongly Disagree
The structural patterns are such that DMLI is advantaged at the best it could.					
The structure of DMLI is flexible and open to continuous innovation.					
The structure of DMLI is cohesive enough and hence allows coordinated activities.					
The structure of DMLI is dynamic enough so it expands and grows as needed.					
The structure of DMLI is receptive to environmental demands and responsive to leadership requirements.					
Out of loosely organized, unstable and technically narrowed activities, DMLI has been progressing toward orderly, stable and socially integrating patterns.					
The actors associated with DMLI are distinctly patterned thus their configuration or grouping constitute actor-constellation.					

5. Linkages with Environment(Enabling, Functional, Normative, Diffused)

Please indicate your response to the following statements:

	Strongly Agree	Agree	No idea / I don't know	DoNot Agree	Strongly Disagree
Enabling Linkages					
DMLI is enjoying sufficient connection with the environment to enable its functioning.					

DMLI is furnished with sufficient authority and resources and thus enabled at least a minimum level of operation.					
DMLI is vested with such institutional dynamics, because of that it can prescribe or proscribe the change.					
Functional Linkages					
Sufficient inputs are available and they are processed to deliver outputs in line with objectives of DMLI.					
DMLI is now able to make us realize that it is solving problems of human life.					
DMLI can be understood as a system of social responsibility and social acceptance					
DMLI has been regulating human behavior through its role and functions with maximum possible momentum.					
Input from other agencies (Police/FIUetc) are significantly received.					
Steps/measures of DMLI are effective and able to curb all money launderers.					
Normative Linkages					
There exist linkages to reinforce the organizational position so that it is conducive of attracting support and values.					
There is overlapping interests among institutions, sonormative relation with environmentis competitive.					
Diffused Linkages					
DMLI's linkages with groups and individuals are not formal or rigid only, but are diffused up to the level that they sufficiently influence innovations of organization and environment.					
There is significant mutual dependence between DMLI and itsenvironment.					
DMLI has relation with numerous public to add up great deal of legitimacy and support.					

6. Institutional Creation and Operation Phase

Please indicate your response to the following statements:

	Strongly Agree	Agree	Neutral	Do not Agree	Strongly Disagree	No Idea
Creation Phase						
The emergence of DMLI was an outcome of general political ideas and principles.						

The emergence of DMLI as an institution was an outcome of general wish to promote the social, political and economic interests.						
The decision to establish DMLI was made because unpicking the deal was so costly.						
Hammering AML/CTF rules is always conflicting though it yields outcome.						
Operation Phase						
DMLI's actors are influencing the outcomes/distributive-gains through institutionalized cooperation.						
Dissatisfied actor/individuals can challenge the application of the rules. So, the scope of interpretation is large enough.						
While in operation, DMLI is likely to face smoldering battle (<i>bhuskoaago</i>) over the rules and their interpretations						
Limited scope of interpretation has badly influenced DMLI's operation.						
There is no significant conflict between the coalition institutions during operations.						

7. Stage of Development (Status)

A. Three aspects of the institutional development: the institution itself, staff and client progress through different phases.

Please encircle at the appropriate stage to indicate institutional continuum of DMLI (continuum..I>II>III>IV>V and so on).

Institutional Status:

I.Establishing, II.Incubating, III.Demonstrating, IV.Institutionalizing, V.Reproducing

Staff Status:

I.Instilling, II.Distilling, III.Innovative, IV.Creative

Client Status:

I.Indifference, II.Tolerance, III.Involvement, IV.Recognition, V.Acceptance

B. Please mark at the appropriate box to indicate stage of institutional progression through following stages in the context of DMLI.

Institutional Stage	Non-institution Survival	Semi-institution Normative	Institution Autonomy
Your Response			

THANK YOU

ANNEX - II

Focus Group Discussion Questionnaire

1. In Nepalese context, the international policy instruments are adopted in a quick manner without assessing their long term implications in the domestic circumstances. How do you observe our national response toward FATF/WB/UN policies regarding money laundering and terrorist financing (ML/TF)?
.....

2. As far as institutionalism concerns, what kind of provisions of such policies e.g. AML Act/Regulations, Organized Crime Act, MLA act, NRB Directives etc are easily institutionalized and which not?

provisions that easily institutionalized	provisions that are NOT easily institutionalized

3. How the crime of ML/TF situation of Nepal is evaluated? Is it alarming/serious/moderate/negligible/no such crime? How you justify your response?

