Reforms and Control of State Agencies in Tanzania

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Abstract
This paper examined the control and regulation of state agencies in Tanzania. Since the 1980s public sector in Tanzania has experienced a number of administrative reforms and one key aspect of that reform was the creation of semi-autonomous public organizations that are placed at arm’s length from their parent ministries. These agencies were to be given more managerial autonomy in return for performance-based accountability. Instead of inputs and rule-based governance, the policy intention was to control agencies on the basis of performance results. The aim of this paper was to examine whether this reform policy is effectively implemented in Tanzania by focusing on how agencies are practically controlled by their parent ministries. Our main finding is that agencies in Tanzania are not mainly subjected to result-based control. In most cases the government has continued to use the traditional ways of controlling public organizations such as input-based approach and political appointment. This implies that the NPM –inspired reforms have been poorly adopted.

Key words: Public sector reforms, agencies, Control and regulation in Tanzania

Introduction
Since the 1980s, the public sector in Tanzania has been subjected to a series of administrative reforms. As part of these reforms, the government has created a number of executive agencies that are managed at arm’s length from their parent ministries. The creation of executive agencies, like many others reforms, is linked to the New Public Management doctrine (NPM) that emerged in the 1980s as a global reform model. The process of creating these arm’s length public organizations has been described as the ‘agencification’ of public service delivery (Pollitt at el, 2004). Agencification reform is driven by the argument that agencies are more efficient in public service delivery than the traditional public administration bureaucracies.

In Tanzania, agencification represents a new approach to public sector management and as a ‘new phenomenon’ the main question has been how these new public sector agencies can effectively be managed and controlled by their parent ministries. This is because under the current public sector governance, these executive agencies are placed at arm’s length from their parent ministries and they are given more managerial autonomy in return for performance accountability (Pollitt at el, 2004). As has been noted elsewhere, we argued that enhanced agencies’ autonomy needs to be counteracted by an effective regulation and control from their parent ministries. This is expected to ensure agencies’ accountability for public service delivery.

There is a growing literature that suggests that the celebrated ‘superior performance’ of agencies is not strongly empirically supported and that, at best, the idea of agencification is ideologically driven (Christensen and Laegreid, 2007). Contrary to the efficiency driven arguments, there is indeed a growing body of literature that indicates that agencification poses several problems for the management of public sector. Perhaps one of the most observed and unintended consequence of the agencification reform has been the fragmentation of the public sector management (Christensen and Laegreid, 2007). Indeed, the most obvious result of new governance arrangement coming from NPM reforms is the institutional fragmentation of the public sector, making the task of the central government to coordinate and control public organizations more difficulty.
Furthermore, Christensen and Leagreid (2007) argue that structural devolution (i.e., the creation of agencies) has sometimes meant less capacity for central political control. As we shall discuss shortly, agencification requires the government to use a combination of markets, technology and private sector techniques instead of administrative laws, hierarchical authority, and regulations. An important element of the new control approach is thus the use of sophisticated performance information. A question not well addressed in the literature is whether these market-based management tools are ideal for the public sector and whether parent ministries can effectively control these semi-autonomous agencies.

Indeed, Leagreid (2007) has noted that the enhanced managerial autonomy of agencies tends to often weaken formal control tools and increase the distance between agencies and their oversight authorities. This is of great concern because elected officials are ultimately accountable to the general public for the quality of services provided by public agencies. It is therefore essential that the freedom of agencies remains a qualified freedom (Caulfield, 2002). It is therefore clear that agencification reform raises several questions and this paper attempts to address some of these questions. More specifically, this paper addresses the following questions: What is the level of autonomy of the agencies and how are agencies regulated and controlled by their parent ministries? These questions can be related to the current debate on how the governments in developing countries are dealing with the issues of performance management and whether these countries are able to effectively manage result-based public sector governance.

Regulations and Control of State Agencies: An Overview of the Literature

There is a plethora of literature that deals with regulations and control of public organizations (Olsen, 2008; Pollitt and Bouckaert, 2004). Traditionally, public sector control is based on the Weberian model. This approach has its theoretical background in the Weberian bureaucratic theory (Olsen, 2008). According to the Weberian bureaucratic theory authority, rules and procedures are central mechanisms for controlling public organizations. In the Weberian sense, public organizations are usually hierarchically structured, with each structure containing a certain degree of power and authority, in what Pollitt (2009) called ‘a clear hierarchy of offices’. Within this hierarchy of offices lay ‘impersonal authority’ that governs the superior-subordinate relationship. This arrangement allows the superior to instruct subordinates do things based on legitimate orders. Orders are passed down to line units or implementing organizations. The central staff units, which support top officials, will then check the implementation of these orders (Pollitt and Bouckaert 2004).

