



Case Study

HEALTH SECTOR REFORM AND SUSTAINABLE FINANCING KEY ISSUES IN DECENTRALISATION

**“Decentralisation Drivers”:
What are they and what influence do they have on the
objectives and form of decentralisation ?**

Lucy Gilson

**The Centre for Health Policy,
University of Witwatersrand
Johannesburg, South Africa**

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1. OBJECTIVES

This exercise seeks to:

- identify some key forces promoting and opposing decentralisation
- review the interests and concerns of different actors in relation to decentralisation
- consider the range of explicit and implicit objectives for decentralisation
- explore the trade-offs between particular objectives for decentralisation and the form it takes

2. OVERVIEW

This exercise presents information from a hypothetical country which is facing difficulty in developing plans to take forward a new government's promise to decentralise aspects of the public administrative structure. The information provided covers the political, economic and health context of reform, an outline of some of the difficulties that have been faced in seeking to develop the initial plans for decentralisation and an overview of some of the key stakeholders, their positions and their interests.

3. PROBLEM STATEMENT AND TASKS

You are a key adviser to the President and have been appointed to a small task team charged with developing a clear strategy for how to move forward. You have a development studies background and have spent considerable time in various Scandinavian countries, effectively 'in exile' during the last years of the previous regime. As your wife is a nurse you have always taken a particular interest in the health sector. Like the President, you come from the area that had previously been discriminated against in government resource allocations.

You have two weeks to review the current experience and to propose some initial steps in tackling the existing obstacles to taking forward decentralisation in your country. Your fellow task team members include the Minister of Health, the Minister of Finance, the Minister of Education, the Minister of Local Government and one key technocrat from each ministry. The chair is the Minister of Finance.

As a first step in your deliberations you decide to draw up an initial table outlining the key actors, identifying for each: whether they support or oppose reform; what interests or concerns underlie their support or opposition; and what their explicit and implicit objectives are in relation to decentralisation (see below for possible table format).

Decentralisation drivers: What are they and what influence do they have?

Actor	Support/Oppose?	Concerns/Interests	Explicit/Implicit objectives?

On the basis of this table, you then move to develop some initial ideas about the strategy you will use to take forward decentralisation in your country. This strategy should consider the key actors and their interests/concerns. In your discussions you might consider the following questions:

- Do you need to deepen your understanding of the varying groups' concerns and interests?
- How will you address these groups' concerns?
- Which groups and interests are most likely to influence your deliberations and why?
- How do you think these groups' interests will affect your proposals concerning the first steps in decentralisation?
- How might different forms of decentralisation enable different interests and concerns to be met? And would you use particularly forms of decentralisation in your strategy proposals?
 - Consider for example, transfer of managerial and/or political accountability; government-wide vs. (health) sector specific decentralisation; creating new structures vs. consolidating and developing existing ones; more vs. less radical ultimate transfer of authority.

4. COUNTRY BACKGROUND

Population and health setting

Although available data are very poor it is estimated that:

- there is a population growth rate of around 3% per annum;
- the urban population represents around 25-30% of the total population;
- the national infant mortality rate is around 100 per 1000 live births, and there is some evidence of considerable variations between regions of the country.

Political setting:

- period of political transition - move from one party state to multi-partyism
- a key criticism of past governance structures was the lack of accountability of politicians and civil servants
- the new party recently elected contains many technocrats, many of whom have studied abroad and have spent long periods overseas
- the new party has a reasonable majority and is composed of various ethnic groups, although several key members come from one particular clan and area (which was previously dis-advantaged under the former government)
- the previous ruling party is still quite strong in its 'home areas', and still maintains its structures at grass-roots across the country
- the new party is publicly committed to poverty alleviation and promoting equity
- a charismatic new minister of health has been appointed

Political structure:

- president from ruling party
- parliament comprised of representatives from differing parties
- local government structures exist throughout the country, with district and municipal councils responsible for their own budget and having some, small, tax-raising powers but little popular approval of these structures due to their close links with previous regime

Economic setting:

- economic recession - debt and structural adjustment
- main exports are agricultural primary commodities for which terms of trade are poor

Public sector structure:

- the public sector is highly centralised e.g. all public sector appointments are made by a central government department and all health personnel management is undertaken at the central Ministry of Health
- the process of resource allocation to, and within, sectors is a mystery to all: there are no clear criteria for allocations; funds regularly fail to 'arrive'; there are regular cut-backs on previously approved budget levels
- all fee revenue in the health and other sectors returned to central Treasury as matter of course

Health setting:

