

# **Report on Mission to Brazil**

## **16-29 may 1998**

Yehezkel Dror

ECONOMIC AND PUBLIC ADMINISTRATION DIVISION OF UNITED NATIONS, JUNE 26, 1998

### **Terms of Reference**

1. Following meetings with the Resident Representative and his staff and contacts with the Director of the UN Division for Public Economics and Public Administration, the Terms of Reference of the Mission were reformulated to focus on four main assignments:

(1). Giving a number of lectures, engaging in "exchange of views" meetings and interviewing a number of high level officials and presidential advisors, with the main aim of adding perspectives to the MARE reform, with special attention to cognitive capacities for top level strategic decisions.

(2). Studying the overall MARE state reform design, so as to give advice on its principles and overall approach.

(3). Taking a preliminary look at some of the staffs serving the Office of the President, so as to give advice on possible improvement avenues.

(4). And the basis of the mission as a whole, suggest main possible activities with which the UN may be of help.

2. At the suggestion of the Resident Representative the program was kept elastic, the expectation being that a set of initial lectures and meetings would provide access to further "inner" and "higher" circles of government. This strategy proved itself well: As detailed in the enclosed Agenda (Appendix One), despite the time pressures of a relatively short mission, access was gained to senior officials and Presidential advisory staff, providing sufficient information for meeting the main Mission assignments, at least in part.

3. However, it is to the UNDP staff in Brasilia that main credit is due for facilitating the mission and providing crucial informational and support. And it is the Minister and the senior staff of MARE and of the Office of the Presidency and related units which provided the learning opportunities essential for the Mission.

To all of them I am most grateful. Many of the ideas and proposals presented in this Report are based on their innovative thinking and rich experience.

## **State Reform**

4. The state reform as designed and being implemented by MARE is without doubt the best overall administrative reform that I have ever seen in Latin America and one of the best on a global scale. It well utilizes modern experiences and ideas in public management improvement, without being captivated by some of the fashionable dogmas. The reform is comprehensive, but built in modules in ways providing elasticity and permitting implementation in phases. The units to be reformed are full partners in the activity. International experience has been taken into account. And MARE senior staff is highly professional and competent, with me having much to learn from them.

5. In short: I am very impressed by the MARE reform and regard it as an excellent investment of international cooperation resources. Other countries, in Latin America and elsewhere, have much to learn from this reform as it will unfold.

6. During meetings and seminars with senior MARE staff a number of suggestions was made for possible improvements in the state reform. Leaving aside minor and technical issues, my main recommendations can be summed up under six headings:

(1) broaden and deepen the range of experiences of other countries which should be taken into account;

(2) strengthen attention to the cognitive dimensions of government;

(3) pay more attention to increasing creativity and learning in public administration; and also to "informal" processes as a whole;

(4) fuller integrate budgeting redesign into the reform;

(5) facilitate a special project on the cognitive facets of the Office of the President; and

(6) strengthen overall reform monitoring, including close oversight of main contractors.

**(1) Broaden and deepen the range of experiences of other countries which should be taken into account.**

7. As mentioned, the MARE reform is based inter alia on good familiarity with some main relevant experiences in other countries, such as the USA, the UK and New Zealand. But the experiences of additional countries may be quite relevant.

Thus, I think that the reform could benefit from the experiences of India and Sweden.

8. Also, some deeper study of the experiences of the UK, Canada and New Zealand, including recent developments, may provide important inputs. This is all the more the case as visiting experts and lecturers may provide incomplete perspectives.

9. Therefore,

**Recommendation One:** Some senior MARE staff should go on an intense, but in-depth, study mission to India, Canada, the UK, Sweden and New Zealand. Also, exchanges of experience with the Public Management Service (PUMA) of OECD and with other international and comparative public administration centers should be strengthened.

## **(2) Strengthen attention to the cognitive dimensions of government**

10. The reform takes into account the need to improve policy making, as evidenced by the following statement in one of the MARE documents: "Strengthening policy-formulating cores requires these to become able to evaluate risks, to assume future scenarios and to estimate the impact of a given policy over different scenarios".

