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Privatization and ‘Agentification’ of Public Services Delivery in Africa: Extent and Managerial Leadership Implications in Tanzania¹

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Abstract

The paper dwells on the very current and topical issue of changing patterns and practices of public service delivery in Africa. The author offers a critical analysis and discussion on the extent to which public service delivery is being undertaken by the private sector (privatization) and executive agencies (‘agentification’) in Tanzania and the related managerial leadership implications. The article evidences the fact that over the last decade, Tanzania has taken many and far-reaching bold steps to reform its public sector and improve the performance of civil servants. Among the notable reforms is the participation of the private sector and executive agencies in the delivery of non-core public services through the private sector participation (PSP) initiative. The paper also shows that the privatization and ‘agentification’ of the public service delivery in Tanzania has a number of managerial leadership implications on the part of the public sector, the private sector and the executive agencies involved. Finally, the paper demonstrates that good managerial leadership, in the institutions involved in service delivery, is crucial if the objectives of privatization and ‘agentification’ of public service delivery are to be achieved.

Key words: Privatization, agentification, public services delivery, implication, Tanzania.

Résumé

Cet article met l’accent sur la très actuelle question de l’évolution des modes et des pratiques de la fourniture de services publics en Afrique. L’auteur propose une analyse critique et un examen de l’ampleur avec laquelle la fourniture de services publics est en train d’être entreprise par le secteur privé (privatisation)

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et les agences exécutives (agentification) en Tanzanie, ainsi que les implications connexes pour le leadership en matière de gestion. Il a été découvert dans l'étude que durant la dernière décennie, la Tanzanie a pris de nombreuses mesures de grande envergure et audacieuses pour réformer son secteur public et améliorer la performance des fonctionnaires. Parmi les réformes notables, figure la participation du secteur privé et des agences exécutives dans la fourniture de services non essentiels à travers l'initiative de la participation du secteur privé (PSP). Il est également démontré, à travers cette étude que la privatisation et l'«agentification» de la fourniture de services publics en Tanzanie a un certain nombre d'implications pour le leadership en matière de gestion dans le secteur public, le secteur privé et les agences exécutives concernées.

Finalement, l'étude propose une bonne gestion des institutions impliquées dans la fourniture de services comme étant un élément essentiel pour l'atteinte des objectifs de la «privatisation» et de l'«agentification» de la fourniture de services.

Mots clés: Privatisation, agentification, fourniture de services publics, implication, Tanzanie.

Introduction

Public services delivery has been one of the key functions of the public sector. Traditionally and until in the recent past – the mid-1980s and early 1990s in most parts of Africa – the sector has been directly involved in delivering both core and none-core public services. This has mainly been the case for the countries with a socialist political and economic orientation, like Tanzania. Services such as education, health, water, sanitation, revenue collection, and indeed all other public services, were mainly in the public sector domain until the mid-1980s and early 1990s. From the mid-1980s there has been a strong current of reforms from public to private sector and market-oriented management of most economies. Tanzania, like many other countries, has subscribed to the reforms in virtually all spheres, including in the public sector.

The country started undertaking major and far-reaching reforms in the management of its economy in the mid-1980s, and the process is ongoing. Among the reform candidates is the public sector in general and public sector services delivery in particular. Among the major reforms in public sector services delivery in Tanzania are private sector participation (privatization) and formation of executive agencies (agentification) to undertake none-core public services delivery. The author documents the extent of privatization and agentification in Tanzania. Based on relevant economic theories and practical reality on the ground, he further offers analysis and discussion of the possible implications of the observed privatization and agentification practices in the country.

Methodology

The paper is mainly based on a review of literature and the analysis of secondary data. The author's experiential knowledge on local context and situation on the ground in Tanzania is also used to inform the study.

Public and Private Sector Service Delivery

Pass et al. (2000:440) correctly argue that the public sector, also known as the government sector (as opposed to the private sector), is the part of the economy that is concerned with transactions of the government. It is through various forms of public finance, mainly via taxation, that the public sector finances government transactions. For most developing countries, however, public finance through taxation is inadequate. The deficit is normally bridged by public borrowing and aid from the donor community.

