



INNOVATIONS FOR SUCCESSFUL SOCIETIES

AN INITIATIVE OF
THE WOODROW WILSON SCHOOL OF PUBLIC AND INTERNATIONAL AFFAIRS
AND THE BOBST CENTER FOR PEACE AND JUSTICE

Series: Civil Service

Interview no.: V2

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Date of Interview: 17 September 2010

Location: Brasilia
Brazil

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MAJEED: This is Rushda Majeed on Sept. 17, 2010, in Brasilia, Brazil. I'm speaking with Dr. Ciro Fernandes, who was the program director and special adviser to the Ministry of Administration and State Reform in the 1990s, during the first (*Fernando Henrique*) Cardoso mandate.

Dr. Ciro, could you tell me a little bit about your former position and the experiences that brought you to this position?

FERNANDES: *Well, I was a career professional. My career—which we call in Brazil “gestores governamentais (government managers)” was created to support innovation and administrative modernization. We were a small group of well qualified career civil servants, in general, inspired with the idea of modernizing, improving and implementing innovations in public administration.*

I was working in the Ministry of Social Security together with other colleagues as project managers. We were invited by the then Minister (Luiz Carlos) Bresser-Pereira to work with him while he was in the process of creating the new ministry, at the beginning of the Cardoso government, to deal with public-management and administrative reform. Even though Bresser didn't know any of us personally, he got out names from the former Minister of Social Security.

He saw us as young professional civil servants belonging to a horizontal career who could flexibly work in any ministry. And so a big group was invited to have a meeting with Bresser out of which a part accepted the task. We began to work in the new ministry from its very first day as a nucleus from which Bresser's team was formed.

MAJEED: How big was this team, the initial team?

FERNANDES: *This initial team was constituted of three groups: we, the professional career civil servants; a small group that Bresser invited from the University in which he had taught (Universidade de São Paulo) and the third, comprised of people that were working in the former unit absorbed to create the new ministry. There had been a Secretariat for Federal Administration and this unit was duly transformed into the Ministry of Federal Administration and State Reform.*

So, a group of about 10 people formed the initial nucleus that took the most important positions in the new ministry. Me and three or four colleagues from the Ministry of Social Security belonged to this initial group. And as I said, we were invited because we were young professional civil servants but also we had experience with some innovative initiatives in the Ministry of Social Security.

We had taken part in a project to create performance indicators of Social Security. This was important so that our names were remembered. Bresser was looking for young people from the 'administrative machine' to help him to take control of things from the very beginning. He encouraged a mixture of this civil servant group with people from Sao Paulo University and with those who were already working in the Secretariat.

So, there were three kinds of people, recruited from different locations to form a new team and this was the core of the Ministry.

MAJEED: What was your own role during the time you joined, and how did it evolve while you were at the ministry?

FERNANDES: My role in the Ministry of Administration?

MAJEED: Yes, yes, as the program director and special advisor—what were your duties and responsibilities?

FERNANDES: I was entitled to work on the formulation of proposals for decentralization and designing new models of organization for public-administration entities. Performing this activity, I worked both as a team coordinator and as an adviser. There was not a clear distinction. Sometimes I had to prepare a proposal or project of law, writing a report and things like that. The team was quite small. Sometimes I worked as a team coordinator, encouraging people and trying to consolidate the things that they had produced. Most of this work had to be done making contact with units of the ministry and from other ministries. But as the team was very small, everybody had to do everything.

A second activity which took up most of my time was to work on the development of communication media for the ministry—supervising a team that was created in the Minister's Office.

MAJEED: Who was in that team?

FERNANDES: This team was a group of 10 to 15 civil servants; their work was to develop content and instruments for delivering information. This group created three media vehicles: the Internet site; a magazine that was a house organ of the ministry, distributed through the whole country; and a collection of publications to document the projects, initiatives and the policies of the ministry.

I was the coordinator of the editorial board and supervised the documentation process; evaluate the quality of contents and stimulate the different areas of the ministry to produce documents for these media, making sure that all projects and policies were documented. We published a collection of about 20 position papers documenting the most important projects and policies of the ministry. These papers and all other publications were available on the Internet.

This was a very important task, because these documents were the starting point for the dissemination of ideas and concepts to federal state governments, areas of public administration and even to university programs of public administration. Students began to read documents of the Ministry in order to understand government policy in this area. In fact, there were more than information - students, researchers and practitioners of public administration began to assimilate the concepts and even the professional jargon of the Ministry of Administration.

MAJEED: Whose idea was it to document all the changes and all the ideas that were happening? How did this particular—was it Minister Bresser-Pereira's idea? Was it a team decision?

FERNANDES: This was Minister Bresser's idea. From the beginning, he was personally involved in developing this collection of papers and even a magazine to disseminate the projects of the ministry.

MAJEED: Where was it disseminated? Who was the audience?

FERNANDES: The audience was public administrators. This magazine was distributed throughout the whole country. We published about 5,000 copies of each issue which were mailed directly to managers of public-administration units, entities, universities and public libraries. The magazine was distributed free to those that we thought more involved with management issues. We published texts written by people from the Ministry, and there was also journalistic material prepared by two journalists hired to work in the Ministry. They produced their texts to spread new ideas and successful experiences of the Ministry.

