

Is it feasible to merge ministries?

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Aid conditionality appears to be a subject of recent controversy—not all conditionalities are controversial though. Some—as pointed out by the writer in these columns on October 22—particularly those related to governance reform may be useful for a country, if the structural changes stipulated are carefully implemented. However, in doing so the country must have the capacity to analyze how the generic approaches embodied within aid instruments can be germane to strengthening a specific aspect of governance or management within a country context. This comment focuses on one of International Monetary Fund's several recent conditionalities to highlight how that can be the case.

In its recent set of conditionalities, the International Monetary Fund has stipulated that the government abolishes 13 ministries with a view to reducing unnecessary establishment expenditures. The suggested approach can be important within the context of the current fiscal space constraints in view of the country's prevailing macroeconomic situation and the need to rationalize costs, better integrate programs, and reduce duplication within that milieu. In addition, it is also additionally relevant to the ongoing negotiations on the National Finance Commission (NFC) Award and the deliberations currently underway, with regard to constitutional amendments and the fate of the Concurrent List. In relation to the NFC award, provincial concerns about the federal government taking a large pie of the federal divisible pool and calls on their part to adopt measures to reduce the cost of running the civil bureaucracy in Islamabad is one reason why merger of ministries should be considered as an option. Ideally, this should be part of a larger drive towards greater provincial

autonomy, scale down/abolition of the concurrent list—an outcome, which the Parliamentary Committee on Constitutional Reform should be headed towards. But even if that were to happen, merger of ministries and duplicating structures—theoretically, an evidence-based approach—would be an extremely difficult measure to implement, because of turf issues and jurisdictional, structural and other human resource-related considerations. Some of these issues may be unique to each one of the 13 ministries, where merger is proposed. Merger of the Ministry of Population Welfare with the Ministry of Health would, in fact, present the highest level of complexity for a number of reasons, which are briefly alluded to here to highlight the magnitude of the envisaged challenges.

Prima facie, it appears logical to merge the federal and provincial structures of the health and population sectors. Both have ministries at the federal level and provincial departments; both have similar administrative units and service outlets in the field and mobile service units. However, despite this similarity, functioning of both the sectors is quite different. Both the sectors have different sources of funding and different channels of fund flows and controls. The population sector is financed entirely through federal funds from the Ministry of Population Welfare down to its service outlets in the districts. Flow of funds takes place through special channels different from the normal channels of the provinces and districts. Health, on the other hand, is funded by federal funds at the federal level, by provincial funds at the provincial level and by allocated provincial funds at the district level; local funds are also allocated at the district level. Unlike population, resource allocations in health at the provincial and district levels are independent of directives from the Ministry of Health. The funding mechanisms for health and population, therefore, follow separate channels with different arrangements. Hierarchical relationships within each sector are also

different-population is federally funded, is not devolved and is only partially de-federalized, whereas health is both federally and provincially funded and stands decentralized. As a result, there is hierarchical continuity in population—from the Ministry of Population Welfare to Population Welfare Departments to districts in planning, programme formulation and implementation and monitoring. In the health sector, there is no such continuity. The departments of health make their own programmes without directions from the Ministry of Health, and similarly, the district governments are free to determine their own priorities without any reference to provincial priorities even if they exist. Both these complicated standalone arrangements can be an impediment to any efforts aimed at institutional merger.

A historical review of efforts aimed at merger and functional integration also indicate reluctance on part of both population as well as health. Merger poses a threat to the careers of staff in the Ministry of Population Welfare, who are likely to resist if status quo is challenged. On the other hand, reluctance on part of provincial health departments is also evident. Despite several high-level directives over the last three decades, significant progress has not been achieved. These directives include the Executive Committee of the National Economic Council's (ECNEC) decision of 1985, the Federal Cabinet decision of 1991, the Chief Executive Review Committee's recommendations of 2001, and the decision of 2006 by the National Commission for Population Welfare, which was presided over by the then Prime Minister. In addition to lack of will at the administrative level, there also appears limited political will to go ahead with mergers, as this would eliminate an additional slot for a minister—something political governments vie to create in order to oblige functionaries. Constitutional stipulations pose additional difficulties. Health is a provincial subject whereas population is in the Concurrent List. As a result of all these considerations, merger can be fraught with many impediments.

Lessons from other developing countries can be instructive in assessing the impact of institutional impediments on any attempt that aims to merge institutional structures. The example of Bangladesh is particularly relevant for Pakistan, given the institutional similarities. Bangladesh experienced difficulties in merging its health and population departments even though it had more favourable conditions compared to Pakistan—unitary form of government and therefore no provincial level, continuous and identical hierarchical structures, same funding sources and similar channels of fund flows and no difference between the two hierarchies with respect to the degree of decentralization. This experience can provide useful insights into the dynamics of institutional integration vis-à-vis the countervailing forces and their determinants.

Despite these challenges, it must be recognized that merger is not just a valid approach from a fiscal and efficiency standpoint it is also a technical imperative. Health and population have shared agendas, which calls for integrating family planning with healthcare. As both the sectors need to be reformed in their own right given their abysmal operational performance, it makes sense to merge both the institutional hierarchies in any new arrangement. A recent policy analysis on the subject published in a special supplement of the Journal of Pakistan Medical Association has called for reconstituting service delivery arrangements, where family planning and reproductive health can be grouped together in the package of essential health services. The latter needs to be benchmarked as a yardstick for public delivery and as the basis of contractual relationships in new management restructuring arrangements.

The analysis notes that although merger is not the only solution to the multifaceted issues faced by the health and population sectors—both being influenced by the social and economic determinants and overall performance of state service

delivery systems—it is nevertheless necessary if not a sufficient step. Examples of successful institutional mergers in the corporate sector reaffirm the notion that if the right incentives can be created for human resource, institutional mergers can actually be achieved.

The above-mentioned case demonstrates the complexity involved in institutional mergers. These complexities also hold true for any structural decision. The ultimate success of structural changes rests on the capacity of a country to analyze the imperatives, the envisaged impact and possible fall-out of decisions and its commitment to deploy knowledge-based solutions. We must enhance our capacity in these areas.

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