Reinventing capacity development: organizational change and policy entrepreneurship in UNDP Brazil

Francisco Gaetani
francisco.gaetani@undp.org.br

1 Introduction

The United Nations Development Program (UNDP) Office in Brazil has gone through a wave of important policy changes during the period July 2003 – June 2004. The extension and depth of these ongoing reforms were unprecedented given their significance and speed. In spite of UNDP’s reputation as an innovative and entrepreneurial institution, the process of policy change in Brazil is intriguing and instigating because, traditionally, no institution changes so fast and so dramatically, except in national emergency contexts - which was not the case in Brazil. Such a transformation did not happen by itself. It was aided by arrival of a new government arrival in office’s host country. Therefore, the case at stake is relevant because it captures the dynamics of reforms at UNDP intertwined with the new Brazilian government’s initiatives.

Brazilian case is useful particularly for countries that consider themselves beyond comparisons’ like Russia, Indonesia, India, China, South Africa, Mexico, and others alike. These nations, including Brazil, tend to perceive themselves as unique because their societies and governments are more used to look at themselves in absolute and not relative terms. The case encompasses lesson-drawing possibilities at process level and at policy level. The new UNDP Resident Representatives led the process of management change in a close dialogue with Brazilian authorities and his office team. A new development cooperation model policy design has emerged but its final scope is not yet fully established.

In order to explain the process of policy change the text referred to Kingdon (1995) multiple streams model. According to Kingdon, policy change takes place when the problem, policy and political stream converge, coupled by skilful public entrepreneurs that take advantage of the window of opportunity opened by the congruence of the streams. Therefore, in order to account for the technical cooperation changes in this period the three streams will be disentangled. This will enable comprehension of what factors and forces generated the opportunity for a policy shift. The new Resident Representative in Brazil took on the role of entrepreneur and lead UNDP in repositioning and re-profiling.

The analytical framework was provided by Lopes and Theison (2003) to explain the new content of the policy proposals. The approach emphasizes the strategic importance of ownership and leadership in capacity development initiatives. After summarizing a significant amount of empirical researches and observations the authors concluded that the capacity development business needs to change radically in case it intends to do any good to the countries where it takes place. A Decalogue was produced as handy checklist to be considered in any situation. Most of the initiatives taken by the Brazilian office fit into the proposals and procedures suggested by the authors.

The text is organized into six parts, this introduction being the first. The second section provides an overview of the case’s initial conditions, after summarising a history about how the Brazilian office

---

1 The text express opinions of the author and UNDP does not have any responsibility regarding his opinions.
achieved the 2003 status. The third part describes the flaws of the model when the new Resident Representative arrived. The fourth section comments the strategy developed in order to redefine the role of UNDP in Brazil. The fifth section discusses the initial reactions to the changes introduced and their impact over the UNDP activities and personnel. The final section is a balance of the current situation combined with some speculations about potential further developments.

2 Initial conditions

UNDP office in Brazil became known in the United Nations system as a benchmark case of the so-called Latin American model of technical cooperation. Since the re-democratisation processes of the 1980s Brazil and Argentina became innovators of technical cooperation modes that were relatively unknown within the development policy community. Tracking the context of that period is essential to understand what happened and why. For a detailed account of improvements of the new arrangements in comparison with the previous practices see Shiki (2000).

On the country side, five reasons contributed to the creation of the enabling conditions of the new model: the hyperinflation process, the disorganization of the state apparatus, the difficulties in providing continuity to governmental programs (including those that relied on international loans), the lack of institutional capacities to face the surmounting pressures of popular demands that had been contained during the authoritarian regimes, and the neo-liberal policies adopted in the 1990s that led to the contraction of the state role in several Latin American countries.

On the UNDP side, the propensity to promote innovative institutional arrangements, the commitment to providing support to ongoing policy initiatives and the need to find different ways to fund the institution during a contraction period were the main driving forces that led to shaping of what came to be known as the Latin American Model of Technical Co-operation. The combination of creativity, commitment and necessity produced a cascade of innovations that promoted a different form of promoting technical cooperation: the supply of development services through managing governmental projects.

Two key alliances were decisive in allowing and encouraging the paradigm shift in Technical Co-operation. The first alliance was with financial institutions like the World Bank and the Inter-American Development Bank. Both perceived that UNDP could provide technical services required to accelerate the implementation of their loans given the frequent lack of institutional pre-conditions in most ministries. The administration of international loans became gradually the main business for UNDP in countries like Brazil. UNDP was a reliable partner, an honest broker, and a qualified co-manager of the programs. It became an agent convenient for both principals: governments and international financial institutions, especially in the cases where the discontinuity or delays in public initiatives could produce severe damages to the country or to disadvantaged clienteles.