The sustainability, efficiency and effectiveness of public sector services delivery is among current and topical subjects of debate and discussion. The current conventional wisdom and thinking favours private sector participation (PSP) in the delivery of public services. Perspectives in the literature include those of privatization of public services (Lerner and Miranda 1995); public sector contracting (Domberger and Jensen 1997); public choice versus radical approaches (Dunleavy 1986); change in public service delivery (Torres and Pinna, 2002); and privatization of public social services (Nightingale and Pindus 1997). The basic argument in the above-cited works is the recognition of the relative superiority of the private sector to the public sector in services delivery. These views are well captured and summarized in the paragraph below.

According to Ngowi (2005, 2006), private sector-led economic growth and development – as opposed to the public sector – is generally more efficient (both productive and allocative efficiencies) and effective. The sector is more dynamic, resilient, creative, innovative and vibrant than the public one. However, this sector is purely profit-oriented as it embraces the concept of free interplay of the market forces of supply and demand in the production and distribution of goods and services. There is likelihood, therefore, for some market failures to occur in the production and/or distribution of some goods and services. These services will not be available and/or accessible to the poor who cannot pay their market price.

To reduce the possibilities and intensities of market failure, there is a need to forge and promote strong, efficient, effective, sustainable, dynamic and vibrant Public–Private Partnerships (PPPs). PPP concerns collaboration between public and private sector organizations in public services delivery (for details, see Nkya 2000; Buse and Walt 2002; Commonwealth 2003; Sohail 2003). PPPs are likely to make it possible for the private sector to produce and deliver goods and services hitherto produced and delivered by

the public sector. The essence and objectives of PSP should be better services delivery. Following PSP, one would expect an increase in both the quantity and quality of services that are delivered.

Privatization of Public Services Delivery

Privatization is the denationalization of an industry, transferring it from public to private ownership. The extent of state ownership depends on political ideology. In centrally planned economies there would be more nationalization while in private enterprise economies there would be little or no nationalization at all. Under privatization free enterprise is privileged over state control. Firms are more likely to allocate resources more efficiently and effectively than in a bureaucratic monopoly (pass et al. 2000:220).

Privatization of Public Services Delivery in Tanzania

Privatization of public services delivery in Tanzania should be looked at in the context of government's Public Service Reform Programme (PSRP). According to URT (2003), the PSRP has been designed in pursuit of the vision, mission, core values and guiding principles that have been promulgated in the new Public Service Management and Employment Policy.

The overall purpose of the programme is to support the attainment of a high rate of economic growth and to ensure that delivery of high-quality services within priority sectors conforms to public expectations of value for money, satisfaction and relevance. The target date set is the end of 2011.

The transformation of the public service is a long-term process. It includes but is not limited to structural and process changes in the operations of public services organizations, and the cultural reorientation of public servants as well as the public. Public servants are expected to adopt a mind-set of serving with efficiency, effectiveness and the highest standard of courtesy and integrity. The public, on the other hand, is expected to demand due rights and services from the public servants.

Extent and Implications of Privatization of Public Services Delivery in Tanzania

In what follows, a documentation of the extent of privatization of public service delivery in Tanzania is made. It is to be noted that the purpose here is not to assess the performance of the privatization process. The purpose is to document the services, hitherto delivered by the public sector, that have been privatized.

The privatization of public services delivery should be seen in the context of Private Sector Participation (PSP). According to URT (2003), PSP is an initiative, under the PSRP, to involve private sector companies in the delivery of non-core public services in ministries, departments, agencies (MDAs)

and other government institutions. The service delivery is by way of service contracts of a long-term nature (duration of more than one year).

Table 1 presents the various public services available for privatization.

Table 1: Public services available for privatization in Tanzania

S/n	Service category	Specific services	Number of specific services
1	Estate and building services	Gardening & landscaping Building maintenance Engineering services Security, reception & cleaning	4
2	Office services	Information technology Typing/word processing Messenger & courier services Travel & transport Conferences	5
3	Executive and clerical services	Fees/licences processing Counter operations Payroll Grants administration	4
4	Professional services	Accounting & audit	
4		Training & research Treasury & fund management	
Total	4	17	

Source: Adapted by the author from URT (2003).

It is seen from the table that a total of four broad public sector services categories and 17 specific categories may be delivered by the private sector. In practice, the private sector has started delivering some of these services in public institutions. The institutions include MDAs and other public institutions. Empirical findings on PSP in delivering public services in randomly selected Tanzania local government authorities (LGAs) are presented in Table 2.

