BPSR REFORM GUIDE

GUIDING PRINCIPLES FOR MERGING AND RESTRUCTURING MINISTRIES, DEPARTMENTS AND AGENCIES

October 2015

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Our Mission

To facilitate the building of Nigeria's Public Service into a

highly functional, professional, customer focused and results oriented institution.

Our Vision

To have an integrity and merit based professional public service,

driven by national interest and efficient management of resources and talents.

Our Mandate

To initiate, coordinate, monitor and ensure

full implementation of government reform policies and programmes.

Office of the Director General Bureau of Public Service Reforms
www.bpsr.gov.ng

Contents

Acronyms

PM   Project Management

PMO   Project Management Office

FGN   Federal Government of Nigeria

OHCSF   Office of the Head of the Civil Service of the Federation

BPSR   Bureau of Public Sector Reform

TCMR   Technical Committee on Merger and Restructuring

Foreword

There is plenty of evidence from all over the world that a proliferation of government ministries and agencies does not always result in improved service delivery to the public. In Nigeria, the Oronsaye Report into the restructuring and rationalisation of agencies shows very clearly that a number of agencies and parastatals have overlapping and duplicated functions. The configuration of Ministries can also appear to have been designed for political exigencies, rather than with a focus on service delivery to citizens.

The primary concern of the present government administration is the effectiveness and efficiency of its institutions for delivering public service to meet the needs of every citizen. We are focused on strengthening government institutions and establishing systems that can drive fast-paced, progressive, national development. We are determined to bring down the cost of governance to ensure that resources are freed up for the delivery of much needed services to our citizens. It is for this reason that it is necessary to restructure our Ministries, Departments and Agencies for optimal efficiency. While some Ministries and their agencies will have expanded functions, others will be required to realign their focus. In instances, a merger of 2 or more MDAs will be required to enable better coordination, improved service delivery and improved implementation of sectorial programmes.

Whether or not they stand alone or merged with another organisation, every ministry and agency will be required to strengthen their governance and management structures and reposition itself for effectiveness and efficiency.

This helpful guide has been prepared by the Bureau of Public Service Reforms for use by Ministries Departments and Agencies to guide the restructuring process. It is a helpful tool for restructuring systems, improving synergy between operating units and achieving effective governance. I am pleased to endorse it for use by government.

Mrs. Winifred Oyo-Ita, FCA

Ag. Head of Civil Service of the Federation

October 2015.

Acknowledgment

While it is common for government to merge and demerge Ministries, there is often little documented guidance about the process to follow and the principles that should guide that process. Once those that conducted particular processes of merger leave the service of the government, they tend to leave with the experience that they have gained from the process. Documented experience about merging agencies and parastatals is even more difficult to come by, given that the merger of agencies does not tend to happen as often as that of Ministries.

The aim of this guide is therefore to set out the guiding principles that should govern the merger and demerger of ministries, departments and agencies. We have taken special care to highlight areas where the process in ministries may differ from that of agencies and parastatals.

The guide is coming at a particularly opportune moment as the government has announced its intention to merge some ministries, abolish some, and reconfigure some others. The government has also made clear its intention to reduce the cost of governance by pursuing the restructuring and rationalisation of Federal Government agencies, parastatals and commissions.

I hope that the guiding principles in this document will help to inform decisions about mergers and demergers of ministries, departments and agencies.

Joe Abah, Ph.D.

Director-General

1.0 Introduction

This document contains preliminary guidance on how to merge and restructure Federal Ministries, Departments and Agencies in Nigeria. It is derived from the lessons learnt from merger and restructuring and acquisitions in the public, private and non-profit sectors, both in Nigeria and elsewhere.

BPSR provides the technical expertise required to ensure continued functionality of Federal Government agencies and has worked consistently within this mandate provide guidance for the effective and efficient governance of MDAs and parastatals. With the approval of the Federal Executive Council, the Bureau issued two key documents in 2007. They were 'Mandates of Ministries Departments and Agencies and Responsibilities of Honourable Ministers' and 'Organisation Structures of Federal Ministries Departments and Agencies'.

BPSR has recent experience of merging and restructuring public institutions following its role as the secretariat of the Committee for the Implementation of the White Paper on the Report of the Presidential Committee on Restructuring and Rationalization of Federal Government Parastatals, Commissions and Agencies also known as the "Oronsaye Committee Report". BPSR produced a reform guide on how to merge and wind down agencies and parastatals (May 2014). This guide has been used subsequently in merging and winding down a number of parastatals and is the point of departure for the preparation of this preliminary guidance on the merger and restructuring of ministries and Parastatals.

The actual considerations and requirements of merger and restructuring vary depending on: the specifics of the organisations involved; the motivations for a merger and restructuring; and the context in which it is carried out. This should be considered as a generic guide, albeit highlighting some issues and processes that are particularly relevant to the Nigerian context.

2.0 Rationale

There have been previous rounds of merging and restructuring of ministries, departments and agencies in Nigeria over the last 16 years. President Obasanjo considered cutting down to 19 ministries at one point, but later settled for 32. President Yar'Adua cut the number of ministries to 29. A streamlined number of ministries can help improve efficiency and cut the cost of government but it will not automatically do so unless other measures are taken to deliver reforms. Under President Jonathan's administration there were 32 MDAs.