11. However, in trying to move from "bureaucratic" to "managerial" forms of administration, the necessity to develop a compact but very high quality distinct cadre of "policy professionals" for staffing main policy development units, may require more attention. The efforts to differentiate between "Executive Agencies" on one hand and Ministries on the other make this all the more crucial, as the latter will have to concentrate on policy making -- which makes suitable professionals essential.

12. Therefore,

**Recommendation Two:** More attention should be paid in the reform to the cognitive dimensions of governance, with special emphasis on developing a small but very high caliber cadre of advanced policy professionals.

13. This recommendation is closely related to some others to be presented in chapter IV, where developing policy professionals are discussed.

## **(3) Pay more attention to increasing creativity and learning in public administration; and also to "informal" processes as a whole.**

14. A main need in modernizing the state is to make it more creative and innovative in seeking, developing and adopting new policies for meeting changing values and needs within shifting environments. This has important

implications for structure, incentive systems, career patterns and "organizational culture".

15. Related is the need to make government and public administration more into "learning states", with systematic evaluation of the results of main policies and their improvement through well designed feed-backs.

16. Upgrading of "learning" has important implications for reforming public administration. Thus, main policy decisions should include estimates of main impacts on defined populations; independent bodies should map actual results; and semi-structured processes should engage in drawing lessons from experience, with care being taken to avoid "blame or praise" from corrupting learning.

17. However, creativity, learning etc. are largely a matter for informal processes and organizational "culture". The MARE reform avoids the main disease of most administrative reforms in Latin America, namely preoccupation with formal structures and regulations. Still, it puts a lot of emphasis on formal structures, management contracts and agreements, work plans etc. This is essential, given Brazilian traditions and conditions. But it might be a good idea to counterbalance this need with more attention to informal structures and processes, incentive structures, administrative leadership, and "organizational culture" -- together with some relaxation of select formal and legalistic elements of the reform.

<p><b>Recommendation Three:</b> More emphasis should be given to encouraging creativity and learning in governance.</p>
---

<p><b>Recommendation Four:</b> Informal structures and processes and organizational culture may require some more attention, with some deemphasize of formal-legal dimensions of the reform.</p>
--

#### **(4) Fuller integrate budgeting redesign into the reform.**

18. The MARE reform encompasses an important and even crucial dimension of fiscal management, including budgeting. However, a broader approach to budgeting as a main instrument for setting national priorities, of policymaking, of administrative direction and of serving as an incentive may be advisable.

19. Redesign of budgeting should be an integral part of the structural reforms on one hand and of improving effectiveness and efficiency on the other -- in combination with techniques such as life cycle costing, multi year budgeting etc.

20. Getting a good consultant with a broad approach to budgeting and wide familiarity with international experiences with budgeting reforms should be urgently considered. Let me add that this consultant must be an expert in government budgeting, business management experiences and doctrines being quite misleading in this matter.

21. Therefore,

**Recommendation Five:** A board approach to budgeting as a main instrument of decision making and management should be integrated into the reform.

**(5) Facilitate a special project on the cognitive facets of the Office of the President**

22. One of the main limitations of "public management reforms" is their neglect of crucial "weaving the future" decisions. Therefore, they suffer from the danger of bringing about more effective and efficient implementing of policies which may be wrong. This is well illustrated by the experiences of the UK, Canada and New Zealand -- where it is increasingly realized that so-called "new public sector management makes upgrading of crucial choice capacities all the more necessary. (Therefore my recommendation is section 8 above to provide MARE staff with opportunities to study recent rethinking in the countries which pioneered the "new public management" approach).

23. This requirement applies to all federal and to many state ministries. But, given the presidential regime and the political culture and tradition of Brazil, the paradigmatic case is provided by the cognitive facets of the Office of the President.

24. I discuss this challenge in chapter III below. Therefore, let me limit myself here to three preliminary comments:

**1** - In considering the Office of the President a distinction should be made between its nature as a management system and its nature as a cognitive system. While there is quite some overlap between these two, it is important to distinguish the "Central Brain of Government" aspects from the "bureaucratic-managerial" aspects. Quite different knowledge and approaches are needed for improving them respectively.

**2** - Within the state reform as a whole, much attention should be given to protect the "Central Brain" functions of the Office of the President from being disturbed by overloading the Office with many non-essential tasks and structures. It is important to resist the tendency to put into the Office of the President functions which do not easily fit anywhere else and the importance of which one wants to augment. But putting too much into the Office of the President not only hinders its main mission of providing overall national strategic directions and handling critical choices, but in effect also leads to the neglect of tasks put there -- which will not receive adequate attention. This may apply also to the state reform -- which, I think, should not be put into the Presidential Office.

**3** - The state reform should include as a crucial component upgrading of the core competencies of the Office of the President with special attention to staff

work. However, this is a "sensitive" project which requires special handling as a separate endeavor.

25. Therefore,

**Recommendation Six:** Upgrading strategic choice core competencies of the Office of the President should be a major component of the state reform, as crucial in itself and a paradigmatic example for main ministries. This is quite distinct an endeavor from improving the Office of the President as a managerial system.

**Recommendation Seven:** In the state reform as a whole, care should be taken not to "overload" the Office of the President by locating their functions and units which are not essential to its main mission to serve as the "Central Brain of Government".

**(6) Strengthen overall reform monitoring, including close oversight of main contractors.**

26. An number of important reforms seem to be under consideration which are not fully integrated into the MARE project. This is not necessarily harmful, all the more so when involving distinct entities and "sensitive" subjects. Still, mutual learning should be assured. both informally and by overlapping advisory bodies.

27. All the more so, overall monitoring of the MARE reform itself is essential. The unavoidable reliance on a multiplicity of contractors, mainly consultants with largely business enterprise experience, makes careful monitoring all the more essential -- especially in respect to large projects.

28. Much of the monitoring will have to be done too by contractors. This requires all the more care in selecting "monitoring consulting groups" which have much experience, are completely free of "conflicts of interest" and are highly competent both in monitoring consultative projects and in public management and governance domains.

29. The MARE reform is quite extensive. Therefore, there is need for "monitoring of the monitoring", what can be called "meta-monitoring". It may well be that the Governance and Public Administration Branch of the Public Economics and Public Administration Division of UN New York can and should be of help in meeting this important but not simple requirement.

30. Therefore,

**Recommendation Eight:** Mutual learning between the MARE reform and other reform activities in government should be assured, such as by overlapping membership in advisory bodies.

**Recommendation Nine:** Careful monitoring of main projects undertaken by sub-contracted consultants must be assured, with the help of separate "monitoring" consultants.

**Recommendation Ten:** The scope of the MARE reform requires "meta-monitoring", that is monitoring of the monitoring. It may be preferable to have this activity done under the responsibility of a UN unit, such as the Governance and Public Administration Branch.

## **Staffs for the President**

31. Having had the privilege of meeting some of the Presidential staffs, there is not doubt in my mind on their high quality. Still, there may be scope for considering a number of improvements.

32. This conclusion of mine is based on the opinion of the advisory staffs which I met, as expressed both in seminars and in individual interviews. To explain the method: Both in lectures followed by seminar discussions and in personal meetings, I presented a short paper "A Virtual Palace for a Democratic Ruler:

A Design Metaphor" (see Appendix Two), discussing various ideas reflected in it and receiving feedback. This is the empiric basis for my overall impression that the President has excellent staff, but there is scope for improvements.

33. It should also be taken into account that in the autumn of 1998 there will be elections for the President. Comparative experience indicates that the best opportunity for upgrading Presidential staffs is shortly after elections, which requires that carefully considered proposals should be prepared in advance.

34. Therefore,

**Recommendation Eleven:** A project on further improving the Presidential staff should be undertaken, with an effort to be made to have proposals are ready for further development and implementation soon after the elections.

