

# 2

## Comparing Agencies across Countries

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From the 1980s on, governments all over the world have created large numbers of semi-autonomous agencies. The chapters in this book are evidence of this trend, which has since then become known as agencification (cf. Pollitt et al. 2004). Semi-autonomous agencies operate at arm's length of the government; they carry out public tasks such as regulation, service delivery, and policy implementation. Compared to government bureaucracy, agencies face less hierarchical and political influence on their daily operations, and they have more managerial freedom. There is much controversy over the definition of agencies but a consensus has grown that an agency in terms of agencification concerns an organization that (1) is structurally disaggregated from the government and (2) operates under more businesslike conditions than the government bureaucracy (Talbot 2004a). Agencies can, for example, have a different financial system and personnel policies, although the degrees of financial, personnel and management autonomy vary per (type of) organization (Verhoest et al. 2010b). It is exactly this degree of variation between (types of) organizations that make it impossible to develop a more precise definition.

The lack of a uniform definition complicates research into agencification, both within and between countries (Bouckaert and Peters 2004). Comparisons over time are hindered by changes in organizations and legal types of agencies; comparisons between countries are further complicated by differences in institutional contexts and the differences in the translation of the agency idea in different countries (Smullen 2010b; Moynihan 2006; Pollitt et al. 2001b). Therefore, although the omnipresence of agencies is evident, most research emphasizes the differences (divergence) rather than the similarities (convergence) between them. This book confirms that there are many differences in agencification between countries; however, investigation also shows the similarities. In this chapter I will present a categorization of agencies that will enable scholars and practitioners to compare agencies and agencification between countries, and to draw lessons about results and risks of agencification (see the final chapter in this book).

The categorization was developed on the basis of the results of an expert survey in 2008 and 2009 into the agencification of 25 different public tasks in 21 countries (Van Thiel and CRIPO team 2009b; see also Greve et al. 1999b).

After explaining the categorization, I will use it to show which types of agencies exist in the countries under study and how their number has evolved over time. Beforehand, the reader should be aware of two limitations of this categorization. First, it includes only agencies at the national or federal level. Second, it is not tailored to the agencification of regulatory tasks (see Jordana and Levi-Faur 2006 and Braun and Gilardi 2006 for more information on regulatory agencies).

## 2.1 Categorization of agencies

In 2008 and 2009 an expert survey was held among the members of the CRIPO network and agency researchers from a number of other countries. All respondents are experts in the field of agency research (see the Annex 1 for an overview). These experts filled out an e-mail questionnaire with questions related to 25 executive tasks, asking about whether the task in question is a government task, what kind of organization (agency) carries it out and when that organization was established in its current legal form. The selected tasks were known to be agencified in at least a number of the countries under study. Tables 2.2 and 2.4 below will show which countries and tasks were included in the survey.

Based on the answers of the experts, a categorization of agencies was developed to enable a comparison of the different (legal) types of organizations (cf. Greve et al. 1999b). These categories were ascribed to the organizations in charge of the 25 tasks. The experts were then asked to check and if necessary adapt the categorization of the organizations in their country. Although each expert often emphasized the peculiarities of the politico-administrative system in their home country, they were able to classify almost all cases; out of the 525 possible combinations (25 tasks, 21 countries), respondents could identify 498 (95 per cent). Table 2.1 shows the categorization results. Throughout the book, these categories, also referred to as 'Type', are used to analyse the agency landscape in countries.

Types 0 and 5 are at the extremes of this categorization and indicate respectively organizations that are either entirely governmental (like ministries) or entirely private businesses without government interference. Agencies listed as Type 1 and 2 are most exemplary for agencification. They are also the most common type of organization for the tasks studied here (47 per cent of all combinations). Type 1 agencies are, for example, the Next Steps agencies in the United Kingdom, the state agencies in Norway (Verhoest et al. 2010b), Agenzia in Italy (Ongaro 2009b), but also state institutions in Estonia (Sarapuu 2008), central bureaus in Hungary (Hajnal and Kádár 2008) and the so-called 'direct' agencies at the federal level in Germany (Bach and Jann 2010). It is noteworthy that the word 'agency' is often found in the names of Type 1 agencies, but not always. Also, the use of the word 'agency' or a translation is no guarantee that the organization is a Type 1 agency (see Pollitt et al. 2001b; Smullen 2010b). Similarly, Type 2 agencies are often referred to as '(statutory) bodies' – see, for example, Australia (Wettenhall 2005b) and Ireland (Verhoest et al. 2010b) – but again it should be stressed that similarities in name are not indicative of legal or other similarities between organizations. Type 2 agencies are, for example, the public establishments in Italy, France