Crime Situation(please tick one)	Your Justification
Alarming	
Serious	
Moderate	
Negligible	
no such crime	

4. The institutional arrangement consists of DMLI at the centre and other agencies like FIU, CIB and Attorneys are supporting institutions. Is the institutional arrangement of our context capable enough to implement all the provisions set forth in the concerned legal framework?
.....

5. How do you rate the effectiveness of the following institutional variable in the context of DMLI?

Variables	Response
Stability/Continuity	
Legitimacy	
Acceptance/Trust	
Consistency to respond the environment	
Resources	
Programmes	
Internal Structure	
Linkages(functional/enabling/diffused/normative)	

Response Type	
6. Very effective	
Effective	
Moderate	
Not effective	

challenges are envisaged for the institutional development of DMLI?

Variables	Your Response
multi-agency coordination	
blanket investigation approach for all cases	
lacking database/information processing system	
Consistency to respond the environment	
capacity building	
social support in the investigation	
red-tapism of bureaucracy	

7. How can the gap between the spirit of the doctrine and their institutional development is assessed?
8. Please indicate your response about the following statements

Statements	Your Response
The AML doctrine we have now is merely a transfer of concepts from the developed countries to developing countries.	
In the doctrine, ML and TF activities should be defined/prescribed in such a way that they can be spotted distinctly. We also have such provisions in AML/CFT doctrine.	
The state is concerned more on focusing with improving and updating the fundamental concepts rather than institutionalizing their effective implementation. The series of Acts/regulations/National Guidelines/Strategies reveal so.	

Our national legislation is simply a translation of FATF 40+9 recommendations. It fails to address the real crux of ML problem in Nepalese context.	

List of focus group which was conducted in different dates

Arjun Prasad Pokharel, Deputy Director General, DMLI

DIG HemantaMalla, Director, CIB

Hari Kumar Nepal, Director, FIU/NRB

Kewal Prasad Bhadari, Director General, DMLI

KPDhungana, Crime Analyst/Reporter, Nagariknews Daily

Kamal Pariyar, Journalist/Crime Expert, Nagariknews Daily

MatrikaDahal, Analyst/Economic Crime, Karobar Daily News Paper

MukundaMahat, Chief, FIU/NRB

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SSPManojNeupane, CIB

SujitMahat Crime Analyst/Reporter, Kantipur Daily

ANNEX- III

List of Items Involved and Chronbatch Alpha Test

Constructs	Number of Items		Alpha
	Proposed	Retained	
Stability	13	11	0.811
Acceptance	8	8	0.799
Culture	5	4	0.905
Institutional building	40	28	0.926
Leadership	6	3	0.849
Doctrine	9	6	0.788
Programs	13	9	0.811
Resources	5	4	0.788
Internal Structure	7	6	0.861
Linkages	14	11	0.814

Highlighted units are inconsistent and deleted

Variable	Label
Stability	
q1.1	DMLI has gained stability.
q1.2	DMLI ..acquire values and stability
q1.3	continuously delivering public goods and services
q1.4	strives to exist for a long period of time adopting changes and innovations.
q1.5	rules, routines, norms and identities significantly prevail i
q1.6	consistently responds with change
q1.7	acquired some distinctive institutional
q1.8	significant innovation
q1.9	significant legitimacy
q1.10	significant normality
q1.11	significant entrenchment
q1.12	significant rigidity
q1.13	significant rejection
Acceptance	
q2.1	steps taken .. are acceptable by wider masses
q2.2	“goodwill” possessed... constitutes a form of capital

