Panel: ENTREPRENEURIAL PUBLICO MANAGEMENT - EXPERIÊNCE AND CHALLENGES

POLICIES AND PERSPECTIVES AFTER THE SECOND GLOBAL FORUM ON GOVERNANCE IN THE 21st CENTURY

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Introduction

This paper outlines the outcome of the II Global Forum: the Democratic State and Governance in the 21st Century, which was held in Brasilia between May 29-31, 2000. It also describes how the Government of Brazil is embarking on a major initiative of knowledge management following the Forum.

The II Global Forum established certain paradigms for Governance of the Democratic State in the 21st Century. It was increasingly clear that that there is an important role for the State that goes beyond the mere regulation of the markets, and its traditional interventions in the social sectors.

The State must also exercise, in addition to its most important role as a facilitator of economic and social development, a role as a promoter for public dialogue: provoking, stimulating, coordinating, and articulating among diverse interests. This latter role is particularly difficult when the institutional framework is fragile, institutions are weak, and staff turnover is high.

The challenge is how to strengthen the capacity of national, regional and local governments to be responsive and fully in tune with the diverse needs of society and the aspirations of its citizens. One obvious first step is to create an environment that nurtures and grows a new generation of leaders, which in turn will attract good people to modernized public service. A second step is to invest heavily in training. Today, more than ever before in human history, the opportunities offered by technology make it possible to do so relatively cheaply.

Knowledge management is one way of try to cope with fast track mobility1. It means investing not only in good people, but also in ways of building skills and supporting creativity at the organizational level. Working in networks and project groups and changing the physical space can be part of the solution, as it is already tried in several countries. The use of IT to store and share knowledge is a way of creating stability and continuity at the organizational level - and a way to avoid reinventing the wheel.

Background

The Government of Brazil has been engaged for some time in a systemic long-term reform of the State in Brazil. Since its inception however, progress on a broader set of planned institutional and structural reforms, have inevitably been constrained. The legacy of its recent history has forced the Administration’s preoccupation with fiscal reform and structural adjustments in the financial and economic sector. Policies and actions have been directed at constant fine-tuning to ensure economic and currency stability in the high-risk transition to a global economy.

Just as the country was poised to enter a period of sustained growth in late 1998, the Asian economic crisis of 1999 triggered further emergency actions that again further affected the pace of implementation of the broader spectrum of planned State reforms. With the return of relative economic

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1 Adam Wolf. Chairman of OECD Public Management Committee (PUMA): Trends and Themes in Public Management Today.
calm and fiscal stability, attention can now be refocused on the issues of governance and modernization of the State.

The primary leadership for implementing State reform is the Ministry of Planning, Budget and Management (MOG). Within MOG, the Secretary of Management (SEGES) is directly coordinating the process.

**The Mission of SEGES**

- The objective of SEGES is to stimulate the transformation of the State into forward-looking, entrepreneurial-minded and results-oriented entities.
- State reform is not seen as an end in itself, but rather as a means to transform the State into a promoter of development focused on the needs of society at large.

This effort will target all levels of government: federal, state and the municipality.

This objective entails a radical rethinking of traditional processes, and a redefinition through public dialogue of values to bring about such a “cultural” change. In summary its characteristics are:

- Focus on Results
- Autonomy, Responsibility and Accountability
- Working together in Effective Partnerships
- Networking
- Knowledge and Information Management
- Transparency
- Public Evaluation of Performance

MOG/SEGES is leading the Brazilian reform movement, which is being paralleled in a number of countries worldwide. Globalization, free trade and the need for countries to improve their global competitiveness, an advance in Information Technology is stimulating these changes, at an ever increasingly faster pace.


(www.21stcentury.gov)

In 1999, the US Government (under the leadership of Vice President Al Gore) hosted the first international forum to compare experience and discuss future trends. The event was organized in partnership with multilateral organizations (The IDB, World Bank) and with the participation of the Ford Foundation and the Harvard Kennedy School of Government. Forty-Five countries, including Brazil, discussed the evolution and experience over the past two decades, primarily in the OECD countries including the UK, Finland, Italy, New Zealand, USA and Canada.