35. Main improvement possibilities concerning staffs within the Presidential Office which may be considered include the following:

- \* Setting up a professional policy planning unit providing national long-term perspectives and evaluations on main policy issues and strategic choices.
- \* Setting up a "national estimation advisory unit".
- \* Building a professional crisis management team.
- \* Engaging in national priority setting combined with goal costing.

36. These units and functions can be combined in various ways, can in part be based on existing structures, and should work in close cooperation with the "inner circle" advisors of the President.

37. Most important of all, the staff system must fit the preferences of the President and enjoy his full support and confidence. Indeed, a project on improving the Presidential staff should be undertaken only on explicit instruction of the President and after discussing with him the directions in which he would like the project to proceed.

38. Therefore,

**Recommendation Twelve:** Subject to the approval and directives of the President, a project should be undertaken on strengthening the professional staffs in his Office.

**Recommendation Thirteen:** Inter alia, the following possibilities should be considered: setting up a professional policy planning staff, a national estimation unit and a crisis management unit; and engaging in national priority setting and goal costing.

39. Decision process improvement is another avenue to providing the President with more supports, all the more so as upgrading professional staffs and bettering decision process management go hand in hand.

40. A good illustration is the introduction of standard minimum formats for main proposals submitted by ministers to the President, on line with "Cabinet Memoranda Drafting Instructions" as used, for instance, in Canada. This can assure better presentation of background material, more attention to costing, search for alternatives etc. -- and thus not only help the President in reaching a decision, but motivate the ministries to upgrade their policy development processes.

41. Another illustration is provided by the problematic of decision implementation monitoring, which for instance requires "streaming" of decisions according to their importance and sensitivity. This is an area where much experience is available which can be applied without too much difficulty.

42. Therefore,

**Recommendation Fourteen:** Decision process management should be evaluated and improved, with special attention to submission of major decision proposals, implementation monitoring and more.

43. Whatever is or is not done in respect to the in-house staff of the President, some kinds of national "Policy Creativity, Development and Research Organizations" (Think Tanks) are essential -- to engage in deep consideration of



main national problem spaces with overall, long term and interdisciplinary perspectives.

44. Such high quality units do exist in Brazil and engage in very important work, such as the Institute of Economic Applied Research (IPEA) and the Secretariat for Strategic Affairs. Furthermore, Brazil is rich with foundations and academic bodies engaging in policy-relevant research, as well as many individuals doing policy thinking and study.

45. Therefore, a good basis for upgrading exists. Existing bodies and networking may well meet needs, with some UN help to be provided -- such as study missions to outstanding Think Tanks in other countries. However, to identify needs and develop improvement options, a separate mission by a suitable consultant, to be carefully selected, is necessary.

46. Therefore,

**Recommendation Fifteen:** Brazil is well equipped with "Think Tanks". However, there is scope for improvement, such as in strengthening interdisciplinarity, upgrading policy professionalism and building up networks.

**Recommendation Sixteen:** A carefully selected consultant should evaluate in depth existing Think Tanks and similar facilities and prepare improvement proposals.

47. To provide some further background ideas on possible approaches to improving the Presidential staff, I enclose a draft paper "Design For a Presidential Office" (Appendix Three). However, to my regret my mission was too short to arrive at the knowledge and understanding needed to adjust this paper and its general ideas to the particular needs and realities of the Presidential Office of Brazil.

### **Developing High Quality Policy Professionals**

48. I am quite hesitant about my recommendations concerning the staff system of the Presidential Office, not being sure I acquired sufficient knowledge on the actual situation to justify the "hubris" of my recommendations. I have much less doubts about possibilities to help with advancing the policy professionalism of existing and future advisory staffs, in the Office of the President, in Think Tanks, in ministerial policy planning units etc.

49. This is not the place for an exposition on the nature of advanced policy professionalism, all the more so as I discuss the matter in an UN document ("Enhancing Professionalism in Public Policy Planning: The Making of Highly Qualified Creative and Conscientious Policy Advisors". UN Document, Paper No. 3, Regional Conference on Public Service in Transition, Thessaloniki, Greece, 17-20 November 1997 -- supplied separately to UNDP Brasilia).