The extent of PSPs in delivering public services in LGAs is generally widespread in Tanzania. The cases provided above are for seven LGAs only, and constitute a small fraction (5.7 per cent) of the 123 LGAs in Tanzania. The author's experiential knowledge suggests that almost all the LGAs in Tanzania and other public institutions are involving the private sector in delivering services in the same way as those documented for the randomly chosen LGAs above. The extent of privatization of public services delivery in Tanzania, therefore, is considerable.

**Table 2: Public Services Delivered by the Private Sector
in Selected LGAs in Tanzania, 2005/2006**

S/n	LGA	Type of Service	Areas Concerned
1	Arusha Municipal Council	Revenue collection at markets	Main market; Kilombero wholesale market; ^a Sanawari market; Soko Mjinga; Mapunda market; Kijenge market; Mbauda market
		Revenue collection at bus stands/stops	Stand for big buses; stand for small buses; taxi and pick-ups parking areas; other car parks
		Solid waste collection and disposal	Sombetini Ward; Sokini Ward; Daraja II Ward; Unga Ltd Ward; Kati Ward; Themis Ward; Kaloleni Ward; Engutoto Ward; Olorien Ward; Lemara Ward; Ngarenaro Ward
		Operation of public pay toilets	Main market; Jogoo House; main bus stand; Kaskazini toilet; Kusini toilet; Kilombero market; Kijenge roundabout toilet
2	Bariadi Council	Procurement services	Construction equipment; office supplies; fixtures and furniture; spare parts; garage services; food for council hospital and health centres
3	Kigoma Council	Procurement services	Car spare parts; printing; construction materials; car repairs and services; food supply for Nguruka, Bitale, Buhingu and Mwangongo health colleges; food and charcoal/wood supply for hospital and health centres; repair and selling of computers, faxes, printers and photocopiers; 64 different types of medicines and equipment for hospital and health centres
		Revenue collection	In 66 council markets including Simbo, Nyamoli, Kasuku, Msimba, Mgaraganza, Kagango, Kigalye, Mkabogo, Kizenga, Nyamhoza, Nkungwe and Nguruka
4	Njombe Council	Revenue collection	Njombe town bus stand; Makambako bus stand; Uwemba gate; Idundilanga gate; Ramadhani gate; Kidegembye gate; Idofi

			gate; Mjimwema gate; Lyamkena gate; Njombe town market; Makambako market; Makambako tomato market; TAZARA ^b area logs and crop cess
		Leasing of council property	Njombe stand and market toilets operation; main Makambako market toilet; Hazina House renting/leasing; Njombe town local brew; Njombe town butcher; Chauginge butcher; stalls in the main market in town; council canteen building; tables in Njombe town market
		Procurement	Cleaning Njombe town; cleaning Makambako town; food supply to council offices; food supply to hospital and health centres; repair and maintenance of various machines and equipment; printing
		Operation of council investments	Radio and television stations in Njombe and Makambako towns
		Building and construction	Building and repair of bridges, roads and buildings
		Sales of council properties	Broker for council properties
5	Kisarawe Council	Revenue collection	Agricultural and forestry produce (other than cashew nuts) cess; bus stand fee
		Procurement services	Office supplies; printing; hospital supplies; construction and electrical equipment supply; secretarial services; fixtures and furniture supplies; office machines (computer, photocopier) repair
6	Dodoma Municipal Council	Procurement services	Office supplies; machine (computer, photocopier) repair; car repairs; construction materials; fixtures and furniture
		Revenue collection	Service levy; plying fee; open auctions; abattoir fees; parking fees; main Majengo market restaurant fee; Kizota auction fee; Sabasaba, Chang'ombe, Chamwino and Maili Mbili market fees; hotel levy; main bus stand toilet; Jamatini toilet; Old stand (SIDO) toilet; Bonanza toilet
		Waste collection	Waste collection in Dodoma town

7	Morogoro Municipal Council	Property lease	Lease of Kizota butcher
		Revenue collection	Abattoirs user fees; bus stand parking fees; quarries/mining fees; Sabasaba market stalls; Mji Mpya market stalls; main market stalls; livestock auction fees; public toilets user fees; hotel levy; service levy
		Investments in, and operation of municipal assets	Rock Garden recreational area, along the scenic Morogoro river falls
		Land survey	Municipal land
		Sanitation	Town cleaning

Source: Modified from Ngowi (2006).