Table 2.1 Categorization of public-sector organizations

Type	Definition	Examples	Number
0	Unit or directory of the national, central or federal government (not local, regional or state)	Ministry, department, ministerial directorate/directorate general (DG), state institution	104 (20%)
1	Semi-autonomous organization, unit or body without <i>legal independence</i> but with some managerial autonomy	<i>Examples:</i> Next Steps Agencies (UK), contract/executive agencies (NL, B, AUS, IRL), state agencies (Nordic countries), Italian Agenzia, service agency (A), state institutions (EST), central bureaus (HUN), direct agencies (GER)	142 (27%)
2	Legally independent organization/body (based on <i>statutes</i> ) with managerial autonomy, either based on public law (2a) or private law (2b)	<i>Examples:</i> Public establishments (IT, POR), ZBO (NL), NDPB (UK), parastatal bodies (B), statutory bodies or authorities (not corporations: A, EST, AUS, IRL, POR), indirect agencies (GER)	106 (20%)
3	Private or private-law based organization established by or on behalf of the government like a foundation or corporation, company or enterprise (government owns majority or all stock, otherwise category 5)	<i>Examples:</i> commercial companies, state-owned companies (SOC) or enterprises (SOE), and government foundations	62 (12%)
4	Execution of tasks by regional or local bodies and/or governments (county, province, region, municipality)	<i>Examples:</i> Länder (GER), regions (B, I, UK), states (AUS), cantons (CH)	54 (10%)
5	Other, not listed above	Contracting-out to private companies and privatization with government owning minority or no stock	28 (5%)

and Portugal (Corte-Real 2008; Allix and Van Thiel 2005), and the so-called ZBOs in the Netherlands (Van Thiel 2001b).

The creation of organizations listed as Type 3 can be construed as corporatization, as it is more related to the creation of corporate forms (like companies, foundations) than privatization. Privatization refers to the sale of publicly owned companies to the private market, or to selling shares in such companies. Only if the government maintains a majority of the stock will the organization be included in category three – otherwise it belongs to Type 5.

Finally, Type 4 bodies are created through decentralization, delegation or devolution. These bodies operate at sub-national or sub-federal level. They may well be an agency but will not be counted as a form of agencification here – as we will only focus on the national and federal level.

We can now use the data from the categorization to perform a number of comparative analyses. Below the results are presented of analyses of the number of agencies from different types, in the different groups of countries and in charge of the different groups of tasks. Also, we will look into the spread of agencification over time.

## 2.2 Patterns of agencification

### 2.2.1 Types of agency

Type 1 and 2 agencies are most popular in the Scandinavian countries, CEE and North-Western Europe (see Table 2.2). In fact, the Scandinavian and CEE countries seem to have left only very few tasks to the government (Type 0; cf. Bouckaert et al. 2008 on CEE countries; Beblavý 2002). South European countries use Type 2 bodies often as well, but not Type 1 agencies. Instead they still use government organizations for a large number of tasks. Federal countries like Germany, Switzerland (Mid-Europe) and Australia (Non-Europe) seem to prefer either government organizations (Type 0) or decentralization (Type 4) most often.

### 2.2.2 Agencification over time

When we include the date of establishment of agencies, we can show how agencification has spread over time. Unfortunately, in about 35 per cent of the cases (186 out of 525) respondents were unable to mention the year in which organizations in their current form were established. In most cases, this concerned tasks that are carried out by government units such as ministries ( $N=66$ , 13 per cent) or tasks that have been decentralized ( $N=42$ , 8 per cent). These 'organizations' often have no clear date of establishment. Figure 2.1 therefore only presents the results for Type 1 and 2 bodies, as they are most typical of agencification.

Figure 2.1 shows that agencification is an ongoing process, which has accelerated from the 1980s on. Agencies have, however, been established throughout the 20th century. 'Agencies are an old idea that has been reinvigorated by contemporary management reform' (Schick 2002). The recent increase – or rebirth – has occurred

Table 2.2 Types of organizations in countries, for 25 tasks

Country	Agency Type					
	0	1	2	3	4	5
Scandinavia (N, DK, F, SW)	6	39	19	14	11	6
Central East Europe (HUN, LIT, RU, E)	9	47	17	12	5	6
South Europe (POR, SP, IT)	22	6	25	12	3	3
NW Europe (NL, B, UK, IRL)	21	26	19	9	14	9
Non-Europe (TAN, IS, AUS)	31	10	18	6	0	3
Mid Europe (A, G, CH)	15	14	8	11	21	1

