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Cooperative public service delivery in Tanzania: Is it contributing to social and human development?

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Abstract

The need to serve citizens better has become one of the major preoccupations of public administration today and the government can no longer shoulder that responsibility alone. Social and human development needs have become complex and diverse and to address these complex and diverse needs some form of cooperative effort is required. Various players need to be brought into the public service delivery process to be able to contribute effectively to social and human development needs. This paper looks at how the cooperative public service delivery approach has evolved and been applied in Tanzania. We have argued that despite the actual and potential benefits that the cooperative public service delivery model brings, there is still a lot to be learnt about this model. The Tanzanian case shows that the model poses a number of challenges that ought to be addressed before significant success of the model could be recorded.

Key words: cooperative public service delivery, new public management, public value model.

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Introduction

The need to strengthen the delivery of public goods and services for citizens has, in recent decades, assumed great significance both in developed and developing countries (Karim, 2003). This development is very much linked to the shift in public administration; whereby, the emphasis has now moved beyond the pure New Public Management (NPM) criteria of efficiency, value for money, and managing for results, to the public value model which elevates the NPM notion of citizens as consumers to citizens with broad social concerns and takes into account factors such as citizen voice, community building, equity and accountability (Hefetz & Warner, 2004, Denhardt & Denhardt, 2000). Under the public value model the primary criteria for effective government is the extent to which public policy innovations have succeeded in promoting citizen access to public services, trust and participation in the processes of government as well as the extent to which these innovations have enabled the citizens to grow and develop as respectable individuals, enjoying dignity and unthreatened by insecurity, ignorance, poverty, and diseases (Kelly & Muers, 2002).

This paper therefore seeks to examine the way the cooperative public service delivery model has evolved and practiced in Tanzania. Firstly, the paper will define what cooperative public service delivery model means. Secondly, the paper will look at how this model has evolved in Tanzania since independence in 1961. In this regard, the paper will highlight key factors that accounted for its evolution. Thirdly, the paper will attempt to establish the extent to which this model has contributed or failed to contribute to the social and human development of Tanzanians. Finally the paper will make some recommendations on maximizing the benefits of cooperative public service delivery.

Defining the cooperative public service delivery model

A number of scholars have attempted to define *cooperative public service delivery*. Rosenbaum (2006) defines Cooperative Public Service Delivery (CPSD) as the utilization by the public sector of civil society and or the private sector for the delivery of public goods and services. He argues that throughout the past quarter century this model has increasingly been in use and it continues to assume wider application. Gerrard (2001) sees CPSP as an aspect of public-private partnership and defines CPSP as cooperative business ventures between the public and private sectors built on long-term contracts in which public services are delivered on the basis of clearly defined public needs. Carrol and Steane (2000) see CPSP as an instrument of modernization and renewal for the state intervention, allowing public enterprises to adopt new organisational forms in order to establish different types of relationships with private sector organisations. Hodge (2004) too sees CPSD in PPPs perspectives and defines it (CPSD) as a strand of public policy, with better efficiency promised for the funding of public services through the appropriate allocation of risks, rewards and responsibilities.

From the foregoing we can make some general observations. Firstly, we can note that CPSD represents a shift in which the development process is no longer the exclusive monopoly of the government. Prior to the late 1980s public administration maintained an exclusive monopoly over policy formulation and implementation. Under CPSD public administration is compelled to work with other partners such as non-governmental organisations, private enterprises, trade and cooperative unions as well as community groups deliver public goods. Secondly, we can note that CPSD is still a growing phenomenon which requires further study and analysis to verify its assumed strengths and limitations. Thirdly, the extent to which CPSD can be successful depends on country-specific factors that ought to be borne in mind while CPSD is being pursued.

The evolvement of cooperative public service delivery in Tanzania: 1961-2006.

Cooperative public service in Tanzania has evolved over the years. We can try to trace its evolvement in three major phases:

Phase one – 1961 to 1966

Historically, Tanzania did not have a record of a vibrant private enterprises sector. At independence in 1961, there were a few isolated cases of Asian-dominated, privately owned establishments in the areas of textile manufacturing, import-export trade, insurance and commerce, mainly banks. The virtual absence of a significant private enterprises sector was a result of the colonial administration racial segregationist policy that barred indigenous Tanzanians from participating in the official public and private enterprise sectors. Non-Governmental Organisations (NGOs) that existed at this time were owned by foreign religious organisations. Their main task was to convert the local people to Christianity as well as to provide primary health care services mainly to foreigners. At the village level, local community-based organisations (CBOs) existed even in pre-independence period. However, their activities were limited scope.