50. In short: Advanced policy professionalism requires extensive knowledge in a range of subjects, from thinking-in-history to policy-gambling, from rise-and-decline of nations theories to managing complexity, with outstanding skills to apply abstract and generic knowledge to concrete policy spaces.

51. Because of the demanding nature of advanced policy professionalism there is constant need for further study and development, also when good policy professionals are available. All the more so is there much scope for improvement when public policy university programs are not fully developed and when staffs working on policy issues is highly professional in traditional disciplines but often lacks advanced training in many policy-professionalism subjects.

52. I was unable during the mission to arrive at a reliable estimate on the availability of advanced policy studies at universities in Brazil. But, clearly, this is an important subject which requires evaluation and, probably, improvement.

53. Therefore,

**Recommendation Seventeen:** Existing public policy programs at universities in Brazil should be mapped and evaluated and upgrading proposals should be developed by a suitable consultant.

**Recommendation Eighteen:** Inter alia, setting up a top quality advanced post-graduate public policy school at a university in Brasilia, in cooperation with the government, should be considered.

54. Upgrading of policy professionalism programs at universities is in the longer run essential for high quality policy thinking and planning in Brazil. However, this will take time. Therefore, intense retooling and upgrading in advanced policy professionalism for existing and new staffs in policy units in the Office of the President and the government as a whole should be considered.

55. Assuming that participants are experienced persons with good academic background, intense studies taking, for instance, the form of a series of five to ten days workshops can well meet requirements and significantly improve policy professionalism in a very cost- and time-effective way.

**Recommendation Nineteen:** Intense programs to upgrade policy professionalism of policy staffs should be undertake, taking for instance the form of a set of workshop.

56. Let me add that there is quite some experience available with such endeavor, also within the UN family, and suitable mentors can be found without too much difficulty.

57. To conclude this chapter, may I emphasize that upgrading policy professionalism of compact policy cadres can significantly improve crucial cognitive capacities in government also without structural changes, while structural changes without high quality policy professionals are of very limited

utility in respect to policy making quality and can also become easily counterproductive.

58. Therefore,

**Recommendation Twenty:** Upgrading of policy professionalism should be a main component of reform of the state, with special attention to Presidential staffs and Think Tanks.

### **Supporting Societal Policy Thinking**

59. In a democracy, good governmental policy making depends on the quality of societal policy thinking as a whole and on different levels of governance and in the political and policy elites. This is all the more true in Brazil as a large, federal and differentiated country.

60. Hence, a variety of different broader approaches should accompany those focusing on central government as explored in my Mission and discussed in this Report. Thus:

- \* The applicability of the various issues and recommendations to state, city and local governance should be considered.
- \* Ways to help the work of the Party Institutes, now quite well supported by public funds, should be considered. Inter alia, exchange of experiences with the Austrian Political Party Academies may provide some relevant ideas.
- \* Projects for legislatures might be strengthened.
- \* Citizen education in secondary schools and universities should be evaluated and improved.

And so on.

61. Therefore,

**Recommendation Twenty-one:** Broader approaches to upgrading policy thinking on the societal and political levels should be considered.

### **Implications for UN Activities**

62. Brazil is well equipped with highly qualified politicians and professionals, who could manage well also without UN support. Still, as brought out by the twenty-one recommendations, selective help with identifying advisors, organizing study opportunities and providing "disinterested" monitoring may be of significant help at crucial junctions facing the state reform.

63. At the same time, UN governance and public administration staff and advisors have a lot to learn from the Brazilian experience, which is outstanding in many respects. Indeed, diffusing the Brazilian experience may well be an important UN activity from which quite a number of countries can benefit.

**Recommendation Twenty-two:** Brazilian state reform experience is of much interest to other countries, who have much to learn from it. UN agencies should help and make this experience widely available

64. I, in any case, learned a lot from my short mission. For this I am grateful to the UN Governance and Public Administration Branch, Brasilia UNDP staff and the Brazilian politicians and officials who so willingly shared with me some of their plans and experiences.