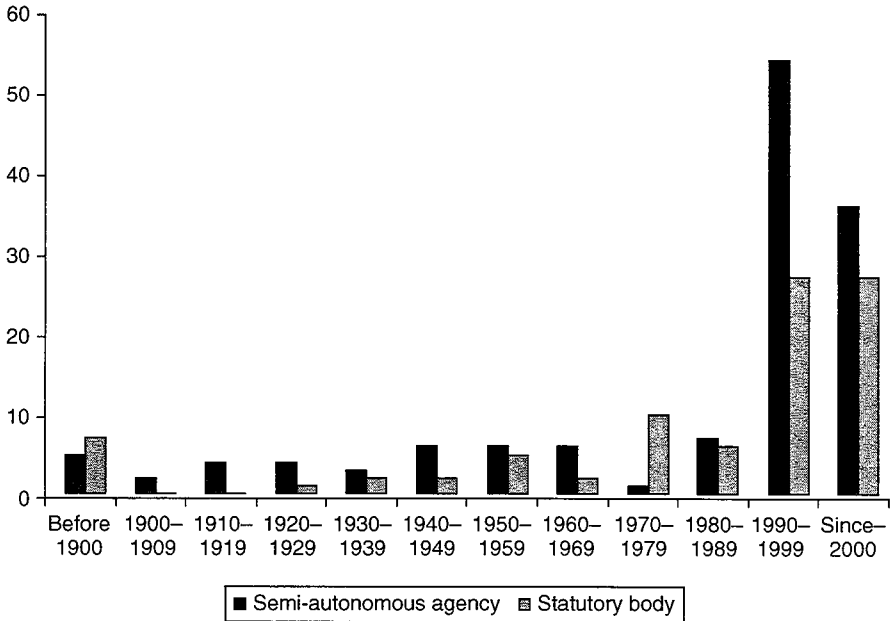


Figure 2.1 Increase in agencification over time, 21 countries

in all countries, but most strikingly in the CEE countries. Recent changes could, however, be slightly overrepresented in Figure 2.1 because respondents were asked to indicate the year of establishment of an organization in its *current* form. Therefore, organizations may have been established earlier and re-organized (split up, merged) into their current form. In the current dataset only the most recent establishment is included. Changes in agency form occur frequently. For example, in The Netherlands one in five public bodies is frequently re-organized (Van Thiel 2001b) and in Hungary one third of non-departmental public bodies (Hajnal 2010; see also Pollit et al. 2004 who find little long-term continuity in agencies in Finland, Sweden, the United Kingdom and The Netherlands).

Figure 2.1 also shows that there has been a shift in preference between the two types of agencies. Statutory bodies (Type 2) were equally popular as semi-autonomous organizations without legal independence (Type 1) until the 1990s, but since then the number of the latter type has increased much more than the number of statutory bodies. This can be explained by two factors. First, in some countries agencification programmes aimed at Type 1 organizations were introduced in the late 1980s and early 1990s, see, for example, the Next Steps agencies in the United Kingdom and contract agencies in Belgium and the Netherlands (Rommel and Christiaens 2009; Van Thiel and Pollitt 2007; James 2003). This is reinforced by the reforms in the CEE countries which began from the 1990s on. Second, the decreased preference for Type 2 bodies is part of the governments' response to concerns about democratic and control deficits, like the whole-of-government debate (Christensen and Lægreid 2007; Halligan 2007; Smullen 2010;

Gregory 2003). Apparently, governments prefer to keep executive agencies closer to the government than before (cf. Van Thiel 2008, on the Netherlands).

### 2.2.3 Differences between countries

Although most countries have implemented agency reforms from the 1980s on, there are differences in the timing and pace of reforms between groups of countries. See Table 2.3.

As government units have a longer average life span than other types of organization, countries where many tasks are (still) carried out by government units, such as Israel, have agencified fewer tasks and at less recent dates. A similar pattern is found in Belgium, Switzerland, Italy and Spain; reforms do occur but have not significantly accelerated recently. This can be partly attributed to the federal nature of the state and/or the legalistic tradition of these countries (Ongaro 2009). However, not all federal states appear 'slow' reformers. Germany, for example, has turned out to have much more experience with agencification than predicted in the literature (Pollitt and Bouckaert 2004; Torres 2004). Bach (2010) offers two explanations for this finding: as a federal state, Germany often prefers decentralization over agencification so the number of agencies is lower, but for those tasks that remain at federal level there is a longstanding use of agencies (cf. Döhler and Jann 2002).