In summary the trend for reforms was towards:

- Reducing the size of government, without cutting back on programs
- Enhancing efficiency through out-sourcing and privatization
- Increasing transparency of government action through a clear definition of goals, targets,
outcomes and dissemination of information to the public, and

- Operating always within a pre-existing democratic political environment.

The participants agreed to:

- Make such meetings an annual event as the challenges and opportunities ahead require fresh thinking on the shape and form of future government.

- Globalization, fast evolving technologies, the importance of market forces, and rising citizen expectations are setting the pace. At the same time, these very forces have the potential of accentuating the worse social problems, especially in emerging economies, making the introduction of much needed political and institutional restructuring even more difficult. At that meeting, Brazil offered to host the II Global Forum.

The II Global Forum: A Democratic State and Governance in the 21st Century

The Event was hosted by MOG and organized by SEGES in partnership with the IDB, the World Bank, OECD, UN and the NPR. A total of about 600 participants included representatives from about 32 countries, institutions, the business community, and non-governmental organizations. The Forum concluded with an Agenda for the Future (see text below), and with an offer (which was accepted) by the Government of Italy to host the III Global Forum in the City of Naples in 2001.

The wealth of experiences, diversity of outlook, and plurality of approaches regarding this theme characterized the debates. The starting points for reform differed among countries. The “one size fits all” approach to State reform sometimes inadvertently promoted by aid agencies in the past should be avoided. There were nevertheless, points of convergence that permitted the establishment of an Agenda that includes topics for action in the conduction of a democratic State and governance oriented toward the well being of its citizens.

What went wrong in the past? Where should we be heading in the future?

There was consensus on the many reasons for failure:

- State reform was motivated primarily by the inadequacy of the role of the State and of the public sector framework in the face of the ever-changing scenarios of globalization, technological development, and productive restructuring.

- Many countries need a way out of a chronic financial crisis, associated with the public deficit, the foreign debt, and the unsatisfactory performance of public enterprises--a consequence of poor policies in the past.

- The more stringent and complex demand patterns on the part of citizens.

- The perverse effects of the State’s action resulting from patrimonial, political patronage, and corruption, reflected in an apparent neglect of its citizens. An inappropriate provision of services under the social protection system, meant exclusions of segments of the population, and/or inadequate services rendered.

These types of motivation have led to a minimalist approach to reform emphasizing smaller government, economic and administrative efficiency and overestimating the capacity of democratic
Institutions to carry out a value assessment debate. There was a convergence of views on finding solutions.

- **Governance**, and not just government is now increasingly more important. The role of the State is in transition. The minimalist model no longer meets the challenges ahead. Government in addition to creating a propitious environment for the functioning of the market and for economic growth is expected to do more. To legitimate the democratic character of institutions, priority has to be given to combating the democratic deficit: ethics violations, corruption, and constitutional formalism. These are some of the factors leading to crises in public institutions and their loss of prestige and credibility. Failure to meet these challenges tends to cause “civic fatigue”, which threatens to undermine the perennial and radical establishment of democracy.

- The need to contribute to broad-based equity and social cohesion. The social divide manifests itself via insufficient supply, and through frustration and dissatisfaction regarding the provision of services. The threat is that civil society can lose its cohesiveness as each party seeks its own particular solutions.

- New approaches to government’s relations with its citizens -- networks within civil society would now play almost a more important role than the State, which would instead dispense with previous traditional responsibilities that others could better handle. A recognition that the public sphere is not limited to the State sphere and includes actions of a public nature promoted by civil society.

- Information technology (IT) is already having a major impact on traditional government and the economy. The “digital divide” could increase the already profound social disparities and accentuate poverty. The New Economy has raised as yet unexplored legal, fiscal and jurisdictional problems. E-government could bring immediate benefits to citizens.