Notes:

- a. For the main market and Kilombero market, the service provider would collect tax revenue and user-charge fees but not shop rents.
- b. TAZARA = Tanzania Zambia Railway.

PSP delivery of services on behalf of the public sector has many and far-reaching managerial and leadership implications for the parties involved. The implications discussed here are based on the author's earlier work (Ngowi 2006).

Privatization of public services delivery has some positive implications for both the private and public sector. This is a potential opportunity for better core public services delivery for the public sector. PSP will potentially allow the public sector, its managers and staff, to focus their attention on delivering core public services in their competence and which only they can deal with. PSP can potentially make better and more efficient use of resources possible. This is likely to be achieved by, inter alia, reduction of support services costs, which in turn will make it possible for resources to be committed to priority areas.

Privatization implies also that there will be a business-minded approach within the public sector. Potentially, this will lead to more skilful management of budgets, and better and more cost-effective customer care.

For the private sector, privatization presents potential business opportunities. This is particularly the case for enterprises that are able to meet public sector requirements for PSP. Some of the requirements are service-specific while others are general. Among the general requirements include a certain threshold of capital, equipment, knowledge and experience. See Ngowi (2006) for a detailed outline and discussion of such requirements.

According to URT (2003:3),

It is anticipated that over a five-year PSP programme, contracts with a total value in excess of Tanzanian Shillings (Tshs) 3 billion² may be let to private sector suppliers in Tanzania. These may be contracts for a single service, e.g. laundry or cleaning, or large multi-activity contracts embracing several service areas.

This implies potential business opportunities for private sector actors with the capacity to deliver the services, while those with no capacity might consider building the needed capacity. In the broader picture, PSP is an avenue for private sector-led growth and development in Tanzania.

Besides the potentially positive implications of the privatization of public service delivery, there are also potentially negative implications and areas of concern. These are mainly related to the real situation of both the private and public sector in Tanzania.

These implications and areas of concern include the ability of public sector officials to objectively identify, specify and justify the services to be privatized; their ability to objectively identify the long- and short-term direct and indirect implications of privatizing specific services; and the ability to professionally solicit and find private sector actors with the needed capacity (knowledge, experience, networks, financial and material resources, credibility and reputation) to deliver the services as per specifications. These are part of critical issues for management and leadership in the successful privatization of most of the specific services documented in Table 1 above.

The other area of implication is the ability and willingness of the parties to follow and honour their contractual terms. Both the public and private sector should be capable of and willing to draft, negotiate and honour contracts that will give privatization genuine win-win outcomes to all the involved parties. The managerial and leadership implication related to this, particularly on the part of the public sector officials, is the willingness to avoid contracts based on corrupt practices. Good governance practices, including transparency in transactions, at all contractual stages on part of both the private and public sector officials cannot be over-emphasized in this context.

The general situation of both the public and private sectors in Tanzania currently poses a number of managerial and leadership challenges and implications. Among the challenges and implications include the relative infancy and newness of the concept of PSP in public services delivery. Challenges include adequate and proper understanding and operationalization of the concept. This is likely to be the case with certain public and private sector officials whose mindset is yet to change. This may result in inadequate – if any – support, commitment and endorsement by those involved in PSP.

The relative infancy and high informality of the local private sector is an issue of concern in the context of this work. This is mainly related to the socialist past of the country, which dominated until the mid-1980s. A private sector mentality and philosophy in Tanzania is still in its early stages of development. Another aspect is the general inadequacy of the needed capital, knowledge, experience and equipment by the private sector to deliver public services under PSP arrangements. Given its history and nature, the majority in the local private sector in Tanzania are likely to lack the needed capacities to participate in PSP adequately.

Ngowi (2006) documents the conditions that prospective private sector actors are supposed to fulfil before they can deliver public services in Tanzania. These include possession of an appropriate amount of capital, knowledge, equipment and experience. Some private firms may have these, but given the huge informality of the sector, there may be no supporting documentation and difficulty in proving and/or verifying that certain equipment (say, a vehicle or a tractor) belongs to a firm as these are normally registered in individual's name but used for business purposes.