Local non-governmental organisations as we know them today were non-existent at independence. These emerged and proliferated after the mid-1980s for reasons that we shall discuss later. Between 1961 and 1966 the Tanzanian government tried to build its economy based on the capitalist ideology. The central government assisted by its ministries, regional and district administration were responsible for the delivery of public goods and services service. Cash crops such as cotton, coffee, sisal and pyrethrum were the major exports from which the young government earned foreign exchange required for the promotion of local capitalist investments and the development of social and economic infrastructure. However, these exports did not earn sufficient foreign currency because Tanzania was not in a better bargaining position to fix better prices for her exports. In addition to agricultural exports, the government tried to apply for financial assistance in terms of loans and grants from European and Asian countries and the United States of America. Unfortunately loans and grants were not as forthcoming as the government wished, mainly due to aid-givers' doubts about Tanzania's capacity to repay the loans. Foreign private investors too did not show willingness to invest in Tanzania at this time for the same reasons. While the government struggled unsuccessfully to mobilise financial resources for capitalist development the already existing Indian and Arab businesses exhibited little significant growth and therefore failed to contribute significant taxes to the government. Tanzania's experience in developing the economy along capitalist lines was a disappointing and frustrating one. It was mainly due to this frustration that compelled Tanzania to adopt socialist policies in 1967.

Phase two – 1967 to 1988

In 1967 Tanzania adopted the socialist ideology which led to the nationalization of existing private enterprises that had managed to emerge in the country. Many Asian owners left the country for Canada, United Kingdom, United States of America, India, Australian and New Zealand. The socialist policy almost did away with private providers of public services. It was the nationalization policy that led to the hurriedly formed public enterprises, made up of over 450 parastatal organisations. These became the major instruments of public policy implementation. The government charged them with a variety of responsibilities, which included the production,

distribution and marketing of consumer items on the local market. Some of these were charged with the task of producing agricultural crops for export. The President appointed General Managers to head these organisations. Most managers who got appointed were scantily trained in business management and significantly inexperienced. The consequences of these shortfalls surfaced in the next few years as shall be shown in the following sections of this paper.

Between 1967 and 1970 public enterprises performed fairly well in terms of delivering public goods and services. However, beginning with the early 1980s public enterprises started to exhibit all sorts of poor management. Industrial production stood at 30% of installed production capacity. As a result, consumer items became critically scarce on the local market and the ability of public enterprises to pay taxes to the treasury dwindled. The government started to subsidise these parastatals to enable them to continue operating. In 1980 the government halted the provision of subsidy due to shortage of funds at the treasury. Cases of embezzlement, misuse of public funds and assents, over-employment, and nepotism became rampant in public organisations. Racketeering too became widespread all over the country. The government started rationing the already scarce consumer items. Export crops also fell drastically thereby denying the country the foreign exchange it seriously needed. In the absence of sufficient foreign exchange earnings as well as dwindling tax income from public enterprises the ability of the government to run government business effectively fell significantly. As the mid-1980s approached the government, with its development capacity seriously impaired, started to rethink its socialist policies. Between the mid-1980s and the early 1990s an economic and political crisis seriously rocked the nation. A solution to that crisis had to be sought.

Phase three – 1989 to 2006

Phase three witnessed significant developments in the evolvement of CPSD in Tanzania. As the politico-economic crisis continued to rock the nation, the Soviet Union started to crumble, thereby denying third world socialist developing countries (Tanzania included) an alternative source of financial support. Moreover, during the same period, western countries changed their approach of aid delivery to developing countries. From the late 1970s and throughout the 1980s as well as the 1990s almost all givers of foreign aid expressed their dissatisfaction over the manner recipient government bureaucracies spent foreign assistance (loans/grants). They (givers of aid) accused public bureaucracies of bad governance as well as misappropriation and embezzlement of public funds while the ordinary citizens (targeted groups) suffered. Almost all givers of aid decided that the misuse of assistance or skimming off of aid by corrupt officials could be curtailed by channelling foreign assistance, not through government bureaucracies, but through private organisations (i.e. non-governmental organisations, private enterprises, etc). During the cold war period such corrupt officials were tolerated and rewarded with grants due to their loyalty to allies.