- E-government also implies a virtual disintegration of traditional structures and processes. Even if we still regard a functional division of labor in public administration the most efficient way of conducting business, we are now able to bridge gaps between different agencies, levels and sectors. This permits the citizen to interact with the government in a coherent manner - and at times and places which suit individual preferences. Technology is only a tiny part of this - to fully exploit the new tools we need to take a holistic approach to government.

The opportunities are unlimited and the potential yet unknown. On a practical front, the Forum also demonstrated with examples (from Brazil and elsewhere in Latin America and the World) how a combination of political will, appropriate policies, and technology can deliver better services with measurable results. The Forum concluded with an agenda for the future.

**Copy of Final Text of II Global Forum:**

**AN AGENDA FOR THE FUTURE**

- Contributions to this Forum lead to reflection on the experience of the recent past and suggest some perspectives on the new functions of the State in its relations with the market, with distributive justice, and the legitimizing of the democratic game rules.

  THE STATE CAN NO LONGER BE AN ALL-POWERFUL STATE BUT NEITHER WILL IT NECESSARILY BE A MINIMAL STATE.

- During the Forum debates, there emerged some lineaments and principles of an agenda for the

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5 Wolf, Adam: Chairman of the OECD Public Management Committee (PUMA).
democratic State and for governance in the 21st century;

- The State that is needed is one capable of acting proactively in the institutional rebuilding of society. Governance is not confined to a State’s borders but implies the development of channels of cooperation with the market and civil society;

- There is need to revitalize the world of politics through a debate regarding values and the ultimate objectives (the public interest) with all the social players in order to restore the credibility of governments, of public administration, and of democratic institutions;

- Good governance requires a holistic approach in the sense that reform of the State should not be restricted to the Executive Branch but should also include the Legislative and the Judiciary Branches;

- Governance requires the establishment of alliances, coalitions, partnerships and networks, encompassing the market, civil society, government at all levels and international cooperation;

- Partnerships can be related to any state function or activity without this meaning a retraction or withdrawal from responsiveness on the part of the State;

- Decentralization should be achieved by politically, institutionally, and fiscally sustainable means;

- Fiscal accountability on the part of public decision-makers should be sought;

- There is a need for a long-term program, which puts aside the false dichotomy between universalism and narrowly focused action.

The awareness of the need for coalitions for governance requires the development of the State’s institutional capacity to coordinate and encourage such alliances.

The development of a State’s capacity requires a model of public management with the following characteristics:

- Strengthening of the public function and professional development of civil service
- Suitability of the State’s organizational architecture: rightsizing, with an emphasis on the regulatory function and on the improvement of the rendering of universal services associated with the rights of citizens;
- Focus on results through ongoing evaluation so as to permit the strategic (ex-ante) control of public policies;
- Concern with efficiency, costs and accountability regarding the use of resources;
- Orientation towards the citizen;
- Simplification of procedures, regulations, and legislation;
- Increased management autonomy for public agents through the establishment of contractual relations based on results and accountability requirements;
- Transparency in actions and decisions and full access to public information, so as to permit the development of social control mechanisms;
- Development of innovative institutional arrangements involving various players for representation of interests, provision of services, cooperative regulation, and social control.

One element that is of utmost importance in the future agenda of States is the reality of the new economy, of information technology and the knowledge based society. The market plays a key role in the consolidation of the new economy but, left to its own devices, the market will not on its own, keep
an eye on desirable social justice standards, while promoting the necessary advances. Without strong government policy to further equity there is the danger of further intensification of the structural mechanisms of differentiation and inequality. It is up to governments, with the cooperation of the market and civil society, to implement policies aimed at preventing a digital divide and the consequent deepening of inequality. Government action should focus on several key thrusts, such as:

- Public support for the dissemination of access to the new technologies, focusing on more vulnerable groups;
- Regulation of the sector, particularly as regards content, security and privacy as well as information of public interest;
- Exemplary use of information technology;
- Backing for technological evolution;
- Promotion of digital entrepreneurship.