The second alliance was with the finance authorities and high officials of the government that understood that UNDP could provide functional, highly qualified, and cheap services to the implementation of ordinary programs with budgetary resources. There were several reasons to support the perception that UNDP could become a decisive partner for the government. First, UNDP was not subject to the red tape forest of the national authority institutions. Second, UNDP was a reliable partner especially in transactions where the risk of corruption was high. Third, working with UNDP was by all means much more efficient and effective than official hierarchies. Fourth, UNDP eventually could add value to the projects at stake (including substantive contributions or, eventually, a popular brand). Fifth, UNDP overheads were extremely competitive given the public nature of the institution. Finally, UNDP
could provide access to international funding mechanisms such as the multilateral funds (e.g. Global Environment Facility and the Montreal Protocol).

The Brazilian government and the UNDP office established a dynamic symbiosis with the interference of the international financial institutions. A short period of time later, a new refinement was introduced: UNDP began to implement government programs without the participation of international financial institutions\(^2\). Budgetary resources were channelled through UNDP in order to get things done, a surprising and amazing spillover, unthinkable few years before. UNDP Brazil became the biggest office of the agency in the world and the model was exported to other countries and regions. Financial resources poured into the office in a moment that UNDP was facing funding problems at global level.

It is important to note that not all projects in the office were development services type (See Graphic 1 below). There were also a significant number of projects – notably in the environmental area – that did not fit in the new development services model. The other group of projects involved international donations, implementation of global protocols, human development studies, advocacy initiatives and small-scale support (seed-money). Those projects were not so “profitable” as the others but they were important to brand UNDP and to strengthen the organisation reputation as a certifier of credibility.

\[\text{Desemblosso por Área Temática}\]

\[\begin{array}{c}
\text{Meio Ambiente e Energia} \\
\text{Governo} \\
\text{Avaliação de Políticas e Desenvolvimento Local} \\
\text{Políticas Públicas Setoriais}
\end{array}\]

3 “The times they are changing”

When the success of the model achieved its apex, the problems it generated – directly or indirectly - began to surface, though it was barely perceived by the institution itself. Graphic 1 provides a historical view of UNDP portfolio between 1982- 2004. A combination of several factors contributed to undermine the model such as it had been implemented until the late nineties. First, it produced competitors within the United Nations System. Second, it favoured distortions in the use of technical cooperation mechanisms. Third, it generated a dependency on the development process that did not help the state institutional building process. Fourth, it raised accountability problems with respect to public expenditure. Fifth, the importance of the distinctive UNDP substantive contribution in the projects declined while the private efficiency oriented ethos gained importance in the context of the

\(^2\) For a critical – and contestable - view of the new arrangements see Galvani, F. And Morse, S. (2004)
effort to develop a market and to guarantee the office financial sustainability. Last but not least, the international financial institutions achieved limits in the context of Brazilian operations: the fiscal space did not offer opportunities for expansion and the ongoing loans faced expenditure problems, aggravated by the new government lack of executive experience.

![Desembolso Anual de Recursos de Projeto](image)

The first factor was the appearance of new “competitors” as a product of four processes. First, the market of services delivery was expanding and UNDP was not interested in becoming a monopolist besides not having the internal infrastructure to expand in order to attend to the new demands. Second, international financial institutions encouraged competition within the United Nations system in order to make them provide better and cheaper services, a move based on a disputable rationale. Third, UNDP did not accept certain types of transactions that other agencies did not have obstacles in assuming. Fourth, in the absence of anything like a systemic coordination, United Nations agencies began to compete for projects independent of their capacities, competencies, mandates and jurisdictions, a sad picture one might argue.

Facing different alternatives of services provision international financial institutions – especially the World Bank – evaluated that they should encourage competition within them in order to get a better partner. Some officials of the banks did not encourage the resort to United Nations agencies to provide development services because of the transaction costs involved in the partnership. But operating directly with governments was frequently a painful exercise because of the combination of a low degree of continuity within the public sector with lack of experienced bureaucrats. In few years governmental officials could choose what U.N. agency was better suited to their interests. It was not a clear competition because it was a not a matter of quality or price criteria.