The present Administration set out its initial views on current government policies in the party's Policy Dialogue. Under 'Governance and Improving Efficiency in Public Service', it set out its rationale for reforms as follows:

> "In the past few years, Nigeria's Government has failed to deliver high-quality public services to its citizens, and has been perceived as dysfunctional, inefficient, corrupt, lacking administrative capacity, and incapable of attracting the best and brightest people. The main drivers of these challenges are a lack of Government accountability, low efficiency in institution and implementation, and mismanagement of public finance. Moreover, due to dwindling Government revenues Nigeria's budgets are constrained in capital investment and social welfare spending while the cost of governance continues to rise.

> Identified short-term recommendations from the panel include changing mind-set from 'self-service' to 'public-service', taking immediate actions to improve public finance (including implementing zero-based budgeting), and improving governance accountability by investigating into strategic organizations and agencies, and establishing a fair and transparent sanction system. In the medium to long term, Identified priorities include implementing structural reform and creating a lean Government structure, developing and reviewing Government plan regularly, setting up robust performance management system, and establishing e-governance to drive efficiency."

One of the mid-term actions (3-18 months) set out was a restructuring across different Government organizations to create a lean federal Government structure, which included merging some ministries.

The Transition Committee to set the stage for the take-off of the administration upheld the case for a restructuring of ministries when it reportedly submitted that:

> "There is no direct relationship between the(high) number of ministries and efficacy of service delivery. The US with a population of 316 million and with GDP of $17,328 trillion (30 times Nigeria's GDP) has 15 ministries. India has 24 ministries, while the UK has 17.

> "The current structure of the FGN with 28 ministries and 542 agencies [results in] very high cost of governance. Consequently, the portfolios of ministries are not responsive to all the major critical national challenges such as family and child affairs; religious affairs; vulnerable and elderly group affairs as well as the North-eastern crisis.

> "The Transition Committee agreed that there is an apparent conflict between the desire of reducing the cost of governance through cabinet downsize and the constitutional requirement of a cabinet-level ministerial appointment from each of the 36 states of the federation."[1] This conflict needs to be resolved inany restructuring effort.

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[1] Source: *The Cable*, June 19, 2015. Retrieved from https://www.thecable.ng/exclusive-joda-committee-asks-buhari-appoint-19-senior-ministers

There are a number of benefits that the Government may obtain through rationalisation and merger and restructuring of its ministries:

- A more focused structure of Government, which will facilitate policy-making and service delivery. It will become clearer which ministry is responsible for implementation of a particular policy area. This also enhances accountability;
- Ministries are given a coherent set of functions, which are clearly linked to the core priorities. Coherence and co-ordination of a core sector within one ministry enables it to be more effective in the delivery of services;
- Rationalisation can result in reductions in staff numbers through elimination of overlapping and duplicated functions;
- If ministries are merged, duplicate headquarters and support functions can be eliminated.

3.0 Institutional Arrangements for Merging and Restructuring Ministries, Departments and Agencies

The process for supervising the merger and restructuring of ministries should ideally be led by a reform committee structure under the technical leadership of the Bureau of Public Service Reforms. The Office of the Head of the Civil Service of the Federation (OHCSF) normally has responsibility for sorting out the functional responsibilities of the newly merged ministries once the political decision has been taken to merge ministries. The OHCSF will also take responsibility for the posting of staff that are affected by the merger and restructuring.

BPSR has set out the following guiding principles and institutional framework for managing mergers and restructuring in MDAs. Section 1 deals with mergers and restructuring of Ministries and Departments, while section 2 deals with agencies and parastatals.

The governance framework for implementing and managing the merger and restructuring of MDAs is illustrated in the diagram below:

1. Federal Executive Council
2. Steering Committee on Reforms
3. Technical Committee on Merger and Restructuring supported by BPSR
4. Merger and Restructuring Committee in each MDAs headed by the Permanent Secretary/ Agency CEO, with the Director of Reform Coordination and Service Improvement as Secretary.

Figure 1: Governance Framework
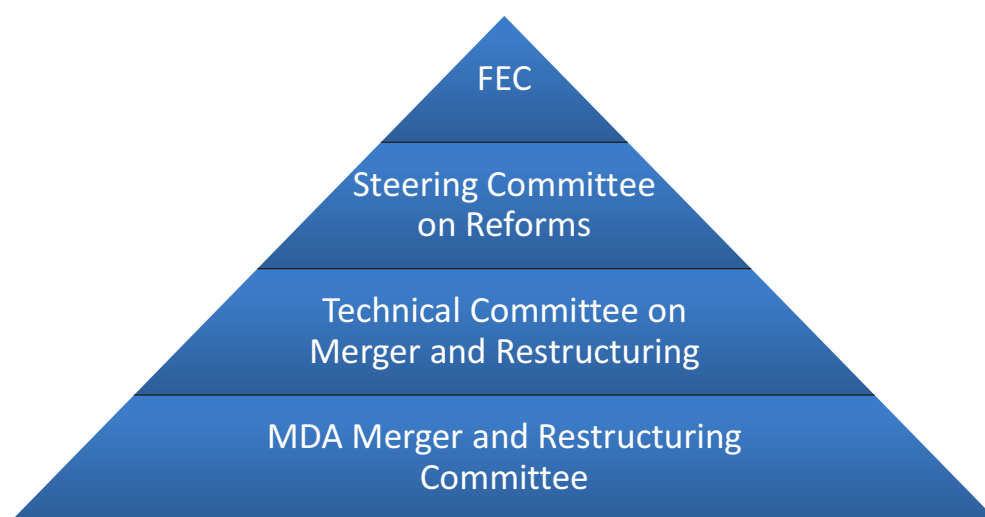
4.0 Merger and Restructuring Process

Merger and restructuring are complex, large-scale change management events. Merger and restructuring take place for various reasons. Public sector merger and restructuring are different from those in the private sector, and are usually mandated by very senior decision makers (executive or official). They tend to be motivated by a desire to increase efficiency[2], share resources and align operations to provide better service delivery and value for money. Irrespective of whether a merger and restructuring is in the private or public sector, the merger and restructuring process is generally considered to require three phases, namely pre-implementation, implementation and post implementation, as illustrated in Figure 2 below.