This Agenda should not be construed as a panacea or a universally valid formula but should take into account the circumstances of each nation or region.

Finally, the Forum stressed the importance of defining the purpose of reform. It is not enough to propound an institutional engineering and new management mechanisms (what the State should be and how it should act). Neither is it enough to think that the macroeconomic effects of reforms are obvious - the cost of reforming is lower than the cost of not reforming. It is necessary to discuss and debate about which substantive projects will guide State action. Substantive issues emphasized included combating corruption, elimination of poverty, and reduction of inequality with an emphasis on information technology, promotion of social cohesion equity and economic development.

End Quote of Text.

The Next Steps

One important message from those countries with previous experience in implementing change is that State reformists should be on a constant lookout for “windows of opportunity” and seek to implement whatever parts of the reform agenda as possible. There is never a perfect moment, when all the pieces of the puzzle will be together, so a little progress is better than none.

The success of the recent II Global Forum, and the timing of the municipal elections in October 2000, has provided an unforeseen “window of opportunity”. MOG/SEGES wishes to seize this chance to accelerate its program of institutional reform of the State, through a carefully focused and strategically targeted project to build up institutional capacity and encourage reform-minded leaders at the local level. In other words, implement a “just in time” approach to knowledge management to complement its other ongoing initiatives.

Programs and Projects under implementation by SEGES

SEGES is already engaged on a number of programs and projects in carrying out its reform tasks. These include:

- Entrepreneurial Public Sector Management

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6 Understood to include central government ministries and institutions, as well as sub-national governments (states and municipalities).
• Quality in Public Service
• National Program of de-bureaucratization
• Building up a Civil Service Cadre
• Regional management Service Centers

Strategic Knowledge Management Project

MOG/SEGES now intends to seize the opportunity to accelerate its State reform agenda through a carefully focused project for knowledge management. This will have three components:

1. An expanded Website created for the II Global Forum;
2. Orientation and Training Workshops on Governance targeted to states and municipalities; and
3. CD-ROM production to generate and disseminate practical advice\(^7\) (knowledge and skills formation) on municipal management to incoming mayors and their administrations.

Detailed Description of the Components

Component 1: Website (\texttt{21stcentury.gov.br})

\textbf{Objective:} To achieve the quickest and widest national dissemination of ideas, information and knowledge on Governance in the 21st century, and provide an interactive forum for exchanging practice and experience.

\textbf{Description:} The Forum website \texttt{21stcentury.gov.br} will be transformed into the principal point of reference in Brazil (and eventually in Latin America) for knowledge management on Governance.

- The website would have potential clients among policy makers, public administrators, academic institutions, state and municipalities, NGOs, private citizens, and the media.
- A number of modules would address different topics, of which the \textit{II Global Forum} would represent only one of many.
- The structure, format, content, operation and management are under discussion. There are opportunities for developing working partnerships with other institutions, each responsible for maintaining specific modules of the website.
- Cross-referencing to related national and international\(^8\) sites would further enrich the site.

\textbf{Rationale:} Building on an investment already made. The site already contains some of the latest thinking on the subject of Governance.

- A single site that brings together information and knowledge on policies, actions, initiatives, etc., on planned reforms by the Federal government, states, major cities, would greatly accelerate the multiplier effect for innovative thinking (and also doing some old tasks better). The site would also include an “external” module that would contain international experience.

Component 2: Orientation and Training Workshops for States and Municipalities

\textbf{Objective:} to proactively stimulate a “cultural” change in state and municipal leadership, and thus

\(^7\) The Training and Technical assistance materials generated under components 2 and 3, would also be placed on the Website.

\(^8\) The website would initially be in Portuguese and an English language version.
generate a “ground swell” of reform-minded leaders.

How to do it? Sponsor (after the forthcoming municipal elections) in partnership with others 9 a number of regional Seminars on “Governance in the 21st Century in Brazil”. It would also be desirable to also invite the major media chains to consider being co-sponsors. This is a matter that could affect profoundly future societal change in Brazil.