The second factor was the distortions that occurred in the personnel area. A sophisticated mechanism had been created to hire consultants and to bring selected high level support to government. It was a delicate engineering. The point was to complement human resources needs with highly qualified consultants but it did not develop in this way. Brazil had never been capable of establishing a merit

---

The mainstream argument used by WB officials to question UNDP participation in governmental programs is the raise of transaction costs (the 3% overhead). Surprisingly WB works with other United Agencies at a higher rate - 5% - and also faces substantive problems with charges for not using the resources available (“taxas de permanência”) that the country pays due to poor implementation of its loans. A plausible explanation is an old dispute for policy influence.
based professional bureaucracy, with few exceptions like tax inspectors, diplomats and some technical
careers of the ministries of Finance and Planning, Budgeting, and Management. Many ministries did
not – and still do not - have their own personnel besides the appointed positions that are fulfilled
according to a variety of criteria. The Cardoso government chose to avoid replacing personnel in spite
of the promotion of public selections in key areas like budgeting, planning, management, control and
treasury. Table 1 provides a global picture of personnel reduction during the period 1988-2001.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>STATUTAR*</th>
<th>TOTAL**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>705.548</td>
<td>1.442.657</td>
</tr>
<tr>
<td>1994</td>
<td>587.202</td>
<td>1.197.460</td>
</tr>
<tr>
<td>1995</td>
<td>580.035</td>
<td>1.033.548</td>
</tr>
<tr>
<td>1999</td>
<td>508.632</td>
<td>967.819</td>
</tr>
<tr>
<td>2000</td>
<td>496.889</td>
<td>964.798</td>
</tr>
<tr>
<td>2001</td>
<td>469.192</td>
<td>931.311</td>
</tr>
</tbody>
</table>

(*) Civil Servants of the Direct Administration. (**) Includes SOEs (***) March position
Source: Ministry of Planning, Budgeting and Management.

There were several expediency alternatives: manpower private providers, universities’ foundations and
international agencies. There are not reliable statistics but there no doubts that the government decided
to prefer flexible labour arrangements than civil service or formal private jobs contracts. Table 2 shows
how short term contracts became popular in the same period. Besides, the government increasingly
decided to resort to international agencies to recruit personnel on provisional basis. The productivity
and efficiency of the new mechanisms were more competitive and appealing. In few years – especially
during the period 1995-2002 - international cooperation mechanisms were enabling the government to
hire not just consultants but also technical staff, administrative functionaries, clerks and other ordinary
professionals. When the number of so-called consultants hired by international agencies went beyond
eight thousands two watchdogs decided to interfere. The regime of immunities and privileges of the
U.N. agencies was on the verge of demoralization because of labour suits. The Labour Justice and the
Public Prosecutors forced the government to sign a deal by which the possibility of hiring personnel
was severely constrained. Transition mechanisms were defined – and later extended in time. But the
damage had been done. UNDP as well as other U.N. agencies had become known as workforce
providers for contracting out needs, not especially different from other private suppliers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Recruitment through public exams</th>
<th>Short term contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>19675</td>
<td>5468</td>
</tr>
<tr>
<td>1996</td>
<td>9927</td>
<td>8773</td>
</tr>
<tr>
<td>1997</td>
<td>9055</td>
<td>9508</td>
</tr>
<tr>
<td>1998</td>
<td>7815</td>
<td>7677</td>
</tr>
<tr>
<td>1999</td>
<td>2927</td>
<td>6625</td>
</tr>
<tr>
<td>2000</td>
<td>1524</td>
<td>9765</td>
</tr>
<tr>
<td>2001</td>
<td>660</td>
<td>10597</td>
</tr>
<tr>
<td>2002</td>
<td>11*</td>
<td>2697**</td>
</tr>
</tbody>
</table>

*Underestimated. More than 10.000 new posts will probably be fulfilled this year.
** Provisional
Source: Boletim Estatistico 75.

---

4 See Gaetani, F. And Heredia, B. (2002)
5 The government signed with the Labour Justice and the Public Prosecutors a document called Conduct Adjustment Term
   (Termo de Ajuste de Conduta) and committed itself to comply with both bodies’ recommendations.
The third factor was the development of a dependency culture. The more UNDP and other U.N. agencies expanded their business, the less likely were the government efforts towards the development of capacities – individual and institutional – required to prescient technical cooperation to supply development services. After all, UNDP performed its functions very well and with increasing productivity gains. Governments could focus their attention on other issues instead of facing long-term institutional building challenges in personnel and procurement, two long-term problems of Brazilian public administration.

There was nothing wrong with UNDP strategy. The organisation was serving the government’s demands. Management systems had been developed in order to enable expressive efficiency gains. The numbers of delivery were impressive. The amount of projects as well as its net value was unprecedented. The provision of development services by UNDP escalated. It enabled an impressive record of execution of projects. It provided conditions for on the job learning process for several consultants, people that were trained within the context of UNDP best managerial practices. But it did not lead to the development of institutional capacities.