The needed aggressiveness, dynamism, confidence and vibrancy in the private sector are still inadequate in Tanzania. The socialist, public sector-dominated economic philosophy seems to be lingering in some minds. This includes some of those in key policy – and decision-making and/or implementation positions on, among other things, PSP. The leadership and managerial implication of these facts include the need to strengthen the capacity of the private sector and engage in various mindset-changing initiatives, including various forms of awareness-raising both in the private and public sectors.

Without addressing the challenges identified above, it is likely that the public sector will not be able to get the desired quantity and quality of private sector service providers in various sectors and geographical regions. This is likely to be especially the case in areas with relatively low monetary return incentives for the private sector.

As is the case for the private sector, there are managerial and leadership implications that emanate from the nature of the public sector in Tanzania. The sector is typically characterized by bureaucracy, inefficiency and ineffectiveness. It also lacks adequate incentives, creativity, dynamism and vibrancy, and is generally slow in response and generally identified with rampant corruption. These are among the key challenges for the public sector to work harmoniously with a private sector whose characteristics are, generally, the opposite of those of the public sector.

Among the implications of the above is the need to adequately reform the public sector mentality and way of working in terms of its bureaucracy,

inefficiency and ineffectiveness; inadequate incentives, creativity, dynamism and vibrancy; slowness in response and rampant corruption. These shortcomings in the public sector necessarily increase transaction costs. This is a potential disincentive and setback for the private sector, which is, basically, profit maximization-oriented. Appropriate levels of leadership and management, both in the public and private sector, will need to interpret and be aware of the implications for them and entities they are leading and administering.

As outlined earlier in this paper, the reforms in public services delivery have also taken the form of, among others, use of executive agencies. The agencies are used to deliver public services hitherto delivered by the public sector. In the section that follows, an assessment of the 'agentification' of public services delivery and its implication in Tanzanian context is made.

'Agentification' of Public Services Delivery

'If you want something done right, do it yourself' (source unknown, cited in Sappington, 1991:45). As the quotation suggests, the use of agents to perform functions for principals poses a number of challenges and has far-reaching implications, some of which will be discussed in this section. The term 'agentification' of public service delivery is used here to mean delivery of public services by executive agencies.

'Agentification' is discussed here in the context of principal-agent theory. The theory has received considerable attention in the scholarly literature. The author's search for 'Principal-agent theory' in Google Scholar on 26 May 2007 gave a total of 27,300 hits. Some of the relevant literature is used to partly inform the discussion in this section.

Most of the academic literature on the principal-agent relationship focuses on the agency relations between firms (licensing, franchising) and arrangements between the owner of a brand (principal) and licensee (agent) who wishes to make and sell the principal's products. It also focuses on the relationship that may exist within firms between shareholders (principals) and salaried professional managers (agents) who run the companies. It is the author's view that the academic literature on 'agentification' of public services delivery is scanty, but what is available, is used in the context of this paper.

Pass et al. (2000:8) describe an agent as a person or company employed by another person or company (called the principal) for the purpose of arranging contracts between the principal and third parties. An agent thus acts as an intermediary in bringing together buyers and sellers of a good or service, receiving a flat or sliding-scale commission, brokerage or fee related to the nature and comprehensiveness of the work undertaken and/or value of the transaction involved.

Implied in the description above is the need, ability and willingness to identify, quantify and qualify the work to be performed by the agent. It is the identification, quantification and qualification that will essentially form the basis for principals' compensation for agents' efforts. In some cases, this may not be a straightforward thing that is accepted by the principal, agent and possible third parties that may be involved in transactions. Even if it were, the principal may not be able to perfectly monitor the agent. See Sappington (1991) for problems associated with incentives in principal-agent relationships.

Pass et al. (2000) correctly argue that the principal cannot monitor the activities of the agent adequately. There is a possibility therefore that the agent may not act in the interests of the principal unless the principal is able to design an appropriate reward structure and mechanism for the agent that aligns his (agent's) interests with those of the principal. This view is partly discussed by Garen (1994) in the context of executive compensation and principal-agent theory and by Grossman and Hart (1983) under the principal-agent problem framework.

The main problem in the principal-agent relationship seems to be asymmetrical information. This is a situation where one party in a transaction has information that the other party does not have. Asymmetrical information tends to favour agents. They become insiders, with more information, while principals become outsiders, with less information. Given the asymmetrical information therefore, the principal may not be able to monitor agents' intention and behaviour. This makes it necessary for the principal to formulate incentive schemes that will motivate the agent to work for the best advantage of the agent.