Figure 2: Merger Process
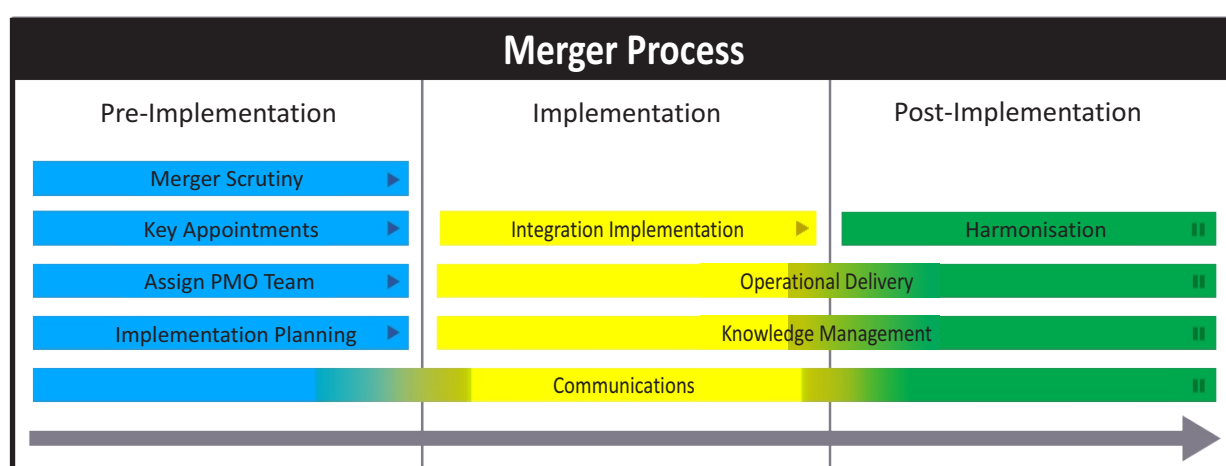
Each phase has key components (illustrated in Figure 2) that must be addressed. To improve the chances of a successful merger and restructuring, it is important to note that some components go beyond a single phase; effective communication, for example, is a requirement throughout the project.

The following section focuses on the Pre-implementation stage for two reasons. Firstly, it is the most important stage for reflecting policy priorities, reducing cost of governance and ensuring that merger and restructuring actions enhance the effectiveness of service delivery. Secondly, decisions taken in the pre-implementation stage will impact substantially on the direction taken during the implementation and post-implementation phases.

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[2] *Making Public Sector Merger and restructuring Work: Lessons Learned,* Peter Frumkin, 2003

5.0 Pre-Implementation Stage

Prior to any merger and restructuring activities taking place, the process must be adequately planned. The following section highlights the initial activities required to arrive at an implementation plan starting from the first high level considerations at the political level through to the main stages in the operational planning that will need to be done by each new/merged ministry.

Below, a high level work plan diagram of the implementation stage provides and an overview of the phase.

Figure 3: Merger Process

Figure 3: Merger Process
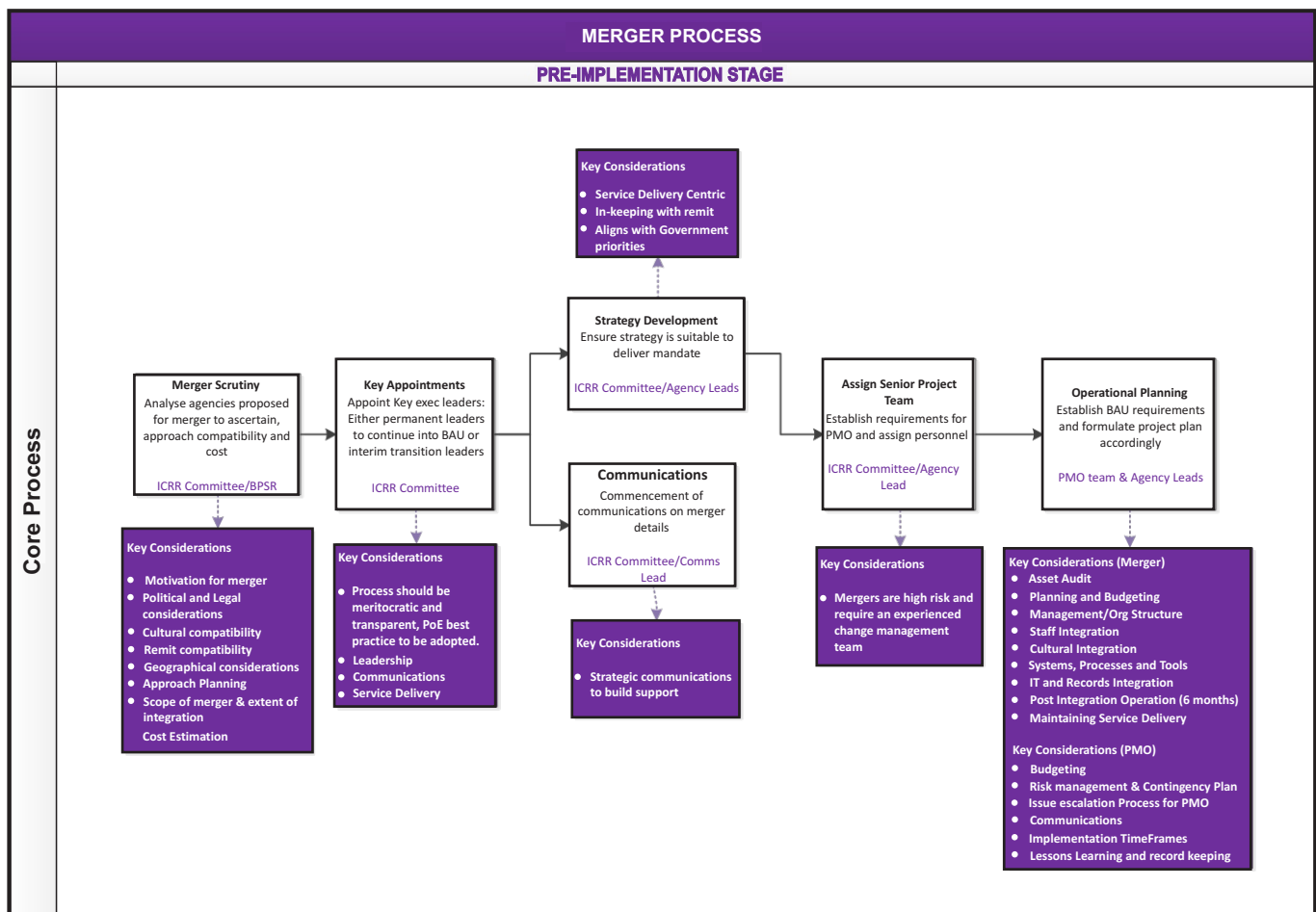
5.1   Merger and Restructuring Scrutiny