The fourth factor was related to issues of accountability. U.N. agencies have historically operated under a regime of privileges and immunities. Thanks to Brazilian authorities and UNDP officials the room for manoeuvre within the framework was greatly expanded but at expense of increasing suspects of the control watchdogs. In spite of the legality of the operations they were not effectively publicized. The control reports were superficial and insufficient to enable proper monitoring and evaluating practices. UNDP was subject to CGU, UNDP and U.N. auditing procedures from time to time but this was not a general rule within the context of the U.N. agencies. Traditionally it was not clear to whom they were accountable.

The boom of the U.N. agencies business generated a strange environment in Brasília, a bureaucratic city. Suddenly becoming an international consultant was more attractive than being a civil servant depending on the political moment and hierarchical position. Thanks to revolving door mechanisms the U.N. agencies began to recruit civil servants or political appointees to their offices or to perform short-term contracts. The frontiers between legal provisions and morally acceptable practices began to blur. In 2002 the Conduct Adjustment Act re-established certain limits (with respect to personnel) but there was already a public perception that those schemes were controversial.

The critical issue was the procurement legislation. U.N. agencies were not subject to Brazilian legislation but there was increasing embarrassment regarding the distance of the international practices (a variety of arrangements) and the Brazilian legislation. After a period of confusion the government and the international agencies decided to wait for the National Audit Court decision with respect to the possibility of using U.N. procurement procedures in transactions with budgetary resources. A key source of revenues for development services was on hold.

The fifth factor was represented by the decline of substantive and distinctive contributions with respect

---

6 The three most important watchdogs of Brazilian public administration are: Controller of the Federal Executive (Controladoria Geral da União -CGU), linked to the Presidency, National Audit Court (Tribunal de Contas da União – TCU), linked to the Congress but independent, and Public Prosecutors (Ministério Público – MP, linked to Executive but independent).

7 See Carta Capital (2004) for a picture of how journalists perceive the situation.

8 Galvani and Morse (2004) argued that international agencies consultants wages are higher than civil servants that respond for similar positions but their comparison does not take into account other elements of civil servants payments like an extra wage, house benefits, leave mechanisms and other labour advantages.
to policy issues. The volume of projects managed by UNDP forced the staff to be selective. The main consequence was a focus on more and more profitable projects. There were exceptions, notably on the environmental area. There were also substantive contributions of program officials and program assistants in the previously mentioned projects. But the distinctive contribution to the projects was predominantly managerial, not issue-specific anymore, despite the highly qualified human resources of the office.

An increasing distance between UNDP headquarters and networks aggravated the loss of space of substantive contributions. The Brazilian office had become an internal donor within the system. It did not need to keep in touch closely with the agency board, provided it kept its delivery levels. Internally people became so financially results oriented that they had barely time to look beyond the office borders. UNDP officials became known by their productivity standards and fundraising skills more than by their capacity to aggregate public value to the projects.

Finally, the macroeconomic policy established fiscal targets that restrained dramatically public expenditure as well as the room for international loans. Therefore, the overall amount of resources available achieved a limit. Besides, the new government lacked experience in power a reason for inevitable new delays in the execution of governmental programs, old and new. The learning period took some time because the new authorities had to get used to commanding the state apparatus. The main consequence of this combination was a very slow public expenditure rate that led the new government to continuously overtake its fiscal targets due to reductions in the rhythm of implementation of development services.

4 Reinventing a role

The story of UNDP Brazil office’s transformation last year is a tale of strategic re-positioning combined with policy entrepreneurship. The new UNDP Resident Representative defined the organization problem in two intertwined ways: positioning and credibility. Capacity development replaced development services as the main emphasis of the office rhetoric. Credibility was perceived as something to be conquered daily. Faith on UNDP brand was not taken for granted anymore.

At institutional level the transformations were characterized by a radical redesign of UNDP insertion in Brazilian political and policy landscape. At the individual level the changes were produced by a new style of leadership, unusual in an international relations environment. Both changes occurred at the same time that a new government won office. Political turnover provided a window for new approaches in development cooperation and somehow signalled the opportunity for policy changes at the UNDP level also.

2003 marked the beginning of Lula’s government and the replacement of UNDP Resident Representative few months later. A double transition took place: at the federal executive and at UNDP office. A political window had opened and it was not clear what would happen. To make things more complicated Cardoso received an U.N. international prize because of his support to pro-human development initiatives and his achievements as Brazilian president. UNDP was identified at national and international level as a close partner of the ancien regime.