Authority is therefore a fundamental source of control here. As Bouckaert et al., (2010) note, authority means the legitimacy and the ability to get things done without oppositions. The government or those in the positions of authority may overcome any resistance to their desired goals through the use of law, budget and if necessary, legitimate use of coercion (ibid.,). In addition, control is often command-based and it is guided by the codified rules and regulations. Those higher in a position of authority can demand subordinates to fulfil certain obligations. For example, a permanent secretary can instruct agencies under his/her ministry to perform certain tasks without or with less resistance. In addition, control can be exercised, using a variety of tools. These may include administrative procedures that require subordinate organizations to seek prior approval before they can make decisions, budgeting and planning in which central government formulates public sector-wide performance objectives in a top-down approach, leaving little room for subordinate organizations to negotiate but to implement programmes. In fact, in the traditional Weberian model this has been the most preferred control approach, where budgets and planning are centrally determined. Other tools of hierarchical control are codified rules and regulations that govern the use of public resources. This means that the entire civil service use centrally specified procedures in the deployment of inputs. As Bouckaert et al., (2010) note, in traditional bureaucracy the discretion of public organizations to use production inputs such as human resources and
finances is very restricted by centrally imposed rules. For example, the traditional control for financial resources comprise budget and accounting procedures that clearly stipulate how and which resources should be spent and on what. According to Bouckaert et al. (2010) these strict hierarchical control fosters uniformity in public sector operations.

Apart from the aforementioned Weberian-based control, it is also important to acknowledge that public organizations can also face informal control. This model of control is more pronounced in many developing countries where the control of public organization is based more on informal rules and regulation than in the formally ‘written rules of game’ (Schick, 1998). This informal control gives politicians the opportunity to intervene in large and small matters, allowing them to maximize their control of public organizations.

Reforms and New Approach to Controlling Public Organizations

The rise of NPM as a new administrative doctrine is expected to change the way public organizations are controlled. According to Moynihan (2006), NPM seeks to introduce market-based principles in the management of public sector. In many OECD countries, Verhoest (2005) noted a shift in the control of public organizations from inputs to result-based control. The adoption of result-based control approach is generally expected to profoundly change the way public organizations are to be controlled.

Result-based control requires governments to move away from an administrative culture of compliance, error avoidance, rigid rules and procedures, and presumed in-efficiency to a more efficient and effective public service management systems. It demands multiple changes to the existing public administrative systems that, for years, were based on the Weberian model (Sulle, 2011). First, the reform seeks to introduce a new role for parent ministries; that of being strategic leaders while the task of implementing policies is to be delegated to professional bureaucrats that operate at arms length from central ministries.

This distribution of work between central ministries and their executive agencies entails decentralization. Following this distribution of roles and responsibilities, a further important element in the implementation of the result-based management is the identification and definition of objectives and indicators of expected performance results (Moynihan, 2004). The political leadership (the parent ministry) must formulate clear performance goals and targets to be achieved, and give subordinate bodies a leeway and discretion in achieving these goals. Goals are to be defined in measurable terms that would allow a comparison of ex post performance with ex-ante targets. In addition, the government is obliged to provide enough resources for the decentralized organizations to accomplish their responsibilities.

Viewed from a result-based approach (which is central to the NPM doctrine), control entails a number of administrative elements. According to Verhoest et al., (2004) results- based control can be regarded as a management process that consists of a number of interrelated subsystems; a planning system (setting rules, standard procedures and goals for agencies), a monitoring system (measuring performance results), and an evaluation system (where sanctions and rewards are applied). This control type can be measured by looking at the presence of four management systems to which agencies are subjected, namely: 1) the setting of agencies performance goals, 2) the use of indicators to make goals measurable, 3) the presence of performance monitoring and evaluation regime, 4) the presence of reward and sanction system. It can thus be argued that under new management approach public organizations face effective control when all these four phases are present in the control cycle.

Besides, result-based control mechanisms, the government can also control agencies in a number of other ways. In the context of decentralized public sector management, the government may continue to indirectly influence the behavior of their agencies. Hogwood et al.,(2000) observed that although ministers may not be involved in a day-to-day management of agencies, but they expect to be consulted on issues that will raise public interest. This consultation can
Public Sector Reforms in Tanzania: Towards A New Regulation and Control

As I argued elsewhere (see Sulle, 2010; Sulle, 2011), the background to the public sector reform in Tanzania is not very much different from that in other countries in Africa. The economic crisis in the 1980s and poor performance of public sector ignited far reaching public sector reforms. The reforms, main driven by donors, aimed at halting the expansion of the public sector size and to enhance its operational efficiency (Rugumyamheto, 2004).

Civil service reform was specifically launched in 1993. The main of civil service reform in Tanzania was to create a smaller, affordable, well compensated, efficient and effectively performing civil service. The reform focused not only on institutional restructuring of the civil service but also in introducing new ideas and techniques in the management of public services. As result of the reform efforts, the government instituted a number of reform measures including the creation of executive agencies that are placed at arm’s length from their parent ministries

As has been noted in the general reform literature (see Pollitt et al 2004, James, 2003 Christensen and Laegreid, 2001), the aim of the agencification reform is to create task-specific units within the government that are flexible and output/outcome-focused. The NPM line of thinking is that these autonomous public organizations are more efficient than normal departmental units (James, 2003). It is assumed that the devolution of managerial power to ‘public managers’ coupled with clear performance incentives and accountability will improve the public sector performance (Joshi and Ayee, 2009). A popular phrase in the agencification literature is that of ‘let the manager manage and make the manager manage’ (Kettl, 1997; Christensen and Laegreid, 2001). Protagonists of the agencification reform assume that the reform will also reduce unnecessary red-tape in service delivery and empower frontline managers to make decisions as they deem fit (Larbi, 1998). One of the criticisms of the traditional public administration model has been its tendency to centralise all decisions about the use of resources, creating a mismatch between authority and the responsibility given to the frontline managers (Keating, 1997). Agencification thus seeks to free public sector managers from these rigid bureaucratic rules, which are seen as the source of inefficiency in public service delivery (Keating, 1997).

The creation of agencies with clearly specified, single-purpose tasks is assumed to increase transparency of government operations (Caulfield, 2002). In an ideal-agency model, agencification provides more managerial autonomy by decentralizing decision-making competence in all areas of their management (including financial and human resource management) to Chief Executive Officers (CEOs). In turn, the CEO is made accountable for achieving specified results. In general, the relationship between the parent ministry and their agencies is to be regulated through performance contracts than through normal government—wide public sector regulations

Agencification programme was officially launched in Tanzania in 1997. The government expectation is that agencies will conform to the modern management practices by developing strategic and business plans. Following years of poor performance of the public sector, the agency model was seen as an organizational solution, which would keep public services within the government, while promising efficiency and effectiveness of public service delivery (Sulle, 2011).
Since the 1990s a number of executive agencies have been created in various ministries. In order to facilitate the creation of executive agencies in public sector, the government decided to introduce single umbrella legislation called the Executive Agency Act, No.30 of 1997. Following this Act, every executive agency was required to have a ‘framework document’ that would describe in more detailed terms, the agency’s functions, aims, role, performance standards and any other particulars of the agency as approved by the Chief Secretary in the President’s Office.

As noted, the Tanzanian agency model was intended to keep agencies within the public sector while at the same time it had a promise of improving the efficiency and effectiveness of public services delivery through the application of modern management techniques, particularly the use of private sector management style (URT, 1997). This was to be made possible by placing agencies at arm’s length from their parent ministries and by giving them more managerial autonomy so that they are free to use different management techniques, including business-like approach to achieve their organizational goals. This has been clearly stated in the Executive Agency Act No. 30 of 1997, Section 4 (b) which says: an agency has to manage its affairs in a businesslike and cost-effective manner and in accordance with modern management practices and techniques and, in particular, to apply to its operations the best standards of financial management and accounting. The idea was that while the ministries should retain core policy making functions, public service provision should be delegated to semi-autonomous agencies. An argument and which emanates from the NPM reform doctrine is that, the quality of management of public services will be increased by distanciing activities from central and often politicized departments (Caulfield, 2002).

Theoretically, agencies have certain level of managerial autonomy to make their own decisions with regard to human resources and financial management issues such as recruitment, salary grading, dismissal, promotions, evaluation of performance, and on financial management aspects such as setting tariffs, generating revenues and shifting budgets between different financial years, and in taking loans for further investment (see Sulie, 2011). These elements are traditionally the prerogative of central ministries such as the Civil Service Department and the Ministry of Finance.

Following their enhanced autonomy, agencies are supposed to be regulated through performance results. According to the agencification policy, parent ministries would set out performance goals, targets and monitor their agencies on the bases of performance results. This reform policy demands ministers and parent ministries in general to refrain from interfering in the day-to-day management of the agencies (The Executive Agency Act no.30,1997). It has been insisted that the role of parent ministries should be limited to that of setting strategic direction for agencies and to ensure that agencies are held accountable for achieving performance results. It is therefore important to empirically examine whether executive agencies are controlled by performance results. This is the focus of the current research paper.

**Methodological Note**
This paper draws heavily on a research survey that covered all executive agencies in Tanzania. This survey was carried out at the end of 2007 and was addressed to chief executive officers of all agencies. The total response was 78% (18 agencies out of all 24). In order to get a comprehensive understanding of the autonomy-control dynamics, the survey was complimented by data collected from secondary sources, particularly literature on public administration in Tanzania. Our survey data has been analyzed in conjunction with data gathered from supplementary sources to enhance validity of findings.

In the research design the major aim was to understand whether or not agencies are controlled on the basis of performance results. Our data presentation and analysis are structured in two interrelated approaches. First, we examined the extent to which agencies are no longer controlled on the basis of inputs and process. The empirical question here is the extent to which the
government or the parent ministries controlling agencies by performance results. We then examined other means of controlling agencies such as inform means. The assumption is that the two analytical approaches would give us a clear understanding of how agencies are controlled and regulated in the Tanzanian public sector.

The Control of State Agencies in Tanzania: Empirical findings
The creation of agencies is expected (theoretically) to result into agencies being controlled by performance results. In principle control on inputs was supposed to have been replaced by result based control, with parent ministries setting performance goals for agencies. Key elements of the result-based control have been identified as goal/objective setting together with their quantifiable performance indicators against which the results are measured; the process of performance monitoring and evaluations followed by rewards and sanctions for the level of performance achieved. In what follows these management aspects are empirically examined.

Formulation of Agencies’ Performance Goals
This is perhaps the most important component of the result- based management control. According to the NPM line of thinking which also underpins rational instrumental ideas, agencies’ performance goals must be formulated by political leaders (parent ministries) (Laegreid et al., 2006) and that the goals so set must contain quantifiable performance indicators against which agencies’ goals achievement or failure can be assessed. In order to grasp to what extent agencies’ performance goals are set by their parent ministries, we asked whether agencies have clearly defined performance objectives that are set to be achieved. The answer to this question was 100% ‘yes’. In addition, it was important to know who sets agencies’ performance goals and whether agencies are involved in the process of setting performance goals. Responses to these questions are indicated in table 1 and 2 below. As can be seen from the responses, 83% of the agencies claimed that they set their own performance objectives, with only very few agencies saying that its performance goals are set by their parent ministries. Even when we asked whether there was the involvement of parent ministries in objective setting, we still noted that the role of parent ministries was insignificant. For example 55.6 % agencies still insists that they set their own performance objectives whereas 27.8% claimed that they set their performance goals but through consultation with their parent ministries. Two agencies (or 11.1%) claimed that performance goals are set through the process of negotiation with their parent ministries. Only one agency said that it is the parent ministry which dominates the process. A general impression here is that agencies seem to dominate the process of goal setting. As far as we know, it was only one agency, the Tanzania National Roads Agency’ (TANROADS) whose performance objectives are set by the government: the Ministry of Infrastructure Development and the Road Funds Board1.

In addition, TANROADS was the only agency that signs annual performance contracts with these two oversight authorities that are jointly responsible for the performance of TANROADS. For example, while all road maintenance works are funded by Road Funds Board (RFB) new roads development projects are generally funded by parent ministry, mainly through donor funds. In this scenario, TANROADS signs two performance contracts annually; one with the parent ministry and the other with the Road Funds Boards. Each oversight authority develops its own performance goals for TANROADS and then monitors closely its implementation.

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1 This is a special and dedicated Fund established by the Act of Parliament to ensure that Roads works have a stable and identifiable source of funding. The Fund mainly receives its revenue from fuel levy taxed for every liter of petrol sold at a pump in the country.
However, since these indicators are generally developed by agencies themselves, they may not really constitute meaningful control tools for parent ministries. They may only help agencies to satisfactorily control their agencies. It is therefore important that parent ministries and the government to judge the performance of their agencies and be able to exercise sanctions when necessary. In other words, a good information system should enable principals (government) to satisfactorily control their agencies. It is therefore important that parent ministries play an important role in the process of setting performance indicators for their agencies.

In Tanzania this theoretical assumption has not generally been followed, as agencies have been left to develop their own performance indicators. For example, in our empirical research we asked agencies whether there are performance indicators for measuring performance results. All agencies replied that they do have performance indicators against which their performance outputs can be measured and evaluated. It was further noted that many agencies develop their own performance indicators and these are contained in their annual business plans (PRSP, 2006).

However, since these indicators are generally developed by agencies themselves, they may not really constitute meaningful control tools for parent ministries. They may only help agencies
for their internal management purposes and in fact 38% of the agencies in the survey said that indicators are to a large extent useful for their internal management purposes whereas 56% of agencies said that they are only useful to some extent. The question is then, how can this be a monitoring tool since parent ministries are not involved in setting them? For example, performance indicators are only minimally used for resources allocation (16.7%) and as steering signals from parent ministries.

Performance Monitoring and Evaluation
In addition to goals setting and performance indicators development, agencies’ performance achievement has to be monitored and evaluated and this is the central role of the parent ministries. It can be argued that, monitoring and evaluation systems are important subsystems that contribute to the large government control systems. For effective result-based management system built on contractual arrangement, parent ministries have to effectively monitor and evaluate the performance of their agencies. As rational actors, agencies are more likely to serve their own interest if there is no effective external monitoring. The monitoring and measurement of agencies performance are thus the canonical principles of result based control. Information gathered through monitoring and evaluation are essential tools for decision making over agencies, including rewards and corrective measures in case agencies have underperformed. To assess whether and to what extent agencies are subjected to performance monitoring and evaluation, we asked two related questions. The first question is ‘who evaluate agencies’ performance?’ Whereas 66.6% admitted that they evaluate their own performance, 22.2% said that their parent ministries carry out performance evaluation. On the question of who measure their performance results, 72% claimed that they measure their own performance whereas 28% agreed that their respective parent ministries do that task.

Our general conclusion here is that most agencies in Tanzania are not effectively monitored and there was a limited effort from parent ministries to evaluate their agencies performance. The executive Agency Act No.30, 1997 requires agencies to submit their annual report to their respective parent ministries, but in most agencies even that formal requirement is not followed. The PO-PSM (2004-2007) report for example, noted a serious lack of performance reporting, claiming that ‘this was actually a reflection of poor compliance to the Act which requires each agency to produce (within two months of the end of the financial year), an annual report, including audited accounts’.

Performance Related Incentives and Sanctions
Result–based accountability was supposed to be linked to clear incentives for good results and possibly sanctions for poor performance (Moynhian, 2006). Yet, our data indicate that Tanzania is lagging behind in implementing this reform aspect. Response from the agencies suggest that neither much is to be expected from a good performance nor worse from poor performance. In our survey 61.1% said that there are no rewards while 38.9%, replied that there are rewards for good performance. These rewards are in the form of CEO’s bonus, but there is a possibility that all staff can receive bonus. More detailed elements of the possibility of sanctions are provided in Table 3. Again we see almost a similar pattern: 55.6% of agencies said that there is no any type of sanctions while handful (22%) said CEO may face bonus reduction for poor performance.
Table 3: Types of sanctions the agency may face for poor performance

<table>
<thead>
<tr>
<th>Responses from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage decrease for CEO or other personnel</td>
<td>4</td>
<td>22.2</td>
</tr>
<tr>
<td>Wage decrease for all staff in the organization</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Reduction of resources allocation for organization</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Less autonomy for the agency in relation to parent ministry</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>No any sanction</td>
<td>10</td>
<td>55.6</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Survey, 2007

The overall picture is that sanctions and rewards are not strongly emphasized in the management of agencies. First, if parent ministries are, as we have already seen, less interested in setting performance objectives for agencies and are not doing actual evaluation of their agencies’ performance, there is no strong way the government can use to reward good performance and punish the bad ones. Improved information about the performance of agencies could have been used to allocate praise or blame, but it could also have been used to inform decisions about resources allocation to agencies including their staffing levels. In Tanzania these monitoring elements are not emphasized in controlling agencies.

Performance Auditing

Agencies and other departments in Tanzania are subjected to traditional financial auditing which is often carried out by the office of the Controller and Auditor General (CAG) of the government (Roberts, 2004; Ronsholt and Andrews, 2006). In fact, the Controller and Auditor General’s office is given power through the Public Finance Act, 2001 to carry out performance audits for all public organizations, including agencies.

In this section it will be interesting to know whether agencies are also subject to audits and if so who does it. In addition, it is important to know whether the audits are done regularly or on ad-hoc basis. In Table 4 and 5 responses from the agencies are displayed. It is quite surprising that once again agencies seem to dominate the process of their performance audit. We note that agencies are mostly doing their regular internal audit (50%) and that the role of the Controller and Auditor General (CAG) is not very apparent.

Ronsholt and Andrew (2005) had earlier noted that the office of the CAG has no required manpower and facilities to provide a comprehensive auditing service for the entire public service. In particular the CAG office lacks technical expertise beyond accounting and procurement. This would suggest that the office of the CAG does not have sufficient capacity to audit agencies’ performance. In terms of the focus of auditing, the main concern seems to be on the financial aspect of the agencies’ management (44.4%). Financial audit is however an essential management tool of the traditional public administration (the Weberian approach). In addition to that the current NPM-inspired approach was supposed to focus on performance audit, especially the emphasis on value-for-money audit.

Table 4: Is your agency subject to a regular audit and who performs it?

<table>
<thead>
<tr>
<th>Responses from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes, we do it ourselves (Internal)</td>
<td>9</td>
<td>50.0</td>
</tr>
<tr>
<td>Yes, we contract others to do for us</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Yes, by other unit of the government (CAG)</td>
<td>6</td>
<td>33.3</td>
</tr>
<tr>
<td>Yes, by external auditors commissioned by the parent ministry</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Sources: Survey, 2007
To what extent do we see result-based control for the agencies in Tanzania? As illustrated in the data analysis, agencies in Tanzania are clearly and strongly subjected to result-based control. This is because in most cases agencies set their own performance goals and agencies performance are not systematically subjected to performance monitoring and evaluation. It is thus clear that result-based control is not done in a systematic way and for all agencies the circle of the control is incomplete. According to the NPM doctrine, agencies need to be fully controlled ex post in which the parent ministries set performance goals together with indicators, measures and evaluate goal achievement, and then offer rewards and sanctions according to the performance level achieved by the agency. It is therefore important to examine others means used to regulate and control these agencies.

**Other Means of Controlling Agencies**

In the context of decentralized public sector management, the government may continue to indirectly influence the behavior of their agencies. Hogwood *et a l.* (2000) observed that although ministers may not be involved in a day-to-day operation of the agencies but they expect to be consulted on issues that will raise public interest. It can still use what Koppel (2003) called tools for bureaucratic control. These may include structural and financial controls. An element of financial control is related to agencies financial dependence on their parent ministry, in which the government may use that as leverage to control agencies autonomy. This is particularly regarded as controlling tool when agencies face some threat in the form budget decrease or increase according to their performance (Verschuer, 2007). Structural control on the other hand would entail the appointment of CEOs and the nature of their accountability, including to whom that accountability is directed. The CEO’s line of accountability can be to supervisory board or directly to the parent ministry. Each of these lines of accountability will have different implications for agencies autonomy and control. The importance of these control variables have been acknowledged in the literature (Hogwood *et al.*, 2000; Verschuere, 2007). In additional to these structural variables, informal relationship between agencies and their parent ministries have been noted to play a central role in inducing certain patterns of agency behavior (Christensen,1998). This element could even be more important in Tanzania because of the pervasive informality that characterizes the management of the public sector. The following section examines other means of controlling agencies in Tanzania.

**The Appointment of Chief Executive Officer**

In Tanzania the Executive Agency Act, 1997 requires the CEO to be appointed by the minister of the parent ministry through an open competition in which the vacant post is announced publicly. In our survey, we included two questions on the recruitment of CEOs in the agencies. The first question is on how the agencies’ CEOs were employed and what the background of the current CEO is. Our aim was to gain information not only on how the CEO is employed but whether there has been a change in the way CEOs are employed; from the Weberian seniority-based promotion to a market driven employment where the criteria is purely an individual competencies for performance. It could also be that CEOs are appointed on the basis of a political connection.
(patronage). Table 7.12 below displays the results of our survey. Interestingly, it seems that a larger portion of CEOs (56.6% +16.7% = 73.3%) are senior civil servants who have just been promoted to their CEO positions. These were mainly heads or had worked in the same departments before these units were promoted to the agency status. A few of them are from the central civil service and only a minority (11.1% or only two CEOs) have come from outside the civil service, probably from the private sector. A documentary review also shows that a majority of the CEOs are from the former departments before these units became agencies. One earlier report also noted that ‘the vast majority of CEOs were appointed from within the public sector and they lack the experience of the kind of business environment within which the agency would operate in the future (PSRP 2006:10). Although in official documents it is strongly insisted that CEOs must be recruited through open competitions (Agency Act 1997), but in practice most CEOs have been promoted from the civil service.

Our analysis has further revealed that it is actually the CEO of TANROADS who is often recruited from the private sector. Two of the CEOs before the current one, were even foreigners: the first came from Sweden and the second was Ghanaian. ASA, a small agricultural seedling agency, has also recruited its CEO from the private sector. It remains an open question as to why the government has been reluctant to recruit CEOs from the private sector and whether by retaining traditional bureaucrats in the agencies, the control of agencies is rather easier. From cultural-institutional perspective, one can say that traditional bureaucrats have long been socialized into the public sector norms and culture and they thus bring no new cultural clash. With this type of CEOs continuity is guaranteed.

Table 6: Recruitment and the Background of CEOs in Tanzania

<table>
<thead>
<tr>
<th>Question: How is CEO appointed?</th>
<th>Response</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) Through labour market competition?</td>
<td>a) 16</td>
<td>a) 88.9</td>
</tr>
<tr>
<td>b) Through promotion or appointment from the government?</td>
<td>b) 2</td>
<td>b) 11.1</td>
</tr>
<tr>
<td>c) Through political consideration</td>
<td>c) 0</td>
<td>c) 0</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>What is the Background of the current CEO?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) S/he was previously Head of this department before it became agency?</td>
<td>a) 10</td>
<td>a) 56.6</td>
</tr>
<tr>
<td>b) S/he worked in the department before it become agency</td>
<td>b) 3</td>
<td>b) 16.7</td>
</tr>
<tr>
<td>c) S/he is recruited from the civil service through competition</td>
<td>c) 3</td>
<td>c) 16.7</td>
</tr>
<tr>
<td>d) S/he is recruited from outside the civil service through competition</td>
<td>d) 2</td>
<td>d) 11.1</td>
</tr>
</tbody>
</table>

Source: Survey, 2007

The Role and Composition of Ministerial Advisory Boards
In general ministerial advisory boards can act as important structural control. An important issue is thus whether these boards represent government or other parties and the extent to which these members are appointed by government or by these other parties. In Tanzania, all agencies have Advisory Boards known as Ministerial Advisory Boards (MABS) and as the name suggests, they are merely advising parent ministries on issues related to the performance of agencies. Board members are appointed by the minister of a parent minister for tenure of three years. The MAB is chaired by the Permanent Secretary of agencies’ relevant parent ministries. In terms of their composition, the Act requires that, the Minister shall have due regard to the need to include in its membership persons who are not in the public service and persons who are representative of the interests of the Agency’s customers (see Section 6.2). As reflected in table 8, most appointment seem to have followed this criterion as most members seem to have come from the policy areas in which each agency operate. One main function of the MAB is to deliberate on agency strategic and business plan and to approval these plans including the agency’s annual budget. This is probably the forum where the Boards can influence agencies performance, and as we have noted, the
presence of permanent secretary (PS) as its chairperson puts more weight on its role. Indeed, most agencies (66.7%) say that MABS decision is binding. Although CEOs are not formally accountable to their agencies’ MABs, the view that MABs decisions are somehow binding to agencies is not surprising because MABs are chaired by the PS of parent ministries and the PS are also the disciplinary authorities to CEOs. The role of the PS as the chairperson of the MAB is thus important, not only for this agency but for all agencies. MABs are required to meet at least twice a year.

Table 7: To what extent are MAB decisions binding for agency?

<table>
<thead>
<tr>
<th>Response from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not binding at all</td>
<td>2</td>
<td>11.1</td>
</tr>
<tr>
<td>To some extent</td>
<td>4</td>
<td>22.2</td>
</tr>
<tr>
<td>To large extent</td>
<td>12</td>
<td>66.7</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Survey

Table 8: What are the criteria used in the appointment of MAB members?

<table>
<thead>
<tr>
<th>Response from agencies</th>
<th>Frequency</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic qualifications in the appropriate field in which the agency operates</td>
<td>6</td>
<td>33.3</td>
</tr>
<tr>
<td>Individual integrity and commitment in the field of agency operation</td>
<td>7</td>
<td>38.9</td>
</tr>
<tr>
<td>Individual associated with policies of government in power</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>No firm criteria in selecting board members</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>The TFDA Act, 2003</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Representation criteria in policy area in which the agency operate</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>17</td>
<td>94.4</td>
</tr>
<tr>
<td>System</td>
<td>1</td>
<td>5.6</td>
</tr>
<tr>
<td>Total</td>
<td>18</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Survey, 2007

**Formal and Informal Meetings**

These forms of meetings are used to varying degrees. For example, when agencies were asked how many times they have informal meetings with their parent ministries, 38% said once in a month, 27% said there is no such a meeting and 11% said several ad hoc when necessary. The rest of agencies said once a year. As with regard to formal meetings the patterns of reply were almost similar. Here 33% said once or more in a month, 22% said twice a year, 16.7% said no such meetings, whereas very few said twice a week and 16.7% said once a year. The general picture is that there could be some sort of both informal and formal meetings between agencies and their parent ministries. The PRSP (2006:14) for example, observed that CEOs normally do not exercise the power delegated to them, but when they want to take some finance related decisions they consult their parent ministry’s permanent secretaries informally.

In summary these other means of controlling agencies do not seem to also provide a strong sign of their effectiveness as far as result-based control is concern. When we look at the appointment of CEOs, the clear doctrine of control is the Weberian approach than the result-based approach. Similarly the role of MAB seems to be insignificant, although agencies seem to suggest that boards play a significant role. What was obvious in the documentary review was that the view of the permanent secretary, who is also the chairperson of the MAB, is what really matters.

**Discussion and Conclusion**

The main research question in this paper was how agencies are regulated controlled by their parent ministries. Informed by NPM ideas, the initial assumption was that the agencies will be controlled
on the basis of results. When the agencification programme was introduced in Tanzania in the 1990s the official rhetoric was to move away from inputs and process focused management approach to outputs-based management approach (Rugumyamheto, 2004). The thinking of reformers in Tanzania seemed to have been influenced by NPM doctrines (Morgan et al., 2010). The policy intention of agencification was to dis-bundle monolithic traditional bureaucracies into tasks specific and results-focused agencies that are to be given more managerial autonomy in delivering public services within a prescribed resources and performance accountability. It was insisted that parent ministries would set strategic direction and performance objectives for agencies while monitoring them on the basis of performance outputs (Executive Agency Act, No.30, 1997).

Instead of hierarchical control, the agency model was formed on precepts of principal-agent model where the relationship between agencies and their parent ministries was to be moderated through performance contracts. The main empirical research question in this paper was whether or not agencies are controlled through performance results as insisted in NPM reforms or rather in a Weberian way.

As demonstrated in our empirical data, parent ministries are not strongly controlling their agencies on the basis of performance results. While NPM ideas seem to have been able to partially influence structural reforms (we mean the process of putting agencies at arm’s length from their parent ministries), this reform process was not able to break the institutional thinking and thus the process of controlling agencies. The preference for hierarchical control, which is embedded in the management of public sector in Tanzania, is most visible when we look at the agencies’ other means of control.

Indeed, our documentary analysis showed that agencies in Tanzania are still strongly controlled on the basis of the Weberian model than in the NPM way (See PRSP, 1999, Caulfield, 2002, Sulle, 2011). Agencies still need prior approval from their parent ministries and indeed from central ministries such as the Civil Service Department and the Treasury for most of the HRM and financial management. Within the agencies, the tradition of financial audit also seems to be more dominant than the result-based audit, which is encouraged in the NPM doctrines so as to achieve the so called ‘value for money’. More interestingly, we also noted that most CEOs of the agencies have been promoted from within the civil service, seemingly on the basis of seniority than performance related appointment as envisioned in the NPM doctrines. In addition, we note that most CEOs are on the permanent and pensionable employment terms than the performance related contractual employment preferred under the NPM approach.

Our general conclusion in this paper is that the agencification reform in Tanzania has not resulted in a shift from the Weberian approach to result-based approach as envisioned in the NPM doctrines. It can thus be argued that result-based control has only been partially introduced in Tanzania. But the fact that the control of agencies has not moved to *ex post* does not means that the NPM ideas have been completely rejected. As demonstrated in our analysis, the management and control of agencies in Tanzania seem to combine, though in limited way, both the NPM ideas and the traditional approach. For example, whereas most agencies are controlled *ex ante*, but still many agencies do operate in a *business like manner*. For instance, some agencies can charge for their services, retain what they earned and transfer it into next financial years (Sulle, 2011). Normal departments cannot do all of these because they follow strictly laid down procedures. These combinations reflect hybridization of agencies’ control. Institutional theorists would call this as organizational layering, in which organizations try to adopt new management approach while simultaneously retaining most of their core traditional values (Thelen, 1999).
References


The Executive Agency Act, No 30 of 1997, The United Republic of Tanzania, Dar es Salaam