For example, if we were to send a project of law to National Congress, or develop a program for the ministries, these journalists would write a text about the experience and publish it in this magazine. The idea was to make more visible, showing the names and profiles of the people which were involved in our projects, giving them recognition. They thought: "my project is in the magazine and thousands of people could know this."

So, we had three kinds of media to deliver information - a magazine, for a broader public, a collection of papers with a more specialized approach directed to managers and the third - which was something new in that period— an Internet site. In the middle of the 1990s, Internet was something new in Brazil, and even the minister didn't have a clear knowledge of its potentials. Minister Bresser was convinced that this could be a new media to be explored.

I think we were pioneers among the ministers of the federal administration to see the potential of this media and to develop it. Bresser created the site of the Ministry, publishing contents that were daily updated. I think it was one of the first experiences in Brazil of an institutional Internet site with its content updated daily, and this Internet site was really the most important and dynamic way for spreading information. If anyone was interested in knowing the projects or decisions of the minister, the Internet site was the best media; every day the Minister opened his computer to see the site: "have you published the document that I signed yesterday?" "Have you published the speech that I gave yesterday?" He was directly interested in this media. Its importance grew during that period.

MAJEED: How successful do you think these methods of dissemination were? Did they meet the goals they were meant to meet?

FERNANDES: I think they were very successful. I would say that among the initiatives of the Ministry, the most successful was in fact the dissemination of new concepts and ideas— although most of the projects were not implemented, facing different obstacles and difficulties. Most of them were bold and innovative. They required complex factors to deal with in their implementation. So, they were not implemented, or implemented only as pilots in an experimental way.

But the ideas—the concepts—became rooted, due to their broad dissemination. The concepts of the reform were assimilated by practitioners, government executives and researchers in the universities. They were very much criticized also, but the debate about public-management issues in Brazil, since the Bresser period, was developed adopting the ideas developed in the Ministry as a point of reference. Most of these ideas became so internalized that the vocabulary of the reform was incorporated in Brazilian textbooks of public administration.

The concept of managerial administration was coined by Bresser while we were developing the white paper on public administration. This concept became so disseminated that textbooks on public administration adopted it as a key idea for discussing the issue. Another concept – the agencies – refers to decentralized public entities, with financial and administrative autonomy, but in Brazil, there is an equivalent concept – called ‘autarchy’. The concept of agency came from Anglo-Saxon world. Even though, it was incorporated in the documents of the reform. As the process developed, this concept became so widely recognized that now it’s adopted everywhere in Brazil. And many other ideas presented in the documents of the Ministry began to be part of Brazilian debate on public administration. If we analyze the long-term development of the initiatives in public administration, the agenda of innovation in this area, even among governments from different political coalitions, we see the same ideas and initiatives originated from the white papers and policy proposals of the Ministry of Public Administration. I would say that the most important outcome of the reform in this period was not implementation of projects, but the dissemination of a new view, concepts and guidelines for public administration.

Of course, I think no one in the team at that period thought this way; we imagined that the concepts and guidelines were only instrumental things to make the projects happen. In actual fact, the implementation of projects was very difficult and not very successful.

MAJEED: When the new team was put into place by Minister Bresser-Pereira, what were some of the goals of the civil-service reform?

FERNANDES: *I could say that the most important was firstly, the decentralization of public administration, especially the delivering of services. We had the idea that this delivery must be decentralized, due to a tradition in Brazil, a tendency towards rigid, strict procedures in the structuring of public administration. So, decentralization was a key goal to be performed during that period.*

A second guideline was to develop instruments and methods for evaluating results and measuring efficiency of services and policies.

A third goal was to reform the rules and the legal-normative framework for hiring civil servants. An aim that we fought for was to make more flexible the procedures for hiring civil servants. The idea was that we should try to make legal statutes and norms closer to the norms of private markets. Even though we had an idea that this “flexibilization,” or incorporation of methods from the private sector, should be circumscribed to parts and not the whole public administration. This was a very important idea: to reform, changing the rules for hiring and managing people in public administration.

And another very important idea was to strengthen the central nucleus of the public administration. In other words, to hire highly qualified civil servants for the central secretariats and areas of government. We had diagnosed that the public administration in Brazil was not technically prepared as the center of the state. There was a deficit in our capacity for policy formulation – the core nucleus of the state was not qualified.

On the other side, the delivering of services was also in a bad way. We intended to strengthen the quality of the state, and at the same time develop managerial

procedures and methods for delivering services. We had to develop a stronger nucleus at the center of government and in the periphery of public administration to spread managerial procedures and methods.

In that period, Bresser coordinated the elaboration of a document called: "The Director Plan."

MAJEED: "Plano Diretor."