- At these events disseminate information and ideas on results-oriented governance, including state of the art examples to address social issues: poverty, unemployment, urban violence, etc. in addition to public ethics, accounting and responsibility, effective partnerships, networking, and a transparent evaluation of performance, and a transition to e-government.

- The first of these in early December should be targeted to all State Governors and their aides. The remaining three Seminars could be focused on the Mayors and their aides of the large and mid-size cities (and those smaller municipalities located within a metropolitan region).

- These municipal mayors’ meetings should be planned to take place in the first 3-4 months of the new administrations. A further analysis will be required to evaluate whether additional state-sponsored events would be preferable, to ensure manageable organizational logistics, and to permit adequate time for group discussions and dialogue among participants.

Rationale: To make a significant impact on modernizing the State, it is essential that all levels of government be engaged in a partnership with the same objectives, although the details in their respective approach may differ.

States: The states have a crucial role in implementation of the GOB’s Brazil in Acao program, and in providing an enabling environment for social and economic development. The opening of the economy, stabilization and globalization have brought with it also tremendous technological advances (stimulated by the private sector). Many state governments have seen the opportunity to modernize and reform. A few 10 are moving beyond initial attempts to improve efficiency, and have actively become promoters of development.

- In Bahia for example, the State plays an important role in planning and inducing a number of mutually complementary programs that are specifically targeted to the special needs of sub-regions within the state.

- There is a profound shift-taking place in the traditional relationship of the State with other actors: municipalities, the private sector, civil society and individual citizens.

- Functions that can be better performed by non-state entities are being divested, sold or transferred. The State has kept for itself the regulatory role to ensure citizens receive the services they are promised.

- Concepts of responsibility and accountability and transparency have been introduced.

- Investment priorities for the 4-year PPA 11 have been developed consistent within the guidelines of the federal government. A results-based plan has been coupled with a training program of continual monitoring and evaluation of programs and projects under execution. Some pilot projects in e-government have been initiated.

Municipalities: The municipalities are the interface between government and the citizen. It is at this level that the most acute of problems are visibly manifested in multiple ways: homicides and other

9 (e.g. UNDP, BNDES, CEF, IDB, World Bank, GTZ, etc.)
10 e.g. Bahia, Ceará
11 Four-year rolling program of investments
urban violence, inequality, poverty, and unemployment, among others. It is at the municipal level that a small effort to improve governance can quickly show visible results and substantial gains.

- Improving overall management is the key - this implies strengthening the institutional, legal and technical capacity, and not only the financial management capacity. Too many programs have not delivered expected results, as they were focused only on the provision of information technology and training, without addressing the other tools and instruments needed for improving overall capacity, including human resources development.

- There are other very successful examples that demonstrate the benefits of a more “holistic” approach.12

- Experience has shown that two of the most important federal programs for health and education are at risk, because of the weak capacities of municipalities, and often-inadequate municipal leadership. How can a municipality be expected to deliver its promises in health and education, if its overall administration is fragile? If no reliable Information system exists? If simple management tools and instruments are not available? If mayors have little idea of modern public management, and no idea of where to seek help?

- In October 2000, about five and a half thousand (5,500) municipalities will go to the polls to elect new mayors. While many of the current-serving mayors may be re-elected, many more will have been elected for the first time, with little if any experience of modern municipal management.

- On their arrival in January 2001, full of enthusiasm, they will probably discover the first impact of the Lei da Responsabilidade Fiscal.13 The fiscal situation will be tight. There will be little room for maneuver. They will be looking for ideas, help, and advice.

- These fertile and willing minds will be ready to absorb and implement the latest ideas on governance, and thus contribute to achievement of SEGES’ mission.

**Component 3: CD ROM**

*Objective:* To generate and disseminate practical advice14 (knowledge and basic technical skills) for municipal management to incoming mayors and their staff through publication in CD-Rom format. These would be widely distributed to all 5.5 thousand municipalities, libraries, training institutions for public administration, and also installed on the Internet website.