Many countries display a mixed picture in which 'old' organizational forms are combined with those more recently established. Take, for example, the Scandinavian countries that have been the first to use Type 1 agencies on a large scale but have more recently undergone a large number of corporatizations of, for instance, the railway company (Lægreid et al. 2008). Another mixture of reforms can be found in the United Kingdom and Australia. Both countries have created large numbers of agencies (Australia: statutory bodies, UK: Next Steps agencies) but reforms date back some time (Australia: 1980s, UK: 1990s) and there do not appear to have been organizational reforms until 2009.

The pace of reform is nowadays much higher in the transitional countries, and in The Netherlands and Portugal. The recent reforms in The Netherlands can

Table 2.3 Mean date of establishment of agencies in charge of 25 tasks, in 21 countries

Country	Agency Type (number of agencies)						Overall
	0	1	2	3	4	5	
Scandinavia	1897 (1)	1961 (35)	1954 (15)	1995 (13)	1992 (1)	1988 (2)	1966 (67)
Mid Europe	1934 (3)	1974 (14)	1968 (8)	1991 (9)	1975 (2)		1974 (36)
SE Europe	1957 (12)	1968 (6)	1987 (21)	1981 (12)	1978 (3)	1966 (2)	1976 (56)
Non-Europe	1955 (10)	1986 (9)	1984 (12)	1978 (5)			1976 (37)
NW Europe	1961 (6)	1979 (23)	1989 (17)	1976 (6)	1997 (6)	1998 (3)	1983 (61)
CEE	1974 (6)	1994 (47)	1977 (16)	1999 (12)		2005 (2)	1990 (83)
<b>Average</b>	1956 (38)	1979 (134)	1978 (89)	1989 (57)	1988 (12)	1990 (9)	N=339

be largely attributed to reorganizations (mergers, splitting up). In the case of Portugal and the CEE countries there is a clear reason for recent reforms, namely EU requirements. Agencification has happened most recently in the transitional countries: Hungary (1980s), Lithuania (1990s), Estonia (1990s-2000s) and Romania (2000s). And more importantly, almost all tasks are either agencified (63 per cent in Type 1 and 2) or corporatized (another 14 per cent). This makes it clear that agencification in this group of countries is 'large scale and quick' (Beblavý 2002) and that there are but few tasks left for government itself.

Finally, there are two countries that do not seem to have clear patterns of agencification: Austria and Ireland. Their style of agencification appears to be very gradual ('incremental'), both regarding the number of agencies they establish and the period in which they have done so (no peaks).

#### 2.2.4 Differences between tasks

Out of the 25 tasks that were included in the survey two are typically decentralized: housing companies and hospitals (see Table 2.4). Tasks related to security issues are predominantly carried out by government units and to a lesser extent by semi-autonomous agencies (Type 1). Tasks involving registration are executed predominantly by semi-autonomous agencies (Type 1) or government units, while tasks concerning payments are carried out by executive agencies (Type 1 and 2). Almost all countries have corporatized (or privatized) the railways, the national airport and the national broadcasting company. To a lesser extent, road maintenance and the national museum(s) have been corporatized or agencified. The tasks that have been agencified most often are: meteorology (in 19 out of 21 countries), bureau of statistics (17), unemployment benefits (16), taxes (14), employment office (14), immigration (13) and museums (12). The only task without a clear pattern is forestry, which is carried out by all types of agencies.

Table 2.4 Categories of organizations in charge of 25 tasks, in 21 countries

Task	Agency Type (N)					
	0	1	2	3	4	5
Registration (statistics, drivers licenses, vehicle registration, meteorology, land register)	13	35	15	0	5	3
Security (prosecution, prisons, police, intelligence, immigration)	35	31	6	0	3	0
Education (universities, museums, broadcasting)	0	2	16	13	5	8
Payments (unemployment, taxes, EU subsidies, student loans, development aid)	15	20	4	5	2	2
Caretaking (housing, employment office, hospitals)	1	6	8	3	21	4
Infrastructure (railway, airport, forestry, road maintenance)	1	11	5	28	7	8