FERNANDES: *It was a plan for the reform of the state apparatus. This was the reform white paper published in 1995. The document presented a general view of the reform and most of its concepts were spread and put into practice everywhere surviving until today, which is something really astonishing.*

MAJEED: How important was the creation of this particular white paper, in your opinion, to the dissemination. And when did it happen? Did it happen right at the beginning of the reform proposals?

FERNANDES: *It was written at the beginning of the process—in fact, it was one of the first initiatives of the Ministry. This white paper was elaborated in the first semester of 1995 and published around the middle of that year. I think it was one of the most important contributions to the reform, because, as I said, its concepts, guidelines and general view were broadly disseminated. The white paper was highly criticized, but the debate after its publication was dominated and steered by its concepts. And I would say that even today, we can see these guidelines in most of the agendas of federal state governments. Even in the federal government, the guidelines for its decentralization, "flexibilization", managerial procedures, methods and instruments— has been part of the agendas for public management policy.*

We have seen many changes in the government and political coalitions of this country, but the agenda for management policy—most of this agenda—is still highly influenced by the guidelines and concepts of the Director Plan. I think this was one of the most important outcomes of the reform.

MAJEED: At the start of the reform, what do you think were the motivations for civil service response? In some countries this happens, a response to donor conditions? Was it public anger at service delivery? What do you think were the reasons for putting this on the agenda?

FERNANDES: *I think that the reform in Brazil was the consequence of Minister Bresser entrepreneurial activity. We faced fiscal problems and public anger about the quality of public services. But the political consequences of this situation were not clearly seen as a public-management issue. The idea of administrative reform was in the minds of most political managers, but Bresser formulated a policy, with his particular intellectual capacity and panache—. He's an intellectual, who was nominated as Minister because he was a friend of President Cardoso, but not interested specifically in this subject. I think he would have preferred to be a Treasury or Planning Minister, and not the Minister of public management.*

When he received this nomination, he was personally motivated with the idea of making this theme to get a higher status. So I would say that the immediate reason for this reform was the personal involvement and entrepreneurial

performance of Minister Bresser convincing the other ministers and the President to perform a managerial reform. Cardoso's government was, since the beginning, committed to an agenda of reforms. But public-management reform was not among these initial priorities. I think the role performed by Minister Bresser was to upgrade this issue to the same level as the other topics in the reform agenda.

Cardoso's government was devoted to important reforms in the infrastructure area by means of privatization of telecommunications and energy. In these areas, the proposal was to privatize and create regulatory agencies reorganizing these markets. Another priority was economic reforms, especially in the taxation and Social Security system. These reforms should have been conducted by the Minister of Treasury. So, Cardoso's government began with a broad spectrum of reforms.

The work of Minister Bresser was to convince the government arguing that, "there is another one, the public-management reform, to make the State function more efficiently, directed towards results, and this could help other reforms too." That was his idea.

When we think about this period, it's clear that from the first moment, the performance of Minister Bresser was important to make the reform of public management reach a political status among all the other reforms of Cardoso's government.

MAJEED: Was there an effort to sit down and plan the process, or include other constituents in planning this particular reform? For example, were civil servants consulted? Were labor unions consulted? Were other constituencies consulted? How were the reforms planned? Do you think anyone else could have been included in the group?

FERNANDES: *This was a concern of that period. Minister Bresser and his team tried to discuss the ideas from the very beginning. The white paper was being prepared, and we tried to discuss these ideas with other ministers and senior civil servants. We intended to do this. Minister Bresser tried to disseminate and discuss the ideas with civil servants, but it was much more difficult because they reacted adversely. These proposals concerning managerial instruments and procedures were not very well accepted among civil servants.*

They were recognized by managers of public administration. Public-opinion specialists were highly considered as partners for dissemination and discussion. Minister Bresser frequently published articles in the press and this stimulated managers of the Ministry to do the same: to write and talk with journalists.

So I think that the Ministry of Public Administration, which was a new ministry in that period—got more visibility in the media than other ministries that were maybe more important. This was a deep concern from the beginning, and I remember that the discussion of the white paper and some of the main projects were done especially with ministers, key managers of public administration, the press and civil servants—but not in a very successful way; they were not so receptive then at a certain point, we began to talk with people from federal states.

We got lots of support, but not direct involvement of ministers.

MAJEED: Where was the support coming from, and where was the opposition coming from?

FERNANDES: The support came especially from some key managers of public administration. They considered it a very good idea, the concept of managerial administration. These guidelines were considered interesting and useful. The opposition came from the associations, the trade unions of civil servants, and from important advisers in the executive and legislative branches. These advisers were technically qualified, but they criticized the idea of managerial administration, which they considered an idea of people from companies, from the private sector.

Most of them concluded that the white paper of the reform was a document closer to the neo-liberal ideas that they criticized. They tried to demonstrate an association between managerial public management and neo-liberal economic ideas of reducing the state and cutting expenses, especially the ideas that came from the international multilateral organizations to control the public deficit. Even though Cardoso's government and after, Lula's government—all of them constantly tried to keep control of the public deficit.

But this is different from a neo-liberal agenda in a strict way. In fact, the ideas of the white paper were to make stronger the central units of government and to develop the delivering of services to the citizen. It's difficult to see this as a neo-liberal agenda. The problem was not to reduce the state, but to make it more efficient and stronger.