Without adequate incentives for agents, 'agentification' may lead to moral hazard. This is a situation where agents indulge in shirking and working at less than optimal efficiency. The formulation and utilization of various incentive payment schemes is among the ways of avoiding moral hazard. Such schemes are likely to align agents' interests more closely with those of principals and encourage dedicated attention to optimum performance. The incentives differ depending on circumstance and may include executive share options schemes; long-term incentive plans; employee share ownership plans; and payment by piecework and commission.

The above schemes seem to be more applicable and relevant in private enterprises. The applicability and relevance of these schemes in the context of 'agentification' of public services delivery is questionable. This is because the executive agencies fundamentally differ in the nature of their ownership from private enterprises.

'Agentification' in Tanzania

'Agentification' in Tanzania has its background in the Civil Service Reform Programme (CSRP). According to URT (2003), 'CSRP was an extensive overhaul of public sector structures, systems and practices based upon a fundamental reappraisal of the role and functions of the Government'. As part of that reform programme the government transformed some organizations that were carrying out executive functions into Executive Agencies. According to URT (2005:17), Executive Agencies are formed for reasons of freedom, finance and performance. They typically adopt many management practices from the private sector. The Ministerial Advisory Board establishes performance criteria for the agencies and monitors them.

'Agentification' in Tanzania is part of a response to the need for more efficient and effective government. It is a strategy to deal with the generally weak traditional large and monolithic civil service. 'Agentification' makes it possible for large public sector departments to be broken down into smaller, more efficient, specialized and manageable units. The roles and objectives of each agency are much clearer than is the case of large departmentalization.

Executive Agencies, according to URT (2003), '... are government organizations established to perform essential public functions that do not have to be carried out by the centres of the Government Ministries'. They are normally tailor-made and designed according to the services that are to be delivered. Executive Agencies operate at arm's-length from their parent ministries. This implies significant delegation of management freedoms to Chief Executive Officers (CEOs) who are leading and managing the agencies. In the context of the principal-agent relationship theory, the government becomes the principal while the CEOs and staff under them become agents. The theoretical implications of principal-agent relationship that is discussed in the reviewed literature potentially apply in this context too.

According to URT (2003), the key features of an Executive Agency in Tanzania are determined by a Framework Document. This document sets out clearly the roles, aim, strategic objectives and responsibilities of the agency and its relationships with the parent ministry and others.

In a typical Executive Agency, there are clear lines of accountability, responsibility and authority for the key players; the agency is managed by a CEO who is recruited by open competition and is personally and publicly accountable for the delivery of results; with delegation to the maximum extent possible, and the freedoms and authorities necessary, a CEO manages an agency and delivers the required results; agencies use modern business planning methods, financial management and accounting systems and are allowed to compete with the private sector; agencies face pressure for

improvement through development of challenging targets, arrangement for reporting on performance and appropriate rewards and sanctions.

In terms of status, Executive Agencies are government organizations that are semi-autonomous and not independent; they are business-like in operation; customer-focused; and managerially self-sufficient, with flexibility, freedoms and authority over resources under their control.

The Extent of 'Agentification' in Tanzania

By 2004, according to URT (2005: 17), there were about twenty Executive Agencies in Tanzania. distributed in fourteen different ministries. The formation of the agencies included extensive training, competitive recruitment of key managers and creation of a commercial system of accounts. The Executive Agencies that were in place by 2004 are presented in Table 3.

The table shows that most Executive Agencies (35 per cent) were launched in 1999, with 15 per cent in 2000 and 2001 respectively. The remaining agencies were launched in 2002 (20 per cent) and 2003 (20 per cent). Tanzania started reforming the management of its economy in the mid-1980s and early 1990s. Executive Agencies therefore have been formed relatively late. This can be explained by the fact that reform is a step-by-step and gradual process that takes time. A country cannot embark on all kinds of reforms overnight.

The 20 Executive Agencies listed are distributed in 14 ministries. A total of six ministries have more than one agency. These are the Ministry of Communication and Transport, with four agencies and the Ministries of Trade and Industry; President's Office – Planning and Privatization; Works; Communication and Transport; Health and Natural Resources, which have two agencies each.