As was demonstrated before, statutory bodies (Type 2) have generally been established earlier than semi-autonomous agencies (Type 1). This pattern is also visible when we look at the date of agencification of specific tasks. For example, the oldest agencified tasks are the bureau of statistics (mean year of establishment: 1943), meteorology (1945) and universities (1949) which are all predominantly statutory bodies (Type 2). In some countries these tasks have been charged to semi-autonomous agencies (Type 1), but that usually happened at a later date. The same trend can be found for other tasks as well, such as the tax office (Type 2: 1974 and Type 1: 1991), the unemployment benefits agency (Type 2: 1974 and Type 1: 1984), and the employment office (Type 2: 1986 and Type 1: 1993). Agencification of tasks such as land registry and unemployment benefits proliferated in the 1980s, while tasks such as immigration, road maintenance, student loans, development aid and employment office were agencified more often in the 1990s. Interestingly, even some traditional government tasks were agencified in the 1990s in a number of countries, tasks such as the prison service, the secret service (intelligence), the police and the tax office. However, contrary to the aforementioned trend, these tasks have on average been charged more often to statutory bodies (Type 2) rather than semi-autonomous agencies (Type 1). In fact, it would appear that security tasks are, over time, placed at more and more distance from the government. This counter-trend is also found for the most recently acquired task of all: the distribution of EU subsidies. This task is charged to statutory bodies more often than to semi-autonomous agencies (all in EU member states only). This could suggest a new trend – a ‘return’ to the use of statutory bodies, as of the late 1990s and early 2000s (cf. Pollitt et al. 2001b, who observe such reforms in Finland). The current data do not allow testing such a prediction though.

### 2.3 Conclusions

The categorization that was developed on the basis of the expert survey has proven to be a useful instrument for comparative analyses. It has allowed mapping of the agencification process in 21 countries, for 25 executive tasks. Of course there are some limitations to this study. For example, the establishment of organizations over time cannot be analysed; neither can changes in their organizational form. Also, as respondents were asked about organizations in their current legal form, we will have underestimated the age of organizations and placed more emphasis on recent reforms. However, some interesting patterns came to light.

Agencification has been around for a long time, much longer than the NPM proponents claim (cf. Greve et al. 1999). We have found many agencies predating the 1980s, when NPM kicked in. However, the rise of NPM did lead to a proliferation of agencification and later (1990s) also corporatization. There has also been a shift in the preferred type of ‘agency’. The popularity of statutory bodies (type 2) has decreased from the 1990s on, as governments favoured semi-autonomous agencies without legal independence (type 1). This can be explained by the development of specific agency models (such as Next



Steps in the UK) that were copied by other countries, the reforms in the CEE countries from the early 1990s onwards, and the advent of the second-generation reforms known as whole-of-government (Christensen and Lægreid 2007; Halligan 2007; Gregory 2003) in which governments are looking for ways to regain some of the control and coordination they lost due to extensive agencification. However, there are no indications that these new reforms have led to less agencification (cf. Lapsley 2008). In fact, we have seen a new counter-trend in which statutory bodies seem to have become more popular again, both for traditional government tasks (related to security) as well as new tasks (like distribution of EU subsidies). Based on the current dataset we cannot explain these (recent) shifts and preferences, but they do seem to suggest that there is still a gap between rhetoric and reality when it comes to agencification (Pollitt 2002).

Certain tasks are almost always agencified (meteorology, bureau of statistics, unemployment benefits) and other tasks are agencified in a majority of countries (tax office, employment office, immigration). Also, tasks are sometimes delegated to agencies of a specific type, either a statutory body (statistics, unemployment benefits, public universities) or semi-autonomous agency without legal independence (tax office, immigration, meteorology). Furthermore, we have seen tasks that are almost always corporatized or privatized (railways, airport, broadcasting company) or decentralized (housing companies, hospitals).

Finally, we have seen a number of patterns between groups of countries. The most recent reformers are the transitional countries in CEE (cf. Beblavý 2002). In fact, their pace of reform has overtaken the reforms in Anglo-American countries that used to be the most prominent reformers of all. Next to the government reforms following the transition from communism to democracy, accession to the EU plays an important role in the agencification process in these countries (as it does in Portugal). Typical lagging countries turned out to be a number of federal countries, but as we only included the federal level of government, we cannot exclude lower level governments which have agencified tasks delegated to them. Other slow reformers are Italy, Spain, Israel and Tanzania. In other countries we found mixed patterns of reform, mixing early adoption with new reforms (corporatization in Scandinavian countries), a reduced speed of reforms (in the UK and Australia), or a high number of shifts between agency types (the Netherlands). Only two countries turned out to have no systematic pattern: Austria and Ireland. For more information about possible explanations for these findings, the reader should turn to the country chapters in this book.