*How to do it?*

In addition to material prepared for the Workshops (Component 2), there is a great deal of good practical and eminently replicable experience of good municipal management in Brazil. BNDES, CEF, IDB and the World Bank, IBAM (and other institutions) have helped compile case histories and best practice notes. On going projects in about 1000 municipalities, have numerous modern ideas at work.

The CD is envisaged as a practitioners’ “hands-on” guide for those who have to grapple with problems on a day-to-day basis. The topics would cover, for example (for illustration purposes only):

- **General Overview:** Why the need for reform? Globalization, competitiveness, governance,
public ethics, networking, Social policy (inequality, unemployment, marginalized communities) and the opportunities of IT. Integrated development. Measuring changes in performance, and human resource development and training.

- **Municipal management:** urban and regional policy, making choices, sustainable environmental development, land use policy, strategic planning, favela-upgrading, legal instruments and tools.
- **Financial management:** a primer on municipal finances, fiscal policy and targeted subsidies, taxation, costs and pricing of services, credit and debt management, access to capital markets, participatory budgeting, transparency, accountancy and audits.
- Tech support for installing financial management systems, estimated costs, advice where to go for help, monitoring and evaluation results, etc.

**Rationale:** Public sector management is today a specialized business. Changing the mindset requires a selective and well-targeted program of orientation and training. While municipal leadership can get by with a broad overview of issue, their operating staff needs access to specialized information. This information is not easily available outside the major cities.

Human capital development at all levels is a very big challenge. Local governments have not been able to compete with the market for the best-trained staff. Historically, municipalities were perceived as employment centers. Staff cutbacks are difficult, and can perhaps be done by attrition. The focus has to be on homegrown human capital formation. The numbers are such that only by using the opportunities offered by technological innovation we can envisage only starting to make a dent on the problem.

To conclude, the opportunity has arisen to scale-up the promotion of a public dialogue through the dissemination of ideas, information, knowledge with a view to inspiring new reform-minded leadership to supplement on-going efforts; to encourage good professionals to join the ranks of a modern public sector; to create an environment where various formal and informal networks are connected as never before, for the common good.

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**Biography**

Braz Menezes is currently a Consultant based in Washington DC. He was retained by Brazilian Ministry of Planning, Budget and Management (MOG/SEGES) to assist with the preparation of the II Global Forum: The Democratic State and Governance in the Twenty First Century (May 2000). He was previously with the World Bank on its regular staff for about 22 years. During this period he worked on Bank-financed operations in urban, water and transport sectors in a number of countries. In almost a decade he covered South Korea, Thailand, India, Pakistan, Sri Lanka and Egypt. The latter 14 years
since 1986 were spent preparing appraising and/or supervising projects in Mexico, Colombia and Brazil.

He has been the task manager for the Brazilian Municipal Development Projects in the States of Parana (now the PARANACIDADE project), Rio Grande do Sul (PIMES), Minas Gerais (SOMMA), Ceara (PROURB) and Bahia (PRODUR), as well as a post-disaster reconstruction project in Rio de Janeiro, among others.

From 1994-1996 he was sent on a field assignment to the World Bank’s Resident Mission in Brasilia as the Portfolio Manager (70+ loans) during which he was also the Acting Resident Representative for a 12-month period.

Since 1967, and prior to joining the World Bank in 1978, Braz was founding partner of an architectural-urban planning firm with offices in Kenya, Uganda, Tanzania and the Seychelles, and partner firms in Denmark and UK. He was selected by the UN through an international competition to form a joint venture with Architects: Giancarlo de Carlo (Italy) and James Stirling (UK) to design the World Headquarters of the United Nations Environment Program (UNEP) in 1974.

He has contributed from time to time to various Bank publications, but prefers instead and whenever possible to direct his efforts to development policy and projects, that can deliver “results on the ground”. He is a pragmatist in his approach to problem solving, and has in spite of some frustrations along the way, managed to retain a sense of humor over these years.

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