q2.3	trustworthy response from DMLI pertaining to ML/TF crimes
q2.4	society love the actions of DMLI with optimum extent
q2.5	DMLI ..Actions are efficiently able to induce such beliefs
q2.6	DMLI functions as a repository of values and commitments
q2.7	common goods produced and gains being distributed can be realized
q2.8	as an institution succeeds over time, demonstrates value of its function, therefore it is accepted as an important organization
Cultural Element	
q3.1	persistent cultural element ... taught to new organizational members
q3.2	strong constraints caused by the bureaucratic culture towards innovation
q3.3	major actors of AML/CFT from their respective institutions are significantly influential in the overall information
q3.4	culture and the environment are highly dependent of each other
q3.5	Team work culture
q3.6	participatory culture
q3.7	Affiliation within DMLI
q3.8	DMLI's actors are significantly committed
Institutional Building	
q4.1.1	leadership..most critical element
q4.1.2	leadership is capable enough to deliberately induce change processes
q4.1.3	central factor and it impinges on all aspects of institution building
q4.1.4	has effects on all other institutional variables
q4.1.5	task of bridging internal and external interests is well accomplished leadership
q4.1.6	Innovations and entrepreneurship is possible with the existing leadership
q4.2.1	(FATF) recommendations and corresponding guidelines are the foundation of DMLI
q4.2.2	Anti-Money Laundering doctrine seems more idealistic rather realistic
q4.2.3	doctrine is best fitted and needed in our context
q4.2.4	doctrines have been translated up to the required practical level
q4.2.5	doctrine addresses the typology, patterns, trends and features of Money Laundering/Terrorist financing practices in Nepal
q4.2.6	AML Act 2064 is merely a transfer of concepts like FATF/IMF/WB recommendations
q4.2.7	crimes related to ML and TF are defined in such a way that they can be spotted distinctly in AML Act
q4.2.8	Nepal is concerned more with improving and drafting the concepts rather than institutionalizing their effective implementation
q4.2.9	AML Act 2064 is effective to address the real crux of ML problem in Nepal
q4.3.1	policies are translated into programmes as set of concrete activities
q4.3.2	programmes have been the means to reach into the environment and affects at its best level
q4.3.3	sufficient multi-agency coordination
q4.3.4	Blanket investigation approach is not applied for all types of cases
q4.3.5	There is efficient information management system.

q4.3.6	consistently responding with the environment through programmes
q4.3.7	adequately focused in its capacity building
q4.3.8	sufficient social support in the investigation
q4.3.9	no effective bureaucratic barriers in DMLI's service delivery
q4.3.10	legal mandate
q4.3.11	demands from environment
q4.3.12	opportunities for benefit
q4.3.13	priorities set up by the institution
q4.4.1	resource provider (state) is obliged and committed
q4.4.2	DMLI according to the normative values and it is enabled to make claims or access on its resources
q4.4.3	better endowed with the resources from the environment
q4.4.4	Resource allocation is not made in a single point of time but it is allocated over time
q4.4.5	existing resources...the factors/inputs of institutional production are adequate
q4.5.1	structural patterns are such that DMLI is advantaged at the best it could
q4.5.2	structure of DMLI is flexible and open to continuous innovation
q4.5.3	structure of DMLI is cohesive enough and hence allows coordinated activities
q4.5.4	structure of DMLI is dynamic enough so it expands and grows as needed
q4.5.5	structure is receptive to environmental demands and responsive to leadership requirements
q4.5.6	progressing toward orderly, stable and socially integrating patterns
q4.5.7	actors associated with DMLI are distinctly patterned thus their configuration constitute actor-nstellation
Linkages	
q5.1.1	enjoying sufficient connection with the environment to enable its functioning
q5.1.2	furnished with sufficient authority and resources and thus enabled at least a minimum level of operation
q5.1.3	vested with such institutional dynamics, because of that it can prescribe or proscribe the change
q5.2.1	inputs are available and they are processed to deliver outputs
q5.2.2	able to make us realize that it is solving problems of human life
q5.2.3	understood as a system of social responsibility and social acceptance
q5.2.4	regulating human behavior through its role and functions with maximum possible momentum
q5.2.5	Input from other agencies (Police/FIUetc) are significantly received
q5.2.6	Steps/measures of DMLI are effective and able to curb all money launderers
q5.3.1	linkages to reinforce the organizational position so that it is conducive of attracting support and values
q5.3.2	overlapping interests among institutions, sonormative relation with environmentis competitive
q5.4.1	linkages with groups and individuals are not formal or rigid only, but are diffused up to the level that they sufficiently influence innovations
q5.4.2	There is significant mutual dependence between DMLI and itsenvironment
q5.4.3	DMLI has relation with numerous public to add up great deal of legitimacy and support

ANNEX- IV

Statistical Tables

Stability

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	18	32.7	32.7	32.7
	Agree	37	67.3	67.3	100.0
	Total	55	100.0	100.0	

Acceptance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	5	9.1	9.1	9.1
	agree	50	90.9	90.9	100.0
	Total	55	100.0	100.0	