We suffered opposition from key advisers in the executive, legislative, and civil servants organizations. And I would say, the most important opposition to the reform was from the Presidency of the Republic, among its staff. Most of our projects faced lots of difficulty to be understood and accepted by the inner staff of the President. And this was not for ideological or even technical reasons. In fact, I think, this could be explained as obstacles in the relationship between ministers.

It was difficult for Minister Bresser, and for the Ministry of the Administration, to get strong support for its projects. So, I think we had a problem of relationship between ministers and also between the high managers of government, to get the consensus, to work together supporting the reform.

It's not an easy thing to understand, or even to deal with in Brazil, in general. The federal government is quite fragmented, so we had to invest lots of time persuading the other ministers and even the Presidency of the Republic to accept the ideas and enforce the innovations. This was not for ideological differences, but mostly because the ministers disputed among themselves for jurisdictions and recognition. So I think we had problems of this kind.

MAJEED: What efforts were made to negotiate with some of these key members of the opposition?

FERNANDES: In fact, all the time the projects were under discussion with the Presidency, because most of them had to be delivered to National Congress for approval as projects of law. There were projects that should have been transformed into programs for all the ministers. For example, if we want to supervise a restructuring of ministers, this should be approved by the Presidency of the

Republic, and they must coordinate, inviting the ministers to follow the guidelines and to accept the supervision from the Minister of Public Administration.

And so in order to get the approval from the Presidency, we had to negotiate with them. We had to make them accept the ideas. Most of the projects were at last accepted, but this did not mean acceptance and effective support. It was like: "you win, but we will not work with you to make things really happen."

We were quite successful in approving a constitutional amendment with important changes in the organization and management of public administration. We were successful also, approving a law for decentralization of social activities by means of a new model of organization called "social organizations". We were successful approving a decree for the creation of executive agencies to decentralize the organization of state services in a more managerial way. But for all of these projects, approving a decree or law was only the beginning. We should implement the decision, and I would say that at the end of Cardoso's government, most of our efforts were devoted to get this approval.

MAJEED: The first mandate?

FERNANDES: *Yes, the first mandate. By the middle of 1998, we were successful approving the most important projects of the reform. But this was only the beginning, because after the approval, we needed to implement them. In 1998, it was clear that this implementation had to be made in the second presidential term of Cardoso.*

In the first term, we worked hard to develop the concepts, guidelines and to negotiate and approve the projects of law. Most of the time was dedicated to negotiation within the executive power. In the second we were hoping to implement. But the Ministry was dissolved and absorbed into the Ministry of Planning. Most of the teams were dispersed due to discontinuity among the key managers of administrative reform.

I would say that implementation which should have taken place in the second mandate was frustrated mostly because of this merger of the two Ministries and the discontinuity among key managers of the projects.

MAJEED: Where did the team disperse after the Ministry of State Reform was merged with the Ministry of Planning and Budgeting? What happened to them?

FERNANDES: *The merger was a bad idea when we analyze it from an ex post perspective. As a result of the merger, the units of the Ministry of Administration were absorbed in a secondary place. The new Ministry was dominated by people with a different view, closer to planning methods and instruments. Even though they were not against the public-management reform, they didn't have a deep understanding of the guidelines and concepts of the reform.*

Some of the projects—for example, concerning decentralization—were considered as something difficult to become reality. They were pessimistic about the projects of the Ministry of Public Administration and considered the former Minister as a theoretical, non-practical person. Most of the managers and their teams, which had worked on the projects of the reform, felt to have low status in the new Ministry.

I would say that the managers of the new Ministry were not very successful in performing a planned merging of the teams, identifying benchmarks and trying to get the teams to know each other. They didn't deal with this in a very successful way.

For example, in most of the teams, people with important roles in the former Ministry were not recognized in the way that they expected. This made most of these people accept invitations to go to other Ministries, or to federal state governments.

We lost important technical cadres. But the good side was that most of these people moved to work on innovation projects. We have a federal system in Brazil, so each federal state has its own public administration. And so, most of the managers from the reform experience went to work for these state governments. The dissemination of concepts proceeded in a different way, with these people being incorporated in other teams and units.

In the Ministry of Public Administration, we had a discontinuity that made most of the programs and projects to have its implementation either interrupted or suspended.

MAJEED: What was the rationale for merging the Ministry of State Reform with the Ministry of Planning?

FERNANDES: *The idea was that through the merger we could enforce public-management programs with instruments of planning and budgeting. The idea was that we could have more instruments—we could be stronger, making use of budget and planning to support the managerial changes that we would like to do. And this was a reasonable rationale. The problem was that these instruments and its jurisdictions had people beneath them and we couldn't say that they didn't have a real understanding of the reform, its concepts and guidelines.*

So we changed the higher managers of the process at a moment in which things were only at the beginning. I think this was the problem. If this merger had been done a few years later, the implementation would have been more advanced and maybe it could have been a sound step ahead.