- the last minister of health was very weak
- the budget allocation to health has been around 6% of the total government budget over last ten years or so
- the public health system is funded directly by government from tax revenue, supplemented by some local contributions and considerable (and growing) donor investment
- the public health system is in crisis: despite reasonable geographic access to primary care in most parts of the country, there are few drugs, low health worker morale and few people who wish to work in rural areas; at the same time, hospitals are overcrowded and people regularly sleep on the floor, have to bring their own food and linen etc.
- as the previous government had clearly favoured certain geographic areas (mostly the party's 'home areas') through public sector resource allocations there are also pockets of poor geographic access within the health system
- the islands of reasonable performance within the public health system are 'vertical' programmes e.g. immunisation, essential drug system (at least some drugs are getting through!)
- whilst district health teams have been functioning, they have basically operated as channels for commands from above, and have had little authority to take any management decision except which clinic to visit if funds for petrol are available
- fees have been charged but at very low levels and there has been no clear benefit to the health sector, as revenue has been returned to the central level
- church health facilities make an important contribution to health care provision, and receive some subsidy from government
- the private-for-profit sector is beginning to expand in urban settings but because of previously tight control over it, it is still quite limited

5. CURRENT SITUATION

A year after coming into office the new government is at a cross-roads concerning its electoral promise to decentralise public sector management and, in parallel, reform the civil service. Drawing on the experience of Western European nations, through the various technocrats now in place as ministers or advisers, the government has emphasised the potential for improving management and service delivery efficiency through decentralisation. In addition, it believes that decentralisation has the potential to tackle the accountability problems of the past, by making services more responsive to the needs and demands of 'consumers'.

However, the government's efforts to establish a 'think tank' to develop cross-sectoral proposals concerning decentralisation within the public sector have been blocked. The obstacles include differences between ministries over the form of

decentralisation best suited to their sectoral interests - including the level and bodies to which authority should be given, the functions for which authority should be decentralised and whether different functions should be decentralised to different levels. The Ministry of Health has, for example, been pushing a more radical pattern of decentralisation than other sectors. This would ultimately lead to an executive health agency largely outside of the civil service, removing all authority for health care provision from local government, establishing national, regional, district and hospital-based tiers of governance and management to ensure both technical and political accountability for health services. The Ministry is keen to 'go it alone' if agreement cannot be reached across sectors but has so far been prevented from taking the first steps towards this structure. In contrast the Ministry of Local Government has emphasised the need to develop much stronger mechanisms of political accountability for public services in general - and has highlighted the possible role of local authorities in this regard. The Ministry of Finance has expressed concern at the potential cost of any form of decentralisation.

At the same time, various well-publicised crises have affected public services. Teachers, finally, went on strike because they had been unpaid for six months. The central government hospital decided to turn patients away as a result of drug shortages and, in the process, several patients died both inside and outside the hospital. A star footballer was amongst those turned away and as a result he has decided to emigrate, taking up an offer to play in Europe where, in his words, "*I will be better cared for and so better able to play for the national team in the forthcoming cup of nations*". Supporters from his current club were horror-struck and caused considerable damage in one area of the capital city in their despair at his departure.

In the background, a diverse range of stakeholders have consistently lobbied the government about decentralisation, putting forward different concerns and proposals:

A privately vocal group are the middle managers within the central bureaucracy who have urged caution about handing over authority to lower levels of limited capacity too quickly, and have stressed their substantial expertise and experience in implementing critical bureaucratic functions. They have, however, expressed their enthusiasm for decentralisation as a way of enabling them to do their jobs better and so ensure better service delivery. There is some evidence that this group has even directly hampered the functioning of the 'think tank' by delaying meetings, 'losing' minutes and other small actions,

Politicians representing the previously under-resourced areas of the country are also vocal. They are demanding immediate resource re-allocations favouring their areas and considerable government investment to bring public services at least to the level of other areas. As the Minister

of Health's home is in this area they have been particularly active in lobbying him.

In the wake of the Ministry of Local Government's position, officials and politicians from local government have managed to develop a common stand on decentralisation. They are strongly lobbying that their structures provide a foundation for further decentralisation. Not only do they already represent their local communities, already have management skills and experience and are the only existing structures that can provide a mechanism for enhanced political accountability as well as promote co-ordinated and cross-sectoral management of government services.

Health workers are voting with their feet every day - either leaving the public service to set up private practices, particularly in more urbanised areas, or to establish their own businesses, or, for the more skilled staff, emigrating to other countries (such as South Africa) where they can earn higher salaries.

Health donors are getting frustrated with what they see as government inaction to tackle the urgent problems that it inherited. They are particularly concerned that quality of care appears to be worsening rather than improving. However, they differ in their proposed solutions. Some strongly support the Ministry of Health's radical decentralisation plans and are prepared to provide funding to develop the capacity required at all levels to bring them to reality. Others fear that a focus on decentralisation will still do little to tackle quality of care weaknesses and continue to favour some form of 'vertical programming' to tackle the needs of primary care facilities for the service packages such as the 'integrated management of childhood illnesses'. Nonetheless, they do recognise the need to complement specific resource support for these service packages with support for integrated provision of care at facility level, and common supervision and managerial structures. Several key donors are currently finalising new programmes and projects for the health sector and see this as an opportunity to influence government policy.