Before any mergers or restructuring takes place, it is important to scrutinise the plans to ensure that they have a chance of adding value in the future.

5.2   Motivations for Merger and Restructuring

It is important that the motivations for the merger and restructuring of any ministry are properly established, as this will influence the implementation planning and approach. Examples of possible motivations include:

- cost savings;
- improved service delivery,
- productivity,
- good governance,
- transparency,
- accountability, and
- mandate alignment or change.

5.3   Socio-Political and Legal Considerations

The decision about the number and mandate of ministries is a political one. It lies wholly within the powers of the President. However, there remain wider issues to be considered. Although, the number and mandate of ministries are not set out in the Constitution, or any legislation, there may still be legal considerations. It is important for each merged ministry to undertake a review of any legal ramifications which the merger and restructuring could have, and whether legislative action is required. Some key points to be considered are: the possible retraction of, or amendments to, old legislation (especially in cases of agencies and parastatals); the requirement for the drafting of new legislation and seeking approval for this; the impact on any international treaties or standards which the changes may require; and, any impact on existing contracts or commitments.

5.4   Policy and Strategy Development

The redefinition of the core functions and policy priorities of the Government is the first and critical component in the process of rationalising ministries. A high level political consultation is needed to agree both the core functions of the Government and its current policy priorities. This forms the starting point for all of the following elements, in particular informing decisions relating to:

- the structure of Government, including the number of ministries and their mandates;
- the policy priorities of individual ministries and the core functions they should be carrying out;
- abolition of any functions which do not directly contribute to the achievement of a core function or policy priority;
- streamlining of functions which may add more value; and
- re-allocation of resources within a ministry to reflect key priorities.

Once core functions and policy priorities have been agreed, the next step will be to review the structure of Government, with a focus on rationalising the mandates of ministries, and ensuring that their portfolios are coherent. Much of the inefficiency and ineffectiveness caused by overlap and duplication of functions can be addressed through such a review. This exercise will:

- review functions of existing ministries in the light of agreed core functions and policy priorities, and to make decisions about allocation of functions which will ensure that each ministry both fulfils a core function and makes a direct contribution to delivery of an area of policy priority;
- identify significant areas of overlap and duplication between ministries and make recommendations for transfer of functions to eliminate all areas of overlap and duplication;
- identify functions which do not contribute to delivery of core functions and policy priorities which should be abolished; and
- prepare recommendations on an appropriate set of ministries which reflect the core functions and policy priorities and which will enable the Government to take immediate actions to merge ministries, rationalise the scope of its activities and improve its delivery of key services.

5.5   Alignment with Government Priorities

Literature on public sector merger and restructuring suggests it is important to make sure that merged organisations will deliver against wider government priorities. The merger and restructuring presents an opportune time to re-visit the policy and strategy of the existing organisations and the future merged body, to assess how it can contribute to the new policy directive for a more streamlined, cost effective public administration.

5.6   Revisions of Any Functions and Structures

Following revisions to mandates, functions and structures in the newly emerging ministries need to be reconfigured. The rule here is that structure should follow function, so the first step is to set out the key functions and sub-functions required in the newly merged organisations. Functional review is carried out to determine which functions overlap or duplicate with other functions; where gaps in functions are found (due to emerging policy priorities). Where functions could be devolved to other parts of government (such as parastatals) or the private sector, a functional realignment should be done.

The structure of the newly merged ministries will, most likely, be larger than either of the two or more original ministries. It will be important to revisit span of control across departments and divisions, and to establish reporting structures, identifying where certain strategic departments or special units need to report directly to senior management.

Past experience has shown that it may sometimes be inappropriate to constrain ministries to a given number of departments. Conversely, there has also been a proliferation of departments in the recent past. Ideally, a ministry should not have more than ten (10) departments with technical departments being more in number than service departments. While that of agencies and parastatals will be guided by their establishment act. The law establishing the merged agency or parastatal will set out the structure and numbers of departments with the approval of the OHCSF.

Certain special units - Internal Audit, Legal, Information, Protocol and ICT - which exist in each of the original ministries will need to be merged. A number of Reform Units created as a result of previous reforms to improve accountability and transparency will also be merged.

5.7   Systems, Processes and Tools

Merging organisations may require the redesign of the systems, processes and tools used by one or both parts of the merged organisations. Redesign should be undertaken to ensure that they are suitable effective and efficient for delivering the strategic aims of the organisation. While some technical skills, systems, processes and tools are likely to remain specialised and focused on core aspects of the mandate of the new organisation, it is likely that many generalist transferable functions can - and should - be standardized, for example, Human Resources processes, systems and tools. This can be done in a number of ways: by having the smaller of the organisations adopt the practices of the lead organisation; by adopting a 'best practice' approach looking at the processes one by one to decide which one to select; or through a complete redesign. Reporting processes and tools should be uniform across the organisation in order to ensure quality, timeliness and uniformity of essential information to feed into Management Information Systems – but this requires that there are Management Information Systems already established and of sufficient quality. Many changes are likely to be required to systems and processes, and these need to be developed or introduced by the Technical Committee in collaboration with the organisation's standing or proposed management team. Proposals for new systems need to be supplemented by planning for the provision of training to staff in the new processes.

6.0   Pre-Implementation Stage

6.1   Scope of Merger and restructuring and the Extent of Integration

The size of the organisations involved must be considered, as some merger and restructuring will be significantly bigger and require greater resources to support implementation than others. In addition, the extent of integration required from the merger and restructuring must also be considered. In some cases, there may be considerable change required to internal structures and processes. Investment of resources may be required to maintain service delivery during the merger and restructuring implementation period. While in others, the decision has already been taken regarding which ministry should merge into the other; in other cases, the decision will need to be taken as to the optimal merger and restructuring model.

For agencies and parastatals, an early activity will be to undertake a detailed assessment of the organisations' current remits, and the current methods of delivery adopted by the organisations for their main areas of responsibility. Are organisations working as implementing, advisory, supervisory, coordinating or regulatory bodies? And will this be complementary once the organisations are merged, or will the high level mandates require adjustments, due to conflict of interest?

6.2   Accommodation and Geographic Considerations

Merging two or more ministries in one town prompts questions over the physical accommodation requirements for the newly merged ministries. All affected staff could be re-located into one ministry building, but it is likely that this would result in severely cramped working conditions which would affect productivity. If ministerial buildings are held under a lengthy lease or rental contract, there may be limited cost savings if the building is vacated, and it may be sensible to maintain all the original ministerial sites. However, this could result in inefficiencies including under-utilised buildings and time wasted in liaising between departments due to certain functions being located at distances to each other on different sites. A new building can be constructed or an extension made to the main ministry building selected for the merger and restructuring, but both of these options require considerable costs – architectural designs and construction costs.

The question of accommodation is made more complex in a situation where there are multiple proposed merger and restructuring and transfers at the same time. The potential complexity, and the need to ensure that an optimal configuration of locations and offices are identified for each merged ministry suggest that a specific planning team needs to take oversight of this issue. It may be necessary to revisit the current location of ministries.

For agencies and parastatals, the personnel, assets and indeed key service users of the organisation may be in different geographic locations. Furthermore, these locations may not easily be changed.   An assessment needs to be undertaken of these different aspects of geographic location: how could this influence the merger and restructuring process and how could the desire to co-locate the merged organisation to improve operations be impacted by logistical considerations? For instance, some of the parastatals recommended for merger and restructuring are located a long distance apart. Merging the two existing bodies into one parastatal often implies bringing them together under one roof. But this could result in staff not wishing to be relocated and seeking redundancy instead. The alternative remaining as a multi campus body   provides no efficiency gain, which is an issue if such gains are part

of the objectives for the merger and restructuring.

6.3   Timing

There may be constraints relating to timing that can influence when the implementation is undertaken. Examples include: a predictably busy operational period for one or more of the organisations involved in the merger and restructuring; one off issues such as legal cases relating to one or more of the organisations, or state or national elections.

6.4   Cost Estimation

Finally, but importantly at this stage of the pre-implementation phase, each merger and restructuring must beappropriately costed. Merger and restructuring can be expensive, as there are many cost implications including those mentioned above under 'Accommodation Considerations' to be considered before it can beestablish ed that the merger and restructuring will contribute to reducing the cost to government. A full cost benefit analysis is recommended for each merger and restructuring taking into account the specifics of the organisations involved.

6.5   Approach to Planning

Once the institutional structure for merger and restructuring is in place, planning the exercise will involve a consideration of the following:

- Broad objectives of government
- Vision and mandate of the ministries and departments
- Functions
- Structures
- Human resources
- Accommodation
- Equipment and materials
- Budget

6.6   Consultation

Good practice on merger and restructuring highlight how essential it is to ensure that the merger and restructuring is inclusive and transparent from the start of planning through to the post-implementation period, and that stakeholders (including staff) should be engaged from an early stage. It may be prudent to perform stakeholder analysis early in order to identify: proponents and opponents of change as well as those stakeholders who are currently neutral; the influences these stakeholders have to advance or disrupt the process; and, how to best garner support for the merger and restructuring It may be especially important to consult with unions to try to prevent dissent and disruptions.

7.0 Handling Changes in Management and Human Resources

Inevitably, the process of merger and restructuring will result in the likelihood of excess staff or surplus staff if not well managed. Where key operational functions are transferred, which relate to key ministry mandates, it is likely that the entire staff (including Directors) will transfer into the merged ministry with no difficulties. However, there may be functions that need to be merged, to eliminate overlap and duplication. There are likely to be duplication of personnel as well as of function, and in order to realise the reduction in costs of governance, it would be necessary to redeploy affected personnel to other areas of need, after proper skill assessment and re-training.

7.1 Leadership

The leadership structure for the merged body is important. It is equally important to determine the leadership personnel early in the process. Some of the larger ministries may have more than one minister. Where this is the case, it is important to clearly set out the roles of each minister or minister of state. The permanent secretary of the ministry will lead the implementation of the restructuring and reform drawing on support from BPSR where necessary.

7.2 Management Structure

One of the most important – and potentially controversial activities, is to identify the overall organisational structure of the merged ministry, which will also dictate the number of Departments and the number of Directors. Merging organisations inevitably requires some restructuring of the management team. Even if there is limited overlap of operational functions, there will be overlap or duplication in back-office/support functions and at the top management level. The design of the new organisation structures and the top management structures is a critical aspect of the pre implementation process and needs to be undertaken to ensure that the new structure can effectively and efficiently deliver the strategic aims of the newly merged ministry. When merging the management teams and reviewing the organisational structure, it is important to make sure that: there are no duplications of roles; a clear hierarchy is in place that does not produce overlapping spheres of influence; and the structure is streamlined to be as efficient as possible. It is important that the structure of the new Ministry properly handles the mandate given to the new Ministry. The management structure for each merged ministry needs to be developed at an early stage in collaboration with the PS and other members of the ministry top management team.

7.3 Reductions in Central Administrative Staff

The merger and restructuring of ministries will result in a reduction in staff in central administration functions. These will include function such as Administration, Accounts, General Services, Human Resources', Policy Analysis, Information Management, Internal Audit, Legal, Protocol, ICT, Procurement, Strategic Planning, Monitoring and Evaluation of projects and programmes, Quality Assurance, Service Delivery and Reform Coordination. This reduction in staff numbers will be one of the most sensitive aspects of the merger and restructuring process that needs to be dealt with carefully. Unions will need to be consulted in decisions on how to address this. Details of this would be contained in the Implementation Guideline.

7.4 Process

The posting of individuals to the posts in the merged ministry will be coordinated by OHCSF. Good policy practice indicates that a transparent, structured and accountable approach needs to be set out by OHCSF including:

- Development of a staff transition policy to guide the transiting of civil servants between the old and new structures;
- Mapping of posts between the old and new structures to identify how each post in the old structure will be affected – and therefore how existing staff will be affected;
- Developing a transparent staffing transition plan to guide the posting of staff including the steps to be taken and scheduling of implementation.
- Evolve a process of job evaluation, manning level determination, identify skills analysis in developing staff transiting plan.

Approaches to managing possible redundancy will includeinc entives to those who have 1 to 2 years of retirement for all civil servants in the affected Ministry, who might be asked to retire from Service. It will also include capacity building, retraining and deployment process. Although these two approaches cause much less stress and conflict in the civil service, clearly, they will result in posts becoming vacant that remain necessary to the new merged ministry. As a result, it may be necessary to post staff from other ministries to fill the vacancies. The approach to posting should be transparent and merit driven.

8.0 Operational Planning: Role and Functions the Technical Committee on Merger and Restructuring (TCMR)

Operational planning for the merger and restructuring is the responsibility of the TCMR, who will develop a tailored approach to the merger and restructuring process given the context. As a minimum requirement, management of the aspects of the merger and restructuring listed below should be planned before the implementation can take place:

8.1 Strategic Communication

Actively setting in place a communications strategy can reduce the risk of rumour and misinformation causing resistance and concern amongst stakeholders. Where conscious and deliberate communications planning is done, implementation teams stand a better chance of getting the appropriate messages to the right groups at the right time[3]. It is important to identify a communication lead early to develop and implement a communication strategy, and ensure consultation with staff and trade unions. This should reduce anxiety about the merger.

Communications should also include regular updates for the Steering Committee on Reform and Federal Executive Council.

8.2 Assets and Liabilities

Some of the assets such as landed property in Nigeria and overseas could have significant value. In dealing with the assets of the merged entities, the following are necessary:

- Inventory of all assets.
- Assets valuation
- Needs assessment
- assets re-allocation
- assets disposal
- accounting for disposal proceeds

Similarly, the merged entities could have significant liabilities. In dealing with the liabilities the following are important:

- Ascertain liabilities
- Verification of liabilities
- Plan for settling liabilities
- Settling of liabilities.

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[3] *Whose Right of Way? What the NHS can do to ensure organisational integration after merger and restructuring*, Atos Consulting, 2006

8.3   Planning and Budgeting

As soon as the ministry has merged, it needs to articulate its strategy. Once that has been finalised, operational and financial plans must be made outlining how to deliver the merged ministry's mandate. These plans should be developed by the ministry's standing or proposed senior management team. The plans should be designed using a SMARTER[4] framework, to ensure that they are fit for purpose. Operational plans and the budget for the new ministry are closely linked. Resources need to be allocated so that subsequent operational activities and merger and restructuring decisions reflect the resources available.

The senior management team should perform a risk analysis and set in place plans to mitigate potential risks identified.

Clear issues escalation processes should be put in place with responsibilities for decision making assigned to key members of the PM office and to the executive team where applicable.

The timing of the merger and restructuring should be established in accordance with the directions and deadlines set by the executive team.

8.4   Staff Integration

Integration of organisations can potentially provide significant savings created through economies of scale. As mentioned above, there may be considerable scope for integrating both generalist functions and special and reform units. Once the OHCSF has made decisions about what will happen to staff, it is then the responsibility of the senior management team to plan for the integration, including communication of proposed change to stakeholders, providing a consultation process with representatives, and any contractual alterations/termination that may be required and costing for the changes.

8.5   Cultural Compatibility and Integration

Cultural compatibility between the organisations to be merged may be a consideration. However, this issue is often overlooked; sometimes leading to failure, staff attrition and disappointing results. Prior to the merger and restructuring it is recommended to review the cultures of the organisations in question. One possible tool utilised to standardise this appraisal is an Occupational Health Index assessment, which would result in recommendations for each ministry senior management team to address.[5]

Cultural integration is a difficult but an important aspect of the merger and restructuring process. An approach to minimise disruption and loss whilst integrating the organisations can be devised. The Occupational Health Index assessment carried out earlier during the initial merger and restructuring scrutiny will identify possible areas of risk with regards to cultural differences and integration. This can be used as a basis for the formulation of specific mitigation plans to minimise anticipated problems relating to cultural integration, in an attempt to smooth the process and reduce potential staff turnover, moral degradation and productivity loss.

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[4] Specific, Measurable, Achievable, Relevant, Time-bound, Evaluated and Reviewed
[5] Perspectives on Merger and restructuring Integration, McKinsey and Co., 2010

8.6   IT and Records Integration

When merging organisations thein compatibility of IT systems can cause significant delays to achieving an effective merger and restructuring.[6] Although, there is much commonality across the ministries, individual ministries also have peculiar operational systems, which may not be readily compatible. Compatible IT systems are necessary to support performance management, PS and top management. Depending on the software and hardware in use by the ministries and departments involved, various issues may be encountered, from the incompatibility of hardware with the wider IT infrastructure to issues with software such as version compatibility differences or specific organisational email platforms. The senior management team needs to carry out an IT systems review to understand what will be required for the new organisation, in order to assess the scope (and cost) of any changes required in providing an IT system that is functional and assists with service delivery. In addition, the integration of both organisations' records must also be planned, as there is potential to lose valuable information during the merger and restructuring process. It is important to categorise different types of records according to their importance, and create back-up versions prior to the transfer in case of issues. Where records are kept physically, safe storage and transportation must be arranged.

8.7   Service Delivery Lead

The process of a merger and restructuring has the potential to be significantly disruptive to service delivery. Given that most of these public bodies are providing essential services to citizens, additional support and focus[7] may be required if operational effectiveness is to be maintained during the merger and restructuring process. Specific allocations of responsibility for ensuring service delivery need to be made and service levels and targets base-lined - then these targeted levels need to be maintained throughout the process. This may help to protect the organisation against failure and reputational damage.

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[6] *Briefing: Merger and restructuring in the Public Sector*, Scott-Moncreiff, 2012

[7] *Keeping Customers First in Merger and restructuring Integration*, Bain and Company, 2011

9.0 Post Implementation Operations

A joint plan for operations post-merger and restructuring should also be developed by the senior management team with the ministry's management team. This should ensure synergy between some of the key considerations above, namely: the strategy; the plan and budget; the organisation structure; and the systems, processes and tools which, combined, should produce an effective organisation. Good practice suggests that failure to plan for operational delivery six months post-merger and restructuring can lead to a failure to deliver on the expected benefits[8].

It is necessary to conduct periodic evaluation of implementation to ensure that objectives for the merger and restructuring align with the results emerging from implementation. This will help government to re-focus its strategy as necessary and also serve as lessons learnt for future decisions.
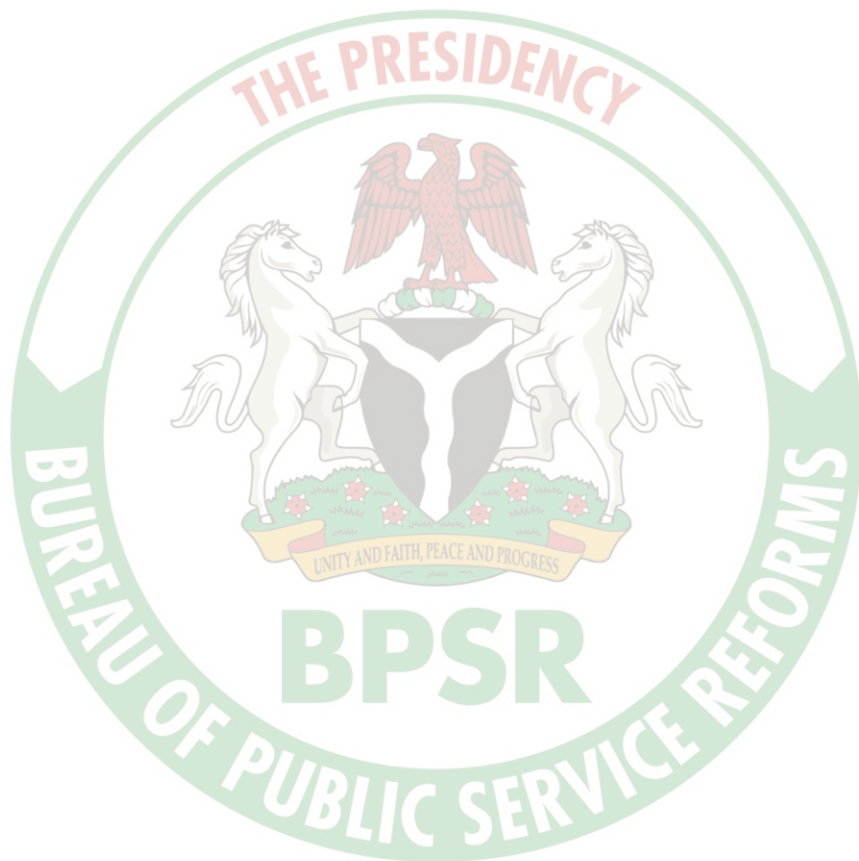
The senior management team should have resources identified for the merger and restructuring planning and implementation. Additional assets may also be required, such as computers or transport.
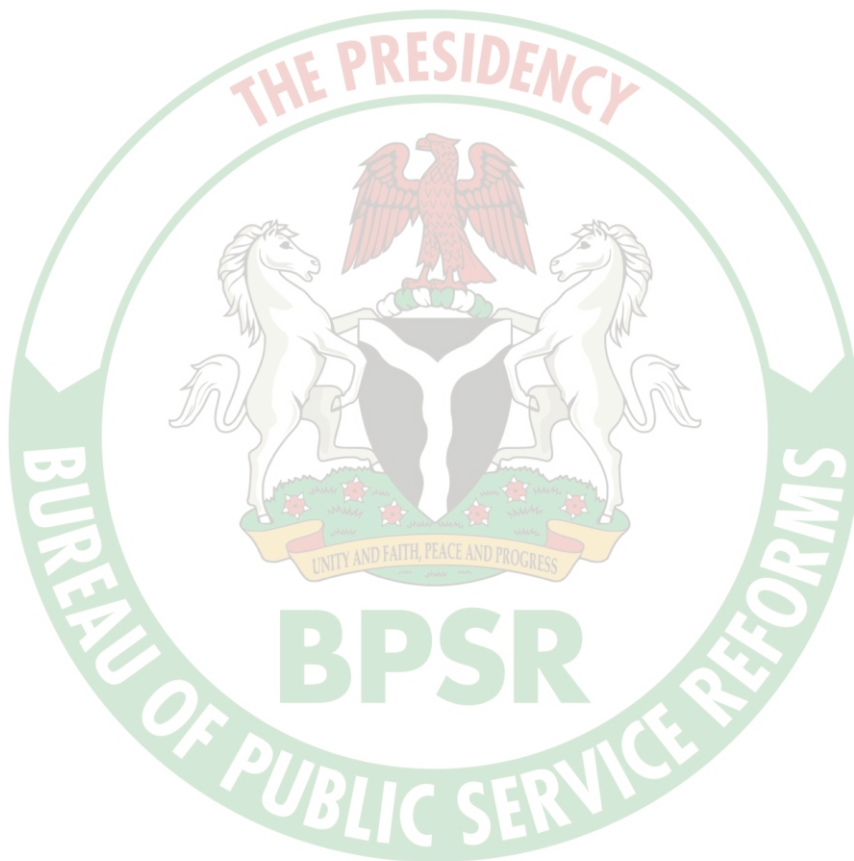
9.1   Knowledge Management

Documentation of the merger and restructuring should be encouraged in order to inform final reporting and develop a 'lessons learned' resource for future merger andrestructuring in the Nigeria public sector.

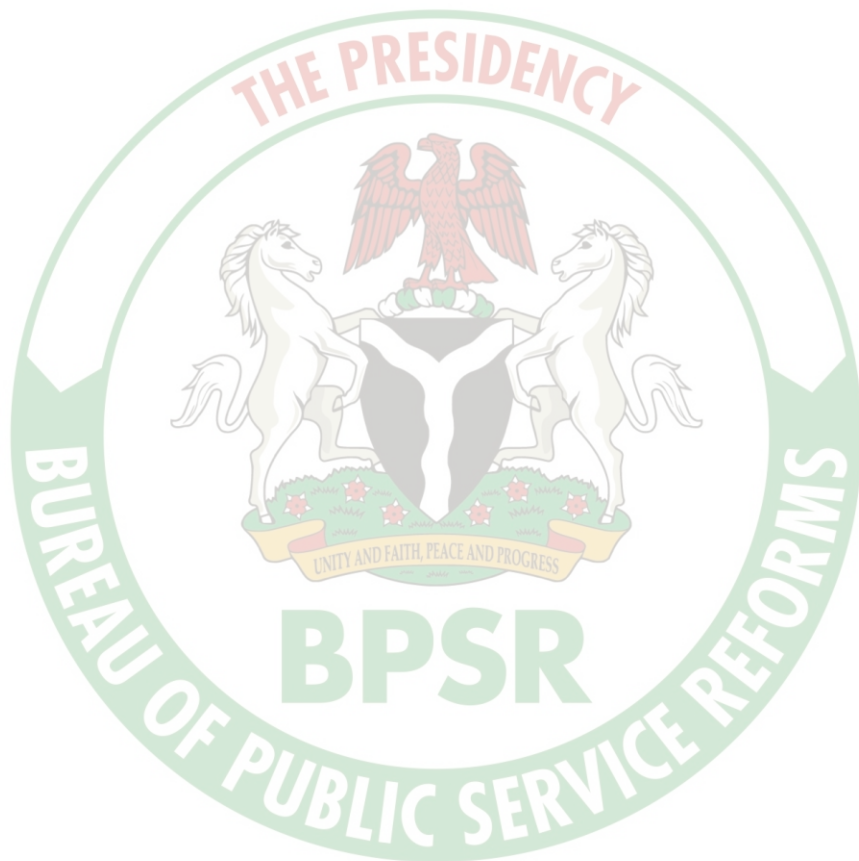[8]*Learning the Lessons of Public Body Merger and restructuring*, Audit Scotland, 2012

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