The new UNDP representation arrived in the second term of the year during the confusing period of government building. Lula had opted for a gradual replacement of appointed officials in order to avoid disruption of the ministries activities. The timetable did not work in the same way in all ministries. Up until June 2003 many high positions had not been filled yet. The Presidency had changed in all
respects. But in many ministries the new teams were still taking shape. The new UNDP Resident Representative – Carlos Lopes - arrived at that moment, characterized by government turnover, high political expectations and serious administrative problems.

Carlos Lopes is an African who was born in Guinea Bissau and raised in Cabo Verde, Portuguese colonies until few decades ago. He is a young United Nations cadre with an impressive curriculum by any criteria. He is a sociologist who has a Masters degree and a PhD in History. He had published several books about capacity development and previously held the post of Resident Representative in Zimbabwe. But more importantly, he had participated in leading positions in the effort towards UNDP re-structuring process in U.N. headquarters and acquired a reputation of bold executive who did not fear hard choices.

The reasons why he was chosen to fill the place of Brazilian Resident Representative are not known. Plausible explanations include his knowledge of U.N. system, his multiple networks (U.N., Europe, Africa, academia and others), his command of Portuguese, his empathy with the new government and, especially, his potential use for the new government as direct channel to contact the General Secretary. Lula had put Brazil in the world map again, as Cardoso had done, but in a different and, eventually, in a more relevant way, at least in terms of developing the country’s political platforms. Brazilian foreign policy was expected to make a difference in global terms. The appointment of Carlos Lopes was potentially a contribution by UNDP to the new government’s efforts towards multilateralism and pro-poor international development initiatives.

Carlos Lopes was appointed to a double position: Resident Representative of UNDP office and Coordinator of the U.N. System in Brazil. The second position had been merely symbolic until 2003. But Lopes made clear immediately that he would take the second hat seriously, provided the government and the U.N. agencies also played their parts. The coordination mandate depended heavily of providing solution for collective actions problems of the U.N. systems. Those agencies had learned how to act independently from each other, when not competing within themselves. When the shocks became evident for the government some partners began to play with the lack of coordination within the U.N. system. Sometimes competition was enforced. In other occasions agencies were sought after in order to avoid accountable practices. It soon became evident that coordination was a public asset – for the government and for U.N. - but it depended on collective interests, leadership skills, negotiation capacities and political support in order to function.

Carlos Lopes faced the risks and immediately installed periodical U.N. agencies meetings, defined a small budget with all agencies contributions, negotiated a budget with U.N. headquarters and, more important, engaged himself in synergic initiatives, even if small or symbolic, in order to build a momentum. The Coordination had to demonstrate its use and its feasibility otherwise it would not work. Suspicions and centrifuge forces worked as a counterforce to remind Lopes that the burden of proof was his. No coordination effort had a chance to work if it did not deliver collective benefits for the U.N. agencies and for their counterpart: the Brazilian government.

Efforts were carried out towards upward management, outwards management and inwards management, always targeting adding public value to the country’s interests (Moore, 1995). Upward management involved the efforts oriented to strengthen the links between President Lula and the General Secretary Kofi Annan. Outwards management was concentrated in presenting the U.N. agencies to the ministries and to the Presidency as a team. Inwards management included the cajole efforts oriented to make the U.N. agencies working as a synergic system.
At UNDP level Lopes had to deal immediately with several challenges. First, he was in charge of an office characterized mainly by project management capabilities, not by policy or institutional building capacities. Secondly, UNDP was facing simultaneously credibility problems within its traditional clients in the government under a new command. Third, competition for public resources had become fierce. Fifth, the personnel business was condemned to extinction under the Conduct Adjustment Deal and under the new government personnel policy orientation. Fifth, the whole procurement business was on hold waiting for a TCU manifestation about its acceptance under the terms of Brazilian legislation. Finally, the country office delivery was declining to risky levels.

Given the complex circumstances of the situation Lopes opted for a bold approach: launching a cascade of simultaneous initiatives in order to produce a credibility shock at UNDP. He wanted to draw a line\(^9\), visible to the government and other stakeholders, and to begin a new cycle of policy oriented activities. The strategy was risky but the vulnerabilities of the UNDP office demanded a bold response that was not plainly clear at that moment. There was a sense of urgency. Lopes knew that timing was a decisive variable but he also knew that the office was supposed to work with different business than it was used to dealing with.

The first move was to promote an internal reorganization in order to reshape the office structures according to a new role and to a new potential portfolio of projects. Hierarchies were clarified as well as policy areas. Internal positions were created in order to avