Organizational Puzzles of Agencification: A Kampala City Council Authority Case, Uganda

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Abstract

Considered as a core element of New Public Management (NPM), the concept of "agencification" has been widely been embraced in Uganda like in many other countries, being perceived as a panacea to governance pathologies. In Uganda, a case of Kampala City Council Authority has been singled out as outstanding area for exploration owing to its uniqueness as an agency emerging from a former local government structure - Kampala City Council. The purpose of the paper is therefore to analyze the latent organizational puzzles facing Kampala city given its transformation to an Authority. Under the new law, Kampala Capital City Authority Act, 2010, the authority over the management of Kampala City Council is placed in the hands of the central and not local government. Although the new structural arrangement is perceived to address enormous institutional challenges, it has brought about tension amongst workers and confusion between the leaders relating to powers and roles. This paper raises eyebrows of policy analysts of NPM tenets and emphasizes a great deal regarding contextualization in the event of adoption of agencification, as the existing literature connotes great gaps in its applicability. The paper heavily relies on secondary analytical information materials and will clearly delineate the organizational dilemmas that the new regulatory regime has stimulated.

Keywords: Organisational Puzzles, Agencification, Governance Authority, Kampala City Council, Public Management

Introduction

Kampala Capital City Authority is a governance authority for Kampala city established Kampala Capital City Act 2010. The Authority replaced a former Kampala City Council (KCC) that was one of the decentralized urban governments equated to a district council since under the Uganda Local Governments Act of 1997.

Like any decentralized local government, the former Kampala City Council operated with relative autonomy of politicians under the leadership of a city Mayor and administrators under the Town Clerk. Over the years however, there were visible evidences of maladministration and poor service delivery of the capital city. Concerns of poor management of the city council were automated by the fact that Kampala is the "heart" of Uganda which houses the Diplomatic Missions, and multinational companies and national and international organizations as well as the government key state organs including the ministries, and the parliament. To protect the public image therefore, and to improve service delivery, agencification was considered as the best remedy to the City.

Kyohairwe (2012) observes that strengthening of the administration with sound monitoring and evaluation mechanisms to ensure compliance to the national and international standards became imperative as a result of KCC administrative failures. The strengthening of administration thus implied the restructuring of the
city council by reviewing the positions of top leadership – political and administrative – as well as their respective functions and powers. There was also a review of the middle and lower level positions and functions were also modified with ultimate aim of enabling improvement in infrastructure, better land use, proper planning and general human development.

**Current kcca structure and roles**

Kampala Capital City Authority consists of the Lord Mayor; The Deputy Lord Mayor; and a number of councillors that are both directly elected by their electoral constituencies and others who are appointed to represent professional bodies. The professional bodies include: The Uganda Institution of Profession Engineers, Uganda Society of Architects, Uganda Medical Association, and Uganda Law Society. The lower level of the authority are consists of division urban councils under administrative units under the leadership of Mayors and Town Clerks.

The Capital City Authority administration is headed by the Executive Director and consists of specified Directorates of: Administration and Human Resources, Engineering and Technical Services, Treasury Services, Public Health and environment, education and social services, Legal affairs, Revenue collection, Gender, Community services and production, Internal audit and Physical planning. These are responsible for city planning and policy implementation.

KCCA is linked to the central government by the Minister responsible for the Capital city who may assist the authority in altering the boundaries of the city divisions or creation of wards, and village councils within the divisions. The minister is the authority to whom the executive director and the Lord Mayor report.

The Authority is charged with a duty of initiating and formulating relevant policies, setting service delivery standards, determining taxation levels, monitoring general administration and provision of services in the divisions, enacting legislation, and promoting economic development. It is further responsible for constructing and maintaining main roads and major drainages, installing and maintaining street lights, organizing and managing traffic, physical planning and development control, and monitoring of the delivery of service within the area of jurisdiction. The Authority is also charged with maintenance of law, order and security, mobilization of residents for community development and local taxation purposes, and registration of residents' births and deaths (KCC Act 2010).

**Methodology**

This paper explores the structural and operational dilemmas of KCCA as one of the government agencies. KCCA is taken as a case of many other government commissions, boards, and authorities to which government has delegated it functions. The paper, which is theoretical in nature basically draws its arguments from secondary data including existing legal frameworks and other related policies, text books, journals articles and other publications.

The paper is guided by assumptions derived from agencification theory holding that there is structurally disaggregation of the agency from the government and that the agency operates under more businesslike conditions than the government bureaucracy. The general purpose focuses on assessing the validity of these assumptions and unveiling the emerging dilemmas of agencification management approach.
Agencies may be conceived as public organizations which are legally subordinated to the government but are structurally disaggregated from the core executive and which enjoys considerable policy and managerial autonomy (Pollitt et al. 2004). Being public organizations, signifies that they have their status defined in public law, are staffed by civil servants and financed mainly by the state budget.

The transition from KCC to KCCA can be regarded as a response to the waves of New Public Management (NPM) doctrines. Christopher Hood observes that NPM entails ideas of a shift from policy making to management skills, from emphasis on process to a stress on output, from orderly hierarchies to an intended more competitive basis for providing public services, from fared to variable pay and from a uniform and inclusive public service to a variant structure with more emphasis on contract provision (Hood, 1995). Hood identifies seven dimensions of NPM include:

a) A shift towards greater desegregation of public organizations into separately managed corporatized units for public sector product
b) A shift towards greater competition both between public sector organizations and between public sector organizations and the private sector.

c) A move towards greater use within the public sector of management practices styles which are broadly drawn from the private corporate sector, rather than public-sectors specific methods of doing business
d) A move towards greater stress on discipline and stringent resource use and on active search for finding alternative, less costly ways to deliver public services, instead of laying the emphasis on institutional continuity, the maintenance of public services which are stable in "volume terms" and on policy development.
e) A move towards more "hands-on" management (that is, more active control of public organizations by visible top managers wielding discretionary power) as against the traditional "hands- off" management
f) A move towards more explicit and measurable standards of performance for public sector organizations, in terms of the range, level and content of services to be provided, as against trust in professional standards and expertise across the public sector.
g) Attempts to control public organizations in a more "homeostatic" style according to preset output measures particularly in pay-based on job performance rather than rank or educational attainment), rather than by the traditional style of "orders of the day" coming on an ad hoc basis from the top, or by the subtle balancing of incompatible desiderata in the "calibration" style of control.

The first elements (a-d) are categorized under the distinctiveness of public sector as opposed to private sector, while the remaining three elements (e-g) are considered as being under the category of managerial and professional discretion as opposed to the traditional rule-driven public administration approach (Hood 1995: pp 96-98). The overall Hood's NPM contention is the extent the public sector should be distinct from the private sector in its organization and methods of accountability, as well as issue of how far managerial and professional discretion should be fenced in by explicit standards and rules.

Hood's conception of the NPM doctrines is of great relevance in understanding the present structures of KCCA. We particularly note the essence of doctrine (a) that advocates for desegregation of public organizations into separately managed corporatized units. This segregation according to Hood relates to distinct public sector "product", each with separate cost center, own organization identity and greater delegation of resource decisions. It also entails a movement towards "one-line" budgets, mission statements, business plans and managerial autonomy. Some of these characteristics can be closely associated with the reform and the principles underlying the transformation of KCC – a decentralized local government – into KCCA which is a government agency.
Agencification theory and its relevance the kcca case

Agencification is a process where new agencies are created or where existing agencies are given more autonomy. Agencification has several aims: increased efficiency, strengthened and clarified responsibility and accountability lines, a more encouraged and professional administration, and a more service oriented administration placed closer to citizens (OECD 2005 p. 108-111). Agencification is further considered as being aimed at strengthening the politicians' ability to steer the administration. It is seen as a way of hiving off smaller, recurrent and technical matters into executive agencies where politicians have more time for steering 'big' and 'important' matters.

Agencification relates to the Agency Theory, that centers on three elements – Structure, Autonomy and Accountability. Pollitt et al (2004), provide a further insight on the three central elements which make up the core of the "agency" program. They note a Structural Separation and/or the creation of "task specific' organizations; Managerial Autonomy in making decisions concerning personnel and financial management through target setting, monitoring and reporting; and Managerial Accountability over personnel, finance and other management matters. The agency theory also focuses upon the agency relationship in which one actor (the principal) delegates work to another actor (the agent), who performs that work (Eisenhardt 1989).

Bengt Jacobsson and Göran Sundström (2007) recognize that agencification is based on a quite simple idea. They observe that just like other modern public management reforms – i.e. decentralization, contracting-out arrangements, and management by results – agencification rests on the classical distinction between policy formation and policy implementation. The idea is that policy formation should be handled by slimmed and trimmed 'core executives', while policy implementation should be carried out by professional executive agencies with considerable managerial freedom and an extensive duty to report to the core the results of their performances.

The agency model introduces a horizontal and vertical structural separation within or across organizations. Structural separation involves the splitting up of larger bodies into a "parent" body and various subordinate agencies. The vertical changes tend to create more autonomous agencies while horizontal specialization based on the principle of single purpose organization makes less independent organizational unit to deal with only with such functions as ownership, regulation, purchasing, provision (Christensen & Laegreid, 2001; Bouckaert and Peters, 2001).

The fundamentals of structural separation are considered to include putting in place formal reporting arrangements, including separate accounts, for the new body; and creating an identifiable, separate, organizational structure with its own name. The body is given a single or small set of functions related to delivery, execution or provision but not about policy-making, and there is a legal framework which sets out its purpose, powers and governance arrangements. There is an intent of making the staff of the new body different in some way from mainstream civil servants as well as making a single responsible person, appointed through an open process, separate from the normal civil service recruitment, for managing and reporting on the new body. Indeed this argument is augmented by Sandra Van Thiel (n.d.) who contends that the general understanding of agencification concerns an organization that (i) is structurally disaggregated from the government and (ii) operates under more businesslike conditions than the government bureaucracy To Colin Talbot however, structural separation, does not guarantee autonomy. He argues that many formally independent public organizations continue to tightly be regulated in matters of personnel, finance, procurement, which severely limits managerial autonomy (Talbot 2001). Pollitt similarly contends that most agency separations are more often movements along a spectrum rather than "quantum leaps" (Pollitt et al., 2004).
Talbot's and pollit's view suggest a potential dilemma emerging from the mode of operation and boundaries of agencified organizations which calls for examination of a specific case like KCCA structure and assess the compatibility of these theories within the new city organizational context. As Maria Asensio notes, while formal structure matters, it may not be the only organizational feature that is instrumentally relevant for organization's performance. It is equally important therefore, to direct a focus to the division of tasks as well as assessing the role the external organizations may play in influencing the new agencies performance (Asensio, n,d.).

**Structural hicups in KCCA agencification**

As noted in the theory discussion, assumptions of agencification presupposes structurally disaggregated from the government, and operation of a more businesslike conditions than the government bureaucracy. It assumes structural separation, managerial autonomy in decision making and managerial accountability over resources and other management matters. It is noted that ideally, agencification approaches aim at increased efficiency, strengthened and clarified responsibility and accountability lines, enhanced professional administration, and a more serviceoriented administration placed closer to citizens as well as strengthening the politicians' ability to steer the administration.

The practice in KCCA has so far demonstrated that agency autonomy is easier said than practiced and that it is not an easy task to strike a balance between agency autonomy on one hand and steering and control on the other. Our earlier discussion indicated the delineation of political structures and the administrative structures to which the Kampala capital City grants powers and autonomy to act. The political wing operates under the Lord Mayor and the bureaucratic wing under the Executive Director. The Lord Mayor and other elected and appointed politicians are entrusted with policy making and enforcing functions specified under Sec.6 of the Act. The Lord Mayor derives his leadership mandate and authority from the electorates who are the citizens of the Capital City. As a head of the political wing, he has a dual responsibility to KCCA and to his electorate. In executing all his functions however, he is also answerable to the Minister responsible to the Capital City.