In 1992, for instance, Mrs. Chalker, former British Minister for Overseas Development, said that in Britain, the money allocated to private organisations for delivery to the developing world had grown from US\$ 5.2 million to US\$ 40 million in five years. Moreover, the United States Agency for International Development, which pioneered the funnelling of aid through non-governmental or voluntary organisations, said in 1992, that a substantial part of its annual spending of US\$ 7.7 billion had been channelled through NGOs or the private sector (The New York Times, 1992). There has now emerged a strong belief in the minds of givers of aid that the private sector/NGOs were eyes and ears that industrialised countries as well as big organisations (such as the World Bank, IMF, OECD etc.) can use to monitor aid. They (givers of aid) also believe that NGOs, unlike public bureaucracies, are teaching people to take their destiny in their



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own hands which is one of the most important steps to democracy. Western countries and multilateral organisations demanded the privatization of public enterprises which had become burdensome to the people.

A combination of these factors created a conducive environment for the true CPSD to emerge. Beginning with the mid-1980s the formation of Local Non-governmental Organisations (LNGOs) started and picked up pace in the early 1990s. In November 2001 there were 3,000 local and international NGOs in Tanzania. In 2001 the government issued the National Policy on Non-Governmental Organisations, followed in 2002, by the Non-Governmental Organisations Act number 24. The two pieces of legislation have provided the required framework within which NGOs could now operate effectively by way of delivering public services.

Cooperative Public Service Delivery has significantly taken root in the area of public sector outsourcing. Collection of parking fees in urban areas is now outsourced to private operators. Garbage collection and disposal in almost all local government authorities is done by private firms (Nkya, 2004). General cleanliness activities in public offices, schools, universities, hospitals and hotels are carried out by private firms. The provision of security services has largely been outsourced as the government police forces cannot fully meet the security needs all over the country. CPSD is also abundantly conspicuous in the provision of educational services. For example, whereas the government owns a total of ten (10) universities and university colleges, there are presently nine (9) privately-owned universities and university colleges (See Statement by the Minister of Science and Technology and Higher Education in “*Uhuru*” Newspaper, January 11, 2006,p.5). As for the provision of primary and secondary school education private operators currently account for 30% from 2.5% in 1967. The provision of medical and health services is also done through CPSD with private operators accounting for 25% (Kavishe, 1990)

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Although CPSD is still in its infancy stage its contribution to social and human development is noteworthy. We can highlight a few areas in which CPSD contribution has been significant. Firstly, public and private operators in the areas of medical and health services have significantly improved the opportunities for the citizens to attend to their health problems. Tanzania today (2006), has a dispensary (private or public) in every village government. Such access increases the chances of good health for the citizens as ailments can be attended before they become life-threatening.

Secondly, CPSD has improved the availability of education services for the people. With CPSD in place, the number of education facilities has increased and the quality of education continues to improve. Education contributes significantly to human development. Education enables citizens to be aware of their environment, their rights and obligations and can therefore become an important force in influencing the business of government.

Thirdly, private enterprises pay tax to the government treasury. For example, the Tanzania Cigarette Company (TCC), formerly a public organisation, was privatised in 1994. In 1995 the Company’s sales shot up from Tshs. 48.8 billion in 1995 to Tshs. 109.2 billion 2004. TCC paid taxes to the Treasury Tshs. 44.4 billion in 2004 while it only paid Tshs. 4.2 billion in 1995. The Company has invested over US\$100 million and it contributes about US\$50 millions in taxes per

annum. It offers 630 employment positions at the firm and buys the crop of more than 200,000 tobacco growers, keeps over 100 suppliers and 200,000 retailers countrywide. About 75 of its share are owned by JTI, while 19.5% are owned by the public and 5.5 shares are owned by the government. TCC produces 10 brands of cigarettes which includes Winston, Embassy, Sportsman, Sweet Menthol, Club, Crescent and Star (Tanzanian website: www.tanzania.ac.tz)

Tanzania Breweries, too, is another of those public enterprises that performed poorly before privatization. On November 6, 1993 the government went into partnership with a South African Company to manage the loss-making Tanzania Breweries Company Ltd (TBL). In 2003, the government collected Tshs. 83.6 billion from TBL when in 1993 it generated only Tshs.12 billion.] With improved tax income, the government is presently able to finance the construction of roads thereby making access to the local markets possible.