MAJEED: Were there political considerations for merging the two ministries?

FERNANDES: *Yes, there were complex political circumstances. Bresser accepted a new arrangement and was nominated as Minister of Science and Technology. I think he believed that merging the two ministries could be good and some of his supporters agreed. We from the technical staff had a different view. We considered that this could be a disaster, and in fact, it was, at that moment. But I think Bresser considered that this could be an upgrade for the reform.*

However, I think part of the motivation was a dispute of jurisdiction and political influence between the ministers and the Presidency. Another motivation was the idea of a general reorganization of government to deal with a dangerous crisis of currency by the end of 1999 and the beginning of the second government in 2000. Just at that moment we were confronted with a crisis of the "Real", our new currency in Brazil. "Real" collapsed on the international markets and President Cardoso had to adopt a strong adjustment at this critical moment.

He won the election in a very difficult situation, because at the same time he had to decide unpopular measures to devalue the currency. It was a miracle to be elected for this second government under these circumstances, cutting expenses and devaluating the currency—the exchange rate of the “Real” dropped. The merging the Ministry of Public Management with Planning and Budget seemed to be a good proposal, because policies for public management could be directed toward cutting expenses, improving efficiency and rationalizing structures.

The merger was an attractive proposal but it was implemented at high cost, imposing losses - real or perceived as such – undermining the acceptance of a view about the reform internalized among the teams inherited from the Ministry of Public Administration. So, if we look at the cultural dimensions of this Ministry as a live organization, the merger was not so good an idea.

MAJEED: Going back to the first mandate and some of the ideas you’ve discussed—decentralization, developing new instruments for efficiency, reforming legal rules and strengthening the central nucleus of public administration—can you talk a little bit about the specific steps or the specific proposals? You, I believe, were involved in more directly with the executive agencies and the social organizations. What were the specifics of some of these ideas?

FERNANDES: *The decentralization was sought in two ways. The social organizations were a model for decentralization of social services, education, scientific research and cultural activities. The idea was to approve a law creating this new kind of organization—outside the public administration, highly autonomous while supported by resources from the public budget. It was necessary, first, to approve a law in National Congress establishing this model and then, to develop a transition by which state organizations that deliver services could be changed, keeping its teams and institutional identity. But they must cut their connection with the State, becoming autonomous while funded by the State.*

The model’s concept was to keep its integrity and identity as organizations, but reforming the way they were managed and their relationship with the State. After cutting connections—formal connections with the State - these organizations should be controlled by contracts of results, a kind of contract by which objectives, targets and guidelines are evaluated and submitted to a continuous follow-up conducted by ministries.

The steps to do this transformation were, firstly, to approve the law and secondly, to disseminate the new model among public organizations entitled to perform that transition and thirdly, to convince them to do this. It was not easy to convince, because personnel were afraid of being dismissed. We developed a model by which this should not happen - the personnel should be entirely kept in their positions under the new situation. But in the longer term, they would lose their jobs, because the system for hiring persons should be the same of private sector. The transition was designed as a model in which civil servants still working in a state organization keep their tenure and status. But new personnel should be hired according to the procedures of private markets.

So, it was a transition designed to keep the rights and status of everybody, while promoting a long-term change. Even though it was very difficult to convince people, a few organizations were transformed. But the point was, in fact, that we

had a clear perception that we could convince them, but we needed to have strong support from the federal government.

We were reasonably successful in making them to understand the idea, but we didn't have the enforcement of Presidency. We didn't have, for example, a clear statement from the President, like: "we'll decentralize the services, and so all organizations that deliver services to the citizens should prepare for this transition." This never happened; we never had this enforcement.

If the public that you are talking with have doubts about the real intentions of the government, they can't be sure about your project - if it is a project of the Ministry of Administration, or supported by the government as a whole. This was the difficulty, even though we could persuade a few organizations to engage as pilots of this model, and in fact, a small group of organizations were really transformed according to the new model. At the end of the first Cardoso term, we had five organizations as pilots of "social organizations", and approved the new model as a law in the National Congress.

I should say that we were successful in approving the law, designing a transition model, documenting this, and developing instruments and methodologies. Under the transition methodology, these organizations should formulate a strategic plan and establish a strategic view with targets. And they must celebrate a contract of performance. All of this was implemented in a systematic way, but it couldn't advance more than a few pilots, while the model was designed for 100 to 200 organizations, in the long term.

The second project was decentralization of state services through the creation of executive agencies. With these projects, we followed more or less the same systematic process. First, we approved not a law, but a decree creating the new model. And at the same time, we had discussions with the organizations that could be entitled to be transformed into this new model. In this case, it was more difficult to disseminate the new model. At the end of the first mandate, we had just one executive agency, as a pilot. As with social organizations, executive agencies must have a contract of autonomy and perform an internal process of mobilization and strategic planning for transition.

Under this second model, decentralization was sought for organizations that must be kept in the State, because they performed functions or operations that are monopolies of the State. For example, social security, police and tax collecting are services that should be controlled by the State while organized in a managerial way. There were lots of organizations to be decentralized as agencies within the Federal Administration, but in Brazil we couldn't make more than one pilot.