Cultural Element

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	7	12.7	12.7	12.7
	agree	48	87.3	87.3	100.0
	Total	55	100.0	100.0	

IBModel Leadership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	3	5.5	5.5	5.5
	agree	52	94.5	94.5	100.0
	Total	55	100.0	100.0	

IBModel Leadership

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	3	5.5	5.5	5.5
	agree	52	94.5	94.5	100.0
	Total	55	100.0	100.0	

IBModel Doctrine

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	5	9.1	9.1	9.1
	agree	50	90.9	90.9	100.0
	Total	55	100.0	100.0	

IBModel Programmes

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	13	23.6	23.6	23.6
	agree	42	76.4	76.4	100.0
	Total	55	100.0	100.0	

IBModel Resources

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	8	14.5	14.5	14.5
	agree	47	85.5	85.5	100.0
	Total	55	100.0	100.0	

IBModel Internal structure

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	8	14.5	14.5	14.5
	agree	47	85.5	85.5	100.0
	Total	55	100.0	100.0	

Institutional Linkages

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	11	20.0	20.0	20.0
	agree	44	80.0	80.0	100.0
	Total	55	100.0	100.0	

Creation Phase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	16	29.1	29.1	29.1
	agree	39	70.9	70.9	100.0
	Total	55	100.0	100.0	

Operation Phase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	disagree	10	18.2	18.2	18.2
	agree	45	81.8	81.8	100.0
	Total	55	100.0	100.0	

Stability * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
Stability	Disagree	Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	2 66.7%	11 31.4%	5 29.4%	18 32.7%
	Agree	Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	1 33.3%	24 68.6%	12 70.6%	37 67.3%
Total		Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	3 100.0%	35 100.0%	17 100.0%	55 100.0%

Acceptance * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
Acceptance	disagree	Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	0 .0%	4 11.4%	1 5.9%	5 9.1%
	agree	Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	3 100.0%	31 88.6%	16 94.1%	50 90.9%
sTotal		Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	3 100.0%	35 100.0%	17 100.0%	55 100.0%

Cultural Element * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

		stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total	
		Survival	Normative	Autonomy		
Cultural Element	disagree	Count	0	5	2	7
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	.0%	14.3%	11.8%	12.7%
	agree	Count	3	30	15	48
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	85.7%	88.2%	87.3%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

IBModel Leadership * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

		stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total	
		Survival	Normative	Autonomy		
IBModel Leadership	disagree	Count	0	3	0	3
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	.0%	8.6%	.0%	5.5%
	agree	Count	3	32	17	52
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	91.4%	100.0%	94.5%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

IBModel Doctrine * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
IBModel Doctrine	disagree	Count	1	4	0	5
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	33.3%	11.4%	.0%	9.1%
	agree	Count	2	31	17	50
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	66.7%	88.6%	100.0%	90.9%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

IBModel Programmes * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
IBModel Programmes	disagree	Count	1	9	3	13
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	33.3%	25.7%	17.6%	23.6%
	agree	Count	2	26	14	42
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	66.7%	74.3%	82.4%	76.4%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

IBModel Resources * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
IBModel Resources	disagree	Count	1	6	1	8
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	33.3%	17.1%	5.9%	14.5%
	agree	Count	2	29	16	47
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	66.7%	82.9%	94.1%	85.5%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

IBModel Internal structure * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
IBModel Internal structure	disagree	Count	1	5	2	8
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	33.3%	14.3%	11.8%	14.5%
	agree	Count	2	30	15	47
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	66.7%	85.7%	88.2%	85.5%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

Institutional Linkages * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
Institutional Linkages	disagree	Count	0	8	3	11
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	.0%	22.9%	17.6%	20.0%
	agree	Count	3	27	14	44
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	77.1%	82.4%	80.0%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

Creation Phase * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
Creation Phase	disagree	Count	0	9	7	16
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	.0%	25.7%	41.2%	29.1%
	agree	Count	3	26	10	39
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	74.3%	58.8%	70.9%
Total		Count	3	35	17	55
		% within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	100.0%	100.0%	100.0%	100.0%

Operation Phase * stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy Crosstabulation

			stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy			Total
			Survival	Normative	Autonomy	
Operati on Phase	disagree	Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	0 .0%	7 20.0%	3 17.6%	10 18.2%
	agree	Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	3 100.0%	28 80.0%	14 82.4%	45 81.8%
Total		Count % within stage of institutional progression: Non- survival, Semi-normative, Ins-autonomy	3 100.0%	35 100.0%	17 100.0%	55 100.0%

ANNEX – V

Monivariate analysis

Scales of Summary Results of Constructs

During this part of analysis, all items were checked for their reliability and a summated scale was constructed. The following table indicates the summated scales and their trends about the selected constructs.