The administrative power of Executive Director for the Capital City on the other hand is derived from the President who is the appointing authority. The president is the same authority that removes the executive director from office (Sec.17-19 of the Act). In either case (appointment or removal from office), action taken by the president on the executive director is on the advice of the Public Service Commission. The executive director reports to the Authority (KCCA) and to the Minister of the Capital City.

From the outlook of KCCA as a government agency, it seems to be structurally disaggregated and indeed the Act stipulates the autonomy that KCCA leadership should exercise in executing its functions. In practice however the boundaries of the Authority's political and administrative leaders and the government demonstrate some fusion of the two entities. It is noted both the Lord Mayor and the executive director are answerable to Minister responsible to KCCA. On a some occasions however there have direct interference of some government officials and parliamentarians in KCCA work.

Similarly it has been evident that the two leaders of the Capital City have tended to run the affairs of the authority in a parallel manner with each of them claiming equal and overlapping power over the control of the Capital City. This indeed has paralyzed the authorities' activities with the political wing working towards the sabotage of the bureaucratic efforts. The meaning derived here is that agencification reforms may lead to a
fragmented state. The agencies may become too autonomous in relation to their political superiors (vertical fragmentation), and their ability and willingness to work together in order to solve common problems may diminish (horizontal fragmentation). These forms of setbacks reinforce the a discussion about how to balance autonomy and control.

Whilst agencification aims of increased efficiency and enhanced professional administration are yet to be tested considering the period in which Kampala City has been administered under KCCA, the argument regarding strengthened and clarified responsibility and accountability lines has is disputable so far. Administrative and political conflicts between the Lord Mayor and the Executive Director on a number of occasions clashing over jurisdictional powers is clearly documented in the KCCA record and Uganda print media. As such, the related argument of agencification as a way of strengthening the politicians' ability to steer the administration remains questionable.

KCCA agencification performance todate cannot be divorced from the administrative culture of the former KCC as well as the rest of Uganda. Perceived as characteristics of public officials with regard to shared attitudes, values and beliefs (Henderson 2005); or as a transmittable pattern of beliefs, values and behavior in a public service organization that concern the organization's role and relationship to the public (Luvuno 2005, Karyeija 2010) Administrative culture is an additional source of agencification puzzles in KCCA. Analyses of the Authority's performance need to take into account the effect of cultural isomorphism and we need to appreciate that the political and bureaucratic overlaps within Kampala Capital City Authority are not isolated cases. There are clear documented evidences where the executive arm of government has defiled decisions of the legislature and/or of the judiciary. Such incidences serve as "law of evidence" that government agencies borrow and apply in their administrative function.

**Conclusion**

Agencification of Kampala City Capital authority can be considered as a good move intended to address the inadequacies of urban local governance and to tap the advantages of New public management doctrines. The current KCCA mode of operations indeed has traces of elements such as a more "hands-on" management where more active control is visible from top managers wielding discretionary power to effect decisions, there are some explicit performance indicators in terms of city cleanliness, road maintenance, and law enforcement which may suggest a focus on value for money when technically evaluated. All these would justify the relevance of agencification.

The outstanding controversy however remains on the arguments related to balancing autonomy and control of the agency. The debate is on the practicability of both horizontal and vertical structural separation as well as the managerial autonomy. As Bengt Jacobsson and Göran Sundström note, the unending puzzles relate to the extent to which policy and managerial autonomy and result-based control has been introduced and operationalized, how ministers and the government actually govern agencies, how the balance between autonomy and control is affected by fundamental changes in society, such as internationalization, medialization and managerialism. The final concern that is often neglected is how then political and administrative culture in which agencies are embedded influences politicians' way of governing agencies.
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