The ministries are at different stages in strengthening the existing agencies. The strengthening is done using 10 different variables, namely, Asset Valuation; Integrated Financial Management System (IFMS); Client Service Charter; Strategic Plans; Business Plans; Service Delivery Surveys; Recruitment of Senior Managers; Training of Senior Managers; Commercial Accounts and Open Performance Reviews and Appraisals (OPRAS). To see the status of various ministries according to these variables, see URT (2005:18).

There are a total of 10 ministries with no Executive Agencies. These are the Ministries of Defence and National Service; Community Development, Women and Children; Agriculture and Food Security; Cooperatives and Marketing; Energy and Minerals; Science, Technology and Higher Education; Home Affairs; Regional Administration and Local Government; Justice and Constitutional Affairs; and Foreign Affairs and International Cooperation. It was beyond the scope of this study to identify reasons for non-existence of Executive Agencies in these ministries.

Table 3: Executive Agencies in Tanzania by 2004

S/n	Ministry	Executive Agency	Details
1	Education and Culture	Agency for Development of Educational Management (ADEM)	Was launched in May 2001 to strengthen management capacity through training, research and consultancy
2	Trade and Industries	Business Registration and Licensing Agency (BRELA)	Was launched in October 1999 to facilitate orderly conduct of business and provision of regulatory services
3	Water and Livestock Development	Drilling and Dam Construction Agency (DDCA)	Was launched in March 1999 to improve efficiency and effectiveness of the Government in the delivery of water supply
4	President's Office – Planning and Privatization	Eastern Africa Statistical Training Centre (EASTC)	Was launched in 2002 to promote evidence-based decision-making for policy-makers and managers through statistical information
5	Health	Government Chemistry Laboratory (GCL)	Was launched in 1999 to analyze food and drugs and to provide Chemicals Management and Forensic Science
6	President's Office – Planning and Privatization	National Bureau of Statistics (NBS)	Was launched in March 1999 to provide official statistics and services
7	Natural Resources and Tourism	National College of Tourism (NCT)	Was launched in 2003 to provide training in the hotels and tourism industry
8	Lands and Human Settlements	National Housing and Building Research Agency (NHBRA)	Was launched in September 2001 to promote utilization of local resources in order to reduce construction costs
9	Labour and Youth Development	Occupational Safety and Health Agency (OSHA)	Was launched in August 2001 to promote occupational health and safety to eliminate accidents and occupational diseases
10	Communication and Transport	Tanzania Airport Authority (TAA)	Was launched in November 1999 to provide airport services
11	Works	Tanzania Building Agency (TBA)	Was launched in 2002 to provide and improve accommodation to public servants through property management and consultancies

12	Communication and Transport	Tanzania Civil Aviation Authority (TCAA)	Was launched in March 1999. It is responsible for safety, security and oversight of the aviation industry and the provision of air navigation services
13	Health	Tanzania Food and Drugs Authority (TFDA)	Was launched in 2003 to protect consumers against the health hazards associated with food, drugs, cosmetics etc.
14	Communication and Transport	Tanzania Government Flight (TGF)	Was launched in 2002 to provide air services to Head of State and leaders and commercial air services in case of spare capacity
15	Finance	Tanzania Institute of Accountancy (TIA)	Was launched in 2003 to provide education, research and consultancy services in accountancy, materials management, etc.
16	Communication and Transport	Tanzania Meteorological Agency (TMA)	Was launched in December 1999 to provide meteorological services
17	Works	Tanzania National Roads Agency (TANROADS)	Was launched in July 2000 to manage trunk and regional road networks of about 35,000 kilometres in Mainland Tanzania
18	President's Office – Public Service Management	Tanzania Public Service College (TPSC)	Was launched in August 2000 to train public servants and others in public administration and secretarial skills
19	Natural Resources and Tourism	Tanzania Tree Seed Agency (TTSA)	Was launched in 2003 to provide forest products and tree seeds
20	Trade and Industries	Weights and Measures Agency (WMA)	Was launched in 2002 to protect consumers through measuring systems that result in fair and just trade transactions

Source: URT (2005:18).

It can be generally said that, as for privatization, 'agentification' is also relatively widespread in Tanzanian ministries. In Table 3 it is seen that a total of 14 out of 24 ministries (70 per cent) were practicing 'agentification' by the year 2004.

Contrary to pure PSP, executive agencies that deliver public services are by and large under the government. They are both part of the government

and government agents at the same time. This is an innovative kind of a hybrid organization compared to a pure agent in the private sector setting. This form of organization, like any other agency, is likely to have many and far-reaching implications alike to its principal (the government), those leading and managing the agencies and other possible third parties involved.

The extent of 'agentification' in Tanzania has a number of potential managerial and leadership implications. These may be short term or long term in nature; direct and indirect; or positive and negative. Among the positive implications include devolution or delegation of more powers and responsibilities. Centres or headquarters of ministries will have to give more power to the public servants actually carrying out service delivery. This will potentially enhance the jobs of those managing such functions and release the headquarters staff from day-to-day operational matters. As a result, ministries will be able to concentrate on strategic issues affecting their portfolios.

Among the negative implications is the fact that 'agentification' leads to principal-agent problems, as partly identified in the reviewed literature. These have to be dealt with properly so as to achieve the expected 'agentification' goals. Establishing and using executive agents may imply recruiting agents that were former public sector employees. This will be equivalent to having 'old wine in a new glass'. These employees may still retain a typical public sector and socialist-oriented mindset. Their perspectives, viewpoints and ways of doing things may still be influenced by their past. This may make their needed departure from previous inefficient, ineffective and non-business-minded ways of doing things difficult. To avoid this situation, the agents may be recruited from the private sector. Alternatively, they may be recruited from the public sector and receive thorough induction for their new duties.

Agents should be able and willing to change their mindset and be real private-sector, market and business-oriented actors in the agencies. The principal (the government) has to design adequate incentive mechanisms for those working in the agencies. While this is a necessity, it potentially sends negative signals to other civil servants working outside the Executive Agencies who are generally poorly paid compared to those in the agencies. According to URT (2005:17), for example, remuneration of staff in Executive Agencies exceeds that of civil servants by 57 per cent on average. The motivation and work morale of these civil servants may be negatively impacted leading to, among other things, job turnover, corrupt practices and 'pretending' to be working because the government 'pretends' to pay them. 'Agentification', therefore, may lead to better public services delivery in some areas but be a cause for bad services delivery in other parts of the public sector. This

implies further that there is a need to review the incentive packages of not only those in the Executive Agencies, but also of those in other public sector services.

Conclusions

The author has aimed at identifying and discussing the extent and implications of privatization and ‘agentification’ of public services delivery in Tanzania. It is concluded in the paper that Tanzania has gone a long way in using the private sector and Executive Agencies to deliver public services. Privatization and ‘agentification’ is practised in virtually all MDAs and other government institutions. This is a result of broader and far-reaching reforms that the Tanzanian government embarked on in the mid-1980s and is still pursuing. Privatization and ‘agentification’ are likely to result in better, more efficient and effective delivery of public services. The reforms have many implications for those managing and leading both the private and public sector entities involved. The main implication is the need to increase the pace of change of the mindset in the public sector.

Policy Implications

Privatization and ‘agentification’ of public services delivery have a number of implications for policy- and decision-makers. Among the key implications include proper management and leadership in the privatization and ‘agentification’ process of public services delivery. The need to create, improve and/or maintain a conducive environment for privatization and ‘agentification’ to achieve their objectives cannot be over-emphasized. Given the relatively infant private sector in Tanzania, there is a need to build its capacity so as to increase its competitiveness in delivering public services. For the Executive Agencies, there is a need to ensure that the principal–agent problems discussed in this paper are kept to the minimum.

Recommendations for Further Studies

There are a number of knowledge gaps to be bridged in future studies based on the present paper. The main issues that are still not adequately known in the context of this work are the managerial and leadership implications of privatization and ‘agentification’ of specific services in specific ministries, departments and other government institutions. There is therefore a need for in-depth and broad studies on these issues. In respect of the dynamisms in privatization, ‘agentification’ and their implications, there is a need for regular updating of this work. It is also desirable that similar studies are conducted in other countries for the sake of comparison and experience-sharing.

Notes

1. The author acknowledges inputs from the participants of the Guy Mhone Memorial Conference in Zomba, Malawi, 22–24 August 2007 that have improved the earlier version of this paper substantially.
2. 1 US\$ in May 2007 was equivalent to about 1275 Tshs.

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