Fourthly, public monopoly in the financial sector has been broken. There are presently 20 private banks and financial intermediaries accounting for nearly 80% of total assets in the banking system. Citizens can now choose where to deposit and keep their saving and/or apply for loans for their investment plans. There are presently at least 5 privately-owned financial institutions in every Tanzanian district providing micro-finance credit to small businessmen and women. This strategy has significantly helped to reduce poverty for low-income Tanzanians. That is a social and human development dimension.

Fifthly, CPSD has created significant job opportunities for Tanzanians. While the government withdrew from production – oriented activities her former employees were retrenched. However, a significant number of the retrenched have been absorbed by private enterprises and NGOs. Between 1995 and 2004, for instance, the private sector created jobs to the tune of 504,113 (See “*Mwananchi*” Newspaper, June 2, 2004 p.7). Finally, CPSD has made Information and Communications Technology (ICT) significantly accessible to many Tanzanians, especially those living in the urban areas. Immense opportunities have been created by these organisations for the people to learn and apply ICT.

CPSD – A review of major challenges

Although CPSD has brought significant benefits to the Tanzanian government and its people, it (CPSD) is still a new tool of public management. The Tanzanian government and its people are still learning how this tool could further be used more effectively. As the process of learning continues CPSD is posing several challenges to Tanzania’s public administration.

Firstly, the Tanzanian experience on CPSD has shown that partnership between public and private organisations is mostly accompanied by laying-off of employees. As the speed of CPSD increases, the number of lay-offs increases too because their absorption into the existing labour market is not as fast as it ought to be. Joblessness is known to be a potential ground for uncivil behaviour including robbery, drug use, prostitution and economic sabotage. Joblessness partly arising from CPSD constitutes a big challenge to Tanzania’s public administration.

Secondly, the identification of reliable and trustworthy private organisations with which to form cooperate is still a very big challenge. As it has already been mentioned CPSD is new to Tanzania. Most private operators are new too. It is therefore hard for the government to have full verification of the operators’ background. For example, in April and May 2005 the Tanga Municipal Council in Tanga Region and the Sokoine University of Agriculture in Morogoro Municipality were robbed of over Tshs. 45 million (employee salaries) when each of the two



institutions had hired a private organisation to provide security services. Several cases of betrayal of public trust by contracted out private operators have taken place in Dar-es-Salaam, Arusha, Mwanza and Dodoma.

Thirdly, governmental officials have yet to acquire the required the knowledge and the skills to deal with private enterprise operators who have proved to be more knowledgeable, shrewder and smarter in business-oriented transactions. This is particularly critical when it comes to signing partnership contracts/agreements. In 2005 for instance, the government of Tanzania was forced to terminate her contract with a private company (City Water Company) in Dar es Salaam after the government discovered only too late that it had been dealing with a private company which was unqualified to provide water services to the public (the *Guardian*, Tanzanian Newspaper, No. 3262, Tuesday May 17, 2005 p.1).

Coping with CPSD challenges

In order to derive maximum benefits from CPSD, Tanzania needs to take a number of steps. Firstly, the processes of forming partnerships ought to be thorough, open, transparent, and fair in order to avoid possibilities of cheating and corruption. Secondly, Tanzania needs to put in place a mechanism to track past performance records of potential partners. Thirdly, government officials need to acquire knowledge and skills especially in the areas of contract negotiation, formal agreements, legal sanctions, managing partnerships, performance evaluation, coordination, monitoring and value-for-money in order to be able to cope effectively with CPSD demands of managing public organisations. Fourthly, there is a need for partners to conduct regular public-private fora for experience sharing as a way of doing away with the tradition of public-private mistrust. Fifthly, since there are so many private operators all over Tanzania, the government needs to strengthen its coordination and monitoring capacity to ensure that these operators (private enterprises, NGOs, CBOs etc.) carry out their activities as stipulated in their establishment acts.

Conclusion

CPSD has significantly strengthened the ability of Tanzania's public administration to contribute effectively to the social and human development of the people. Citizen trust, confidence and satisfaction which had almost completely died away in the 1980s and early 1990s have started to show signs of restoration. Development ought to be a product of collective effort and responsibility, shouldered by the government, private enterprises, NGOs, CBOs, Cooperative and Labour Unions, as well as capable individual persons. Only then can the social and human development needs be served better and more effectively.

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