The second project that I mentioned to you, the developing of instruments and methodologies for performance evaluation—we also developed them during that period.

MAJEED: What were some of the specific methods for performance evaluation? What were some of the proposals within that?

FERNANDES: *Broadly, the contract for autonomy or contract for performance was an instrument that could be used in all these processes of decentralization and also*

in ministries, for internal decentralization. We developed a methodology for strategic planning to build targets and indicators of these targets. This methodology included a kind of framework to analyze the organization, discuss each aspect of its structure, processes and resources.

After Bresser's reform, we continued to develop this. Here, in the Secretariat for Management, this work is being continued and we could say that nowadays we have more developed instruments, analytical frameworks and methodologies. We just began this in the first Cardoso government and continued through the following years.

MAJEED: What were some of the performance indicators, if you can give me some examples?

FERNANDES: *For example, concerning the services, you can make a systematization of what you deliver to the citizen—the measurement of this. There is an effort to get benchmarks. We have now in Brazil a few benchmarks for some of these activities. For example, among social organizations decentralized by contracts of performance, they have—as part of the contracts—a list of targets. Some of these targets are linked with specific projects, for example, to develop internal organization of personnel. This could be inscribed in a contract of performance as an objective target.*

And the others are connected with permanent activities. For example, we have an autonomous research institution that is a social organization. In this research institution, they elected as a target of their contract of performance, the number of researches supported in their laboratory, because it's a laboratory that hosts researchers from Brazil and all over the world to perform research experimental procedures. It's equipment is designed for high-physics studies - a particle accelerator. So, they have targets concerned with the number of research projects that were performed in their laboratory throughout the year, and also the number of publications generated by these researches.

Another example, they have a target concerned with the amount of financial resources that could obtain independently, beside the government budget—the extra money they could earn. This could be a target - the increase of directly attracted resources.

I think our advancement was good in the development of methods and instruments. Part of this work was performed with the support of international consultants. During that period, we had an agreement for technical support from the United Kingdom. This support was mostly for their experience, because the specificities of Brazil were quite different from those of the UK. We had a discussion of their experiences and consulting support in how to deal with obstacles and implementation.

But the developments in instruments and methods should be done internally, because each organization is a specifically different reality. And so, there was no way to do this work without the direct involvement of the organizations and with their respective teams - they knew what to do.

MAJEED: Which agencies were involved?

FERNANDES: The cooperation with the United Kingdom involved highly qualified specialists that worked in the Next Steps reform.

MAJEED: Was it DFID (Department for International Development), the development agency?

FERNANDES: I don't know. We had three or four years of direct contact with key people that in the past had worked for the Next Steps initiative. It was very interesting, but not essential for the development of the projects. With mutual cooperation Brazilian civil servants were sent to know the British experiences. With France and also the United States, there was a strategy to diversify the cooperation and not to link with only one country or model. The idea was to diversify the cooperation and to make the Brazilian experience known among other countries.

MAJEED: OK, great. What were the team dynamics within Minister Pereira's team—was it an informal environment? Were roles and responsibilities clearly defined?

FERNANDES: The most interesting aspect was the informality. In general, the structure of the Ministry was divided into two sides. The Secretariat for Reform was the secretary for the "new things". The other secretariats and the Executive Secretary—that was the number two in the hierarchy—dealt with the "old things". That was the idea.

The Secretariat of the Reform was a small team, headed by Angela Santana. The Secretariat of Management is now the evolution of this former Secretariat of State Reform. And so, the division was sort of one team taking care of the new things, the new projects; and the rest, along with the old. They kept a more traditional organization, even though, in reality, this split was not so strict. The Secretariat for Reform had all the time to make contact with the other secretariats. And most of the innovation projects on the "old" side of the ministry were developed with support or even with the management of people from the other secretariats.

So, in the real day-to-day activities, the standard was a merger of teams from different areas. And I would say that the roles were not so clearly defined because when we developed a new idea, for example, a team was formed taking people from different areas. Without a formal activity—just, you know, Angela picked up the telephone, the Minister picked up the telephone. "We need your help." So, everybody sat at a table and began to work as team.

And as the projects developed, this team could be enlarged with people from the Presidency of Republic and sometimes from other ministries. As I said to you, everything should be approved in the Presidency. So, what we concluded from this situation was "let's make them work with us; let's invite them all and we will examine, criticize, and approve."

This was the idea, and it was quite successful. Most of the ideas could be discussed with them; we could make them accept. The problem was not with agreement at the technical level. The problem was at the political level—at this level—and not for ideological reasons - there were different views and maybe personal disputes.

So we worked in this way, in a quite informal arrangement. And on the most important projects, we incorporated people from other ministries and the Presidency, trying to make them engage in the solutions that we intended to do.

MAJEED: What was Minister Bresser-Pereira's managerial style?

FERNANDES: *Informal, I think - the style of an entrepreneur. When discussing a project, if you said, "this is a point already studied by someone of the team," and Bresser was interested, he just took the telephone and invited the person to see him: "your chief is saying that you did this; could you come here and explain?" It was quite informal. When a technician was invited in such this way, he felt as recognition: "the minister is calling me."*

He loved to build groups, to call people to form a team, and then he said: "now you work." He went out, and in the following week called to ask: "what have you done and decided?" It was certainly an interesting style.

It doesn't mean that everything was informal, because the Minister had an agenda of more traditional, stricter things. For example, the approval of structures proposed by the ministers, which meant more expenses. One of the most important initiatives was the concentration of all personnel expenses in the federal administration under the control of the Ministry, supported by an informatized system. Every month, the civil servants were paid through a system operated by the Minister of Public Administration—now Minister of Planning, Budget, and Management.

So, this means that all the expenses with personnel had a centralized control on a computerized system that issued the payment every month. This system was only partially comprehensive - some important parts of public administration were outside. And the consequence was that we didn't control the expenses, and in many cases, illegal or even corrupt practices could take place.

The centralization under a single system managed by the Minister was something done by Bresser. We had the informal, innovative way, but we had another agenda, more traditional and strict. That was an agenda of control, the imposition of controls, which meant that the solutions were not one-sided. We had to combine innovation, simplification of norms and decentralization with centralization, controls and punishment. For example, all the Brazilian universities had to accept this unified control of personnel expenses. The people that did this were not informal; they talked with the director of the university, saying, "next month you have to engage in the centralized system. If you don't do this, your people will not be paid."

It was a war. And under the same Ministry, we had traditional "hard" orthodox measures and innovation. We had a combination of the two because the reality was not so simple. When we were successful with these strict control measures, we got credits among the Ministry of Treasury and the Ministry of Planning, because they couldn't say to us, "you want to waste money when you are talking about projects." We could say to them, "no, we could control the personnel expenses; we centralized the controls; we made the universities to accept this, and they are not easy to deal with, but we could do it."

And so, there was a combination of traditional measures and innovative ones. We had to make – at the same time - things more old-fashioned, innovative and creative.

MAJEED: What would you say was accomplished after the end of the first mandate? What would you say was accomplished? You've already talked about dissemination and some of the ideas that have continued. What were some of the other gains? And then also in terms of the second mandate, what was accomplished or what wasn't accomplished?

FERNANDES: *What was accomplished by the end of the second mandate? I would say that implementation was discontinued, even though the pilot projects, the things that had begun in the first mandate, were not interrupted. We had the continuation of the projects, but no expansion—we could say that things were put into the “freezer”.*

And so, we had five social organizations created during the first mandate; they still continue until today and some of them are very successful. We continued to improve tools, methodology and instruments.

We could say that things were frozen, but not interrupted. And the priorities changed a bit. In the second mandate, they opted for a more traditional, more conventional way, trying to make projects to develop management but without an emphasis on changing institutional structures and models. That was the basic difference. It was an incremental approach which leads to not very enthusiastic results.

The dismantling of the teams was a problem, but after one or two years, things stabilized and even people who worked during the first mandate were invited to return. But only a few of them really returned and were placed in important positions. We noticed an accommodation, but we lost the boldness, the innovative drive of the first mandate.

In the area of procurement, we made a strong advance ahead that was the creation of a new procedure for buying standardized products and services; that was the reverse auction, which we call in Portuguese, “pregão”. In turn, the creation of this new way of buying, as a circumscribed innovation, was a revolution in the area. It was an innovation developed in this new Ministry by a team formed mostly by people who came from the former Ministry of Public Administration and continued to think of innovative solutions.

This team was successful in proposing a small innovation, something that appeared easy to do. That was this new procedure for procurement that simplified enormously the rules and the time required to make a purchase. The new procedure opened the way for the use of the Internet and electronic communication, because we could make the reverse auction with people in a room, discussing the prices, or we could use the Internet. Both ways were developed. In 2000 we created this new way for procurement, and through the years this became this most important procedure—today about a third of all expenses of federal administration in procurement are made through reverse auctions.

I would say Brazil is the country in the world in which government makes the broadest use of reverse auctions for government purchasing. I think there is no other country in the world in which 30 to 40 percent of procurement in government is made through auctions. We are number one in the world. But this began as a small innovation. In essence, it was a small innovation that seemed to be easy to do. I would say that the development of this new instrument was partly because this team carried an experience performed in the Ministry of Public Administration.

Another advance—not in management, but related to management—was the new methodology for planning that was developed in the second mandate of Cardoso; a new development for the multiyear plan that we have in Brazil. The plan for four years is a general plan. The budget that is approved every year must follow the general guidelines established by the multiyear plan. This plan was improved in its methodology during the second mandate. The management consequences of this new methodology were not adequately explored as they could be if we could have been more attentive to the management side of the issues, but it was an advance of the second mandate.

MAJEED: Looking back, do you think that the right decisions were made, or should the process have worked in other ways? Was anything vital left out?