Constructs	Number of Items		Alpha	Mean	Std. Deviation	CV in %	Min	Max
	Proposed	Retained						
Stability	13	11	0.811	39.1	5.7	14.6	27	53
Acceptance	8	8	0.799	28.3	5.1	18.1	12	37
Culture	5	4	0.905	14.4	3.8	26.3	4	20
Institutional building	40	28	0.926	96.8	14.9	15.2	59	127
Leadership	6	3	0.849	11.3	2.5	22.4	3	15
Doctrine	9	6	0.788	22.0	3.7	16.9	14	29
Programs	13	9	0.811	29.0	5.4	18.4	16	43
Resources	5	4	0.788	14.1	3.1	22.0	4	20
Internal Structure	7	6	0.861	20.3	4.1	20.5	10	27
Linkages	14	11	0.814	37.5	6.1	16.3	24	48

Interpretation of each construct is as follows:

Stability:

- Total retained 11 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 39.1 which is clearly at the positive side of the scale(11, 22, 33, 44, 55).
- The range 27-53 hints that the major part(33-53) is at positive half and a very little part(27-33) is at negative half.
- Standard Deviation and CV values show that the variation is less.
- Hence the variable stability is significantly contributing toward institutional development of DMLI

Acceptance:

- Total retained 8 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 28.3, which is clearly at the positive side of the scale(8, 16, 24, 32, 40).
- The range 12-37 hints that more than half(24-37) is at positive side and less than half(12-24) is at negative side.
- Standard Deviation and CV values show that the variation is less.

- Hence the variable acceptance is significantly contributing toward institutional development of DMLI

Culture:

- Total retained 4 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 14.4, which is clearly at the positive side of the scale(4, 8, 12, 16, 20).
- The range 4-20 hints that the positive and negative parts are equal.
- Standard Deviation and CV values show that the variation is less.
- Hence the variable culture is significantly contributing toward institutional development of DMLI

Aggregate IB variables(doctrine, leadership, programmes, internal structure, resources):

- Total retained 28 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 96.8, which is clearly at the positive side of the scale(28, 56, 84, 112, 140).
- The range 59-127 hints that the positive part(84-127) is larger and negative part (59-84) is smaller.
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variables are significantly contributing toward institutional development of DMLI

IB variables-leadership:

- Total retained 3 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 11.3, which is clearly at the positive side of the scale(3, 6, 9,12, 15).
- The range(3-15) hints that the positive part and negative part are equal.
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variable-leadership is significantly contributing toward institutional development of DMLI

IB variables-doctrine:

- Total retained 6 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 22, which is clearly at the positive side of the scale(6,12,18,24,30).
- The range(14-29) hints that the more items fall at positive part and less at the negative part.
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variable-doctrine is significantly contributing toward institutional development of DMLI

IB variables-programmes:

- Total retained 9 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 29, which is clearly at the positive side of the scale(9,18,27,36,45).
- The range(16-43) hints that the more items fall at positive part(27-43) and less at the negative part (16-27).
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variable-programme is significantly contributing toward institutional development of DMLI

IB variables-resources:

- Total retained 4 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 14.1, which is clearly at the positive side of the scale(4,8,12,16,20).
- The range(4-20) hints that positive part and negative part are equal.
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variable-resources is significantly contributing toward institutional development of DMLI

IB variables-internal structure:

- Total retained 6 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 20.3, which is clearly at the positive side of the scale(6,12,18,24,30).
- The range(18-27) hints that the more items fall at positive part(18-27) and less at the negative part (10-18).
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variable-internal structure is significantly contributing toward institutional development of DMLI

IB variables-linkages:

- Total retained 11 items, based in 5-point scale from strongly disagree to strongly agree, the mean value lies at 37.5, which is clearly at the positive side of the scale(11,22,33,44,55).
- The range(24-48) hints that the more items fall at positive part(33-48) and less at the negative part (24-33).
- Standard Deviation and CV values show that the variation is less.
- Hence the IB variable-linkages is significantly contributing toward institutional development of DMLI

ANNEX - VI

Bibliography

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