HEALTH SYSTEM DECENTRALIZATION

Concepts, issues and country experience

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Preface

Decentralization of health system structures and management is a key issue for many countries in the achievement of "health for all by the year 2000" and in the development of primary health care. In the WHO publication entitled *Formulating strategies for health for all by the year 2000*, it is stated that:[1]

> to achieve . . . coordination, countries may wish to review their administration system to ensure that coordination can take place at central, intermediate and local levels. As part of this review, they may wish to assess the degree to which they need to strengthen local and intermediate levels of the national administration, by means of delegation of responsibility and authority to the community and to intermediate levels as appropriate, and by the provision of sufficient manpower and resources.

Discussion of delegation, decentralization and similar terms has for long been a key theme in public administration, but has been somewhat neglected in the health field. The aim of this publication is therefore to introduce the subject of decentralizing health system structures and management and to illustrate how various countries are attempting to do this.

The publication is divided into three parts. Part 1 introduces the subject by referring to the historical experience of decentralization in developed and developing countries and reviews the literature on decentralization. In so doing, it clarifies the meaning of the term, and draws out a number of major issues, illustrating its points with reference to the experience of many different countries.

Part 2 is made up of ten country case-studies, from Botswana, Chile, Mexico, Netherlands, New Zealand, Papua New Guinea, Senegal, Spain, Sri Lanka and Yugoslavia. The countries included are among those with recent experience of decentralization of health management and illustrate a range of different circumstances. The authors of the case-studies were asked to discuss, each in the context of their own country, the concept of decentralization, the process of implementing the decentralization policy, changes in organizational structures and management functions, the effect of decentralization on collaboration between the health sector and other sectors, groups and communities, and finally, to give an overall assessment of country experience.

In Part 3, issues arising from the case-studies and from relevant literature are discussed and the lessons to be learned are examined. Part 3 also proposes some alternative approaches to decentralization that ministries of health may wish to consider.

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[1] *Formulating strategies for health for all by the year 2000. Guiding principles and essential issues.* Geneva, World Health Organization, 1979 ("Health for All" Series No. 2).

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PART 1

Decentralization concepts and issues: A review

Anne Mills

Introduction

Decentralization can be defined in general terms as the transfer of authority, or dispersal of power, in public planning, management and decision-making from the national level to subnational levels (*37*), or more generally from higher to lower levels of government. In practice, health system decentralization takes many different forms, depending not only on overall government political and administrative structures and objectives, but also on the pattern of health system organization prevailing in the particular country. Decentralization is therefore not only an important theme in health management but also a confused one. The purpose of Part 1 of this publication is to clarify the different meanings of decentralization and their implications for the organization of the health system, and to review the advantages and disadvantages of decentralization. Since health is only one of the functions of government and its organization is strongly influenced by governmental structure, this review must logically take account of the large body of literature on decentralization that exists in the general field of public administration, although the two subjects are generally treated in isolation. Indeed, it is notable that the public administration literature makes only passing reference to health, and the literature on the organization of health services largely neglects its relationship to broader patterns of government administration, concentrating instead on the establishment of a logical structure of health services as if it were not greatly constrained by its national organizational context.

This review thus draws on the broader literature on decentralization to the extent that it is helpful in thinking about the organization of health services. Two areas are excluded. One is a specific discussion of federalism since the focus here is on the more local levels of government. The other is what has been termed "territorial" decentralization, or the geographic dispersal of health services themselves as opposed to their management (*14*).

Apthorpe and Conyers (*2*) have warned that:

> . . . unfortunate tendencies to discuss "centralization" and "decentralization" as if they were two clearly defined, completely contrasting and therefore alternative states of existence [do] not merely over-simplify the issues but can actually hinder or distort both descriptive and prescriptive analysis.

Decentralization and centralization are more usefully viewed as movements between two poles. Both central and local elements are required in any health system; the issue is what balance should be struck, in which direction a particular country should move, and what means are at its disposal to alter the existing balance. It is these issues that are explored in Part 1 of this book.

It is important to acknowledge that decentralization policies are concerned with changing power relationships between levels of

government (*44*). Political considerations are thus inherent in any decisions made, and the extent of decentralization is limited by the political environment. However, it is difficult to explain a particular country's decentralization policies solely by reference to its political system. Certainly political systems are one influence, but the explanations of why countries do or do not decentralize must take account of a complex set of factors. For example, both the United Kingdom and Switzerland are industrialized countries with parliamentary governments, but they have very different degrees of decentralization. Thus political systems are not necessarily the main factor governing the decentralization choices that countries face.

The historical background to current decentralization policies

Developing countries

Writers on decentralization trends in developing countries point to two major phases of interest in decentralization (*12*, *44*). In the 1950s and early 1960s, decentralization—in the form of a system of local government—was promoted by colonial administrations as a necessary element in the structure of an independent democratic state, as a means of political education for the population, and as a way of establishing local responsibility for providing some local services. The structures proposed and set up were usually based on models of British or French local government, though limited in their powers and functions. Independence, however, brought concerns of national unity to the fore and for a while decentralization ceased to be a major theme. In the 1970s and 1980s interest in decentralization has re-emerged, for diverse reasons. In some countries, particularly in Africa, governments now feel sufficiently secure to contemplate relinquishing part of their tight control on power and decision-making to local organizations. This also becomes more feasible as a corps of skilled administrators is built up. Thus, in contrast to experiences in developed countries (see below), decentralization has been pushed by the centre rather than demanded by the periphery. In some countries, however, particularly in the Pacific area, decentralization has occurred in response to pressure from local or regional groups for increased local autonomy (*26*).

The objectives of decentralization have thus been diverse. On a philosophical and ideological level, decentralization has been seen as an important political ideal, providing the means for community participation and local self-reliance, and ensuring the accountability of government officials to the population. On a pragmatic level,

decentralization has been seen as a way of overcoming institutional, physical and administrative constraints on development. For instance, increased local control can result in a better response to local needs, improved management of supplies and logistics and greater motivation among local officers, thus facilitating and speeding up the implementation of development projects. It has also been seen as a way of transferring some responsibility for development from the centre to the periphery and, in consequence, a way of spreading the blame for failure to meet rural needs (*9*). In countries with diverse, and sometimes mutually antagonistic, population groups, decentralization has been seen as a way of providing them with greater autonomy while retaining them within a single nation.

Countries that have already introduced significant organizational reforms include Botswana, Ghana, Kenya, Nigeria, Senegal, Sudan, United Republic of Tanzania and Zambia in Africa, Nepal and Sri Lanka in South-East Asia, and a number of countries in the south of the Pacific area, such as Papua New Guinea and Vanuatu. In China and Yugoslavia the entire system of government is based on decentralist principles, with strong emphasis on community organization. Many more countries are attempting to strengthen local level administrations within existing government structures, with corresponding interest in the most suitable administrative mechanisms. In Latin America decentralization of power from central and intermediate levels to local units of government has not until very recently been a major feature of contemporary administrative reforms, and the existence of an "administrative vacuum" at local level has been suggested (*22*).

Developed countries

In developed countries, debates over centralization and decentralization have taken place in a rather different context (*44*). Local government has historically been strong in many developed countries; indeed, central government powers have often been developed and strengthened somewhat later than those of local government. Many countries have therefore inherited local government structures that provide a wide range of services, often financed by local funds.

However, central government has tended to place increasing restrictions on local government. A common theme in the expansion of the powers of central government has been the need to promote greater equality of public services throughout the country by using central government policies, regulations, and specific and general grants to reallocate resources geographically. Decentralization has nevertheless remained a continuing cry, although often raised against a background of strong influences promoting centralization. Recently, faced with economic recession and desirous of controlling public expenditure, some central governments have tried to limit local discretion further, for instance in Sweden and the United Kingdom (*21*). In the report of a Committee of

Enquiry into local government finance in the United Kingdom in 1976 (*27*) there is a comment that:

> . . . what has been clearly visible over recent years is a growing propensity for the government to determine, in increasing detail, the pace and direction in which local services should be developed, the resources which should be devoted to them and the priorities between them.

This has proceeded to the point where local authorities have been called "the agents of central government with the additional role of statutory pressure group" (*17*).

Few countries are attempting to counter this trend, though many have minority political parties in favour of strengthening local democracy. Spain provides a notable exception to the current centralizing trend (see case-study in Part 2).

Evolution of health services

The organization of health services reflects general trends in the organization of government services, though the historical development of health services and the pattern of ownership (the balance between government, insurance, voluntary and private elements) have also been strong influences. In many developing countries, particularly in Africa and South-East Asia, public health services have been developed largely in response to central government initiatives, with local government usually playing a minor role in the provision of rural clinics and urban environmental health services. Health service decision-making in such countries has been described as excessively centralized, with weak administrative capacity at the local level (*24*). In these countries, there is now considerable interest in decentralizing management,[1] and particularly in strengthening the "district" level of health services organization (*46*).

However, governments rarely have a monopoly in the provision of health services. Even in the countries referred to above, there is often not only a private health sector but also a large voluntary and religious sector whose administrative structure may be very decentralized, in that each agency may provide services to only a limited geographical area. A dispersed pattern of ownership is even more marked in those developing countries with social insurance systems, since the health services were often developed for particular industries or professions.

In contrast to the largely centralized structure of health services initially created by many colonial administrations in developing countries, the

[1] *Intermediate level support for primary health care. A framework for analysis and action.* Unpublished WHO document SHS/82.2.

health services in developed countries were originally created by local charitable and religious agencies and local government authorities. The historical experience of developed countries has been the gradual organization and integration of these local services into an often rather loose national structure, though in some countries, such as the United Kingdom, there are now highly integrated health systems. Since diversity of ownership and fragmented management do not fit easily into modern concepts of health service organization, a very strong theme in developed countries has been "regionalization": the rationalization of often diverse and semi-autonomous services to provide comprehensive health care to a large regional community or group of communities (*36,49*), including a well defined pattern of referral and supervision. Regionalization has also been of considerable interest in developing countries. Arbona & Ramirez de Avellano (*3*), for example, have described the experience of regionalization in Puerto Rico.

Decentralization and regionalization are not necessarily conflicting ideals; indeed, decentralization has been a strong theme in the regionalization of health services in many developed countries, though the reality may not match the rhetoric (*28*). However, the need to provide for a logical hierarchy of services within a health system does create an added complication that must be taken into account when one assesses the desirability and feasibility of decentralizing health service organization, as discussed later.

The meaning of decentralization

Health and health-related services, while they can be looked at as a system in their own right, are also part of a wider government and social system that places limitations on their behaviour. It is therefore important to describe the main forms of decentralization and to see what they imply for the organization of the health system.

The difficulties of discussing decentralization are well illustrated by the following quotation from Furniss (*18*):

> . . . decentralization may mean the transfer of authority over public enterprises from political officials to a relatively autonomous board; the development of regional economic inputs into national planning efforts; the transfer of administrative functions either downwards in the hierarchy, spatially or by problem; the establishment of legislative units of smaller size; or the transfer of responsibility to subnational legislative bodies, the assumption of control by more people within an economically productive enterprise, the hope for a better world to be achieved by more individual participation.

Decentralization can thus mean many different things. At the outset, however, it is important to draw a distinction between *functional* and *geographical* (or what has been termed "areal") decentralization (*37*), a

distinction that is particularly relevant when it comes to health system organization. In functional decentralization, authority for performing particular functions, for instance health care, is transferred to a specialized local office. In areal decentralization, broad responsibilities for public functions are transferred to local organizations that have well defined geographical boundaries. The organization of health services may be decentralized in either way, but the ministry of health may well have more power to influence the degree of functional decentralization than that of areal decentralization, where health will be only one of a number of government services that are being decentralized.

Four main types of decentralization commonly found in practice can be distinguished: decentralization, devolution, delegation and privatization (*39*). These reflect both different degrees of decentralization of government authority and different approaches to decentralization. The distinction between these four types relates essentially to the legal context of decentralization. However, it is useful to note early on that while the legal framework for decentralization is an important influence, there are many other factors that will influence the actual degree of discretion enjoyed by local bodies. These include their control over resources, their ability to mobilize political support, the perceived legitimacy of their position, and the general climate of rules, regulations and expectations within which they operate (*28*).

Deconcentration

The term "deconcentration" is applied to the handing over of some administrative authority to locally-based offices of central government ministries. In the case of health, an example would be a district-level office of a ministry of health. Since deconcentration involves the transfer of administrative rather than political authority, it is seen as the least extensive form of decentralization, as implied in the report by Mills & Odoi in Ghana in 1967 (*4*):

> We mean by decentralization not the delegation of authority by a ministry to an official in a department or region: authority may be delegated in this way but not real responsibility—that remains with the person or office in which responsibility is legally or constitutionally vested, and that person may at any time withdraw his delegation of authority.

Nevertheless, deconcentration has been the form of decentralization most frequently used in developing countries since the early 1970s (see Rondinelli et al. (*39*) for interesting examples). For the ministry of health, it implies establishing local (for example, district) management with clearly defined administrative duties and with a degree of discretion that would enable the local officials to manage without constant reference to ministry headquarters.