FERNANDES: *I think the most obvious mistake was the incorporation of the ministry into a new ministry. This was a bad solution, but not a crazy idea—there were good motives to do this, but looking back in hindsight, it is clear that it was premature to do this at that moment. Maybe we could have devoted more time during the first mandate to develop our projects, working with ministries and other key managers of public administration, instead of the enormous effort that we had to spend in getting the constitutional amendment approved by National Congress. This cost lots of efforts mobilizing resources. Maybe we could have invested more time in the dissemination of our projects, keeping the law as they were.*

But this is not an easy thing. In Brazil, most of the innovations, maybe all, require a change in the law. This is a limitation that we have. Maybe it is a cultural bias or something related with our legal and normal framework. Most of the work in the first mandate of Cardoso was spent trying to change the law. We were successful, but at a very high cost in mobilizing resources—technical and political—to negotiate and make the law to be approved in the Legislative.

We could try in another way to forget the law, and develop the projects getting more support from the other ministries among the public administration as a whole. Maybe this could be a different strategy, directed toward the projects, concepts, tools, instead of the laws or the legal framework. But I don't know if we could have done it, if we could advance without changing the law. Even today, most of the agenda on public management depends on changing the law.

The problem is not only to convince the National Congress, but the federal government and the Presidency of the Republic. It's more difficult, I would say, to get a consensus inside the executive power than to get support from the Congress.

What does it mean? We have a tendency for internal fragmentation in the Brazilian public administration. The reasons for this are complex, but we have to

deal with this. For every problem we want to solve, or innovation to develop, we must deal with this fracture inside the administrative machine. We have to spend lots of effort convincing people, getting their engagement and removing resistance. Most of the resistance comes from different views or difficulty in accepting a new idea; not by a real confrontation or menace.

I think that in every big country with a huge administrative machine, and not only in Brazil, the tendency for fragmentation is always a real problem. I would say that it's our major difficulty - this internal fracture.

MAJEED: I have one final question. This, which we ask of most of our reformers: If you had the chance to write a handbook for people who have managed civil service reform in challenging environments, what topics would you consider most important? What would be of most use to you?

FERNANDES: *I would say that the most important thing is to make your ideas clear and show them in a systematized way, in order that it could be understood. It's very important to have clear ideas, statements and guidelines, and to make them understood by everybody. I think this is a central point. We must know how to deal with information, how to show to the public what we are doing. That is the first topic.*

The second is to negotiate. In the reality of government, we need to know how to negotiate. We need strategies for negotiation. As I was saying, to convince people - your partners - is the most important strategy of the game. You have to make them to engage. So, you need to know how to negotiate, to conciliate positions, to get from their positions - from their view - a common term, something with which everybody could agree to. Maybe you have to reformulate your idea in a way to become more acceptable. This requires creativity and personal disposition - "I accept, I will try to review or I will try a different way to present this." So, this second topic - negotiation - is very important.

A third topic for the success of reform is strategy, in a more general way. Reforms fundamentally require two conditions. The first is to have a decision and a mandate. I would say that in Brazil this is very difficult. If you want to do a reform, the government as a whole should take a clear decision to do this. The President or the Minister has to empower you. In most situations, you won't have this condition satisfied. But if you have to wait for this, you won't do anything. This is the first condition that we frequently won't have.

The second condition is to be attentive to detect opportunities, because when you see the window open, you must get in at that moment. In Brazil, most of the innovations were successfully approved because someone - a public manager - identified an opportunity. For example, the creation of reverse auction ("pregão") was an innovation inserted in a broader agenda for fiscal adjustment, approved by National Congress. When they were discussing the adjustment, at the same time we presented our project for changing the procurement process. That seemed to be just a small change, but was in reality something much deeper.

So, if you see the window open, if you see an opportunity, you must have something formulated at that moment to get it approved. This means that most of the proposals that you are thinking about or discussing, you have to develop, even though you are not sure that it will be accepted or that you will have political

support to do. You should continue to develop it, because when the window opens, you have something ready to present.

When the window is open, you don't have time to prepare or to think about—you must have it done. It is very important for a public manager to be attentive to opportunities and make his team work in order to have everything prepared. You must have your weapons functioning so that when the war begins, you are prepared. In fact, it's not exactly a war; it's a fight for opportunities. When the door is open, your team with your proposals must be ready. And so, you can cross the door. This is very important in the complex environment of government.

Most of the things will happen when you are not expecting them, but at this moment, you should be prepared. You won't have time to think at that moment. When everything is closed, this is the moment in which you can think, "Oh, let's think about this, study this," because you know that at a certain moment an opportunity could appear and you must have something to present.

So I would say that we should try to have these two conditions. Government decision has to be issued at a higher level. In general, it could not happen. And the second condition is to be attentive to detect an opportunity. To be capable of performing this way, the public manager must be a mixture of an expert and politician. He must be a kind of political 'civil servant' – a 'civil servant' that works as an entrepreneur; this is very important.

MAJEED: Thank you so much, Dr. Ciro Fernandes. Is there anything you would like to add?

FERNANDES: *No. I think it's OK.*

MAJEED: Great. Thank you so much.

FERNANDES: *It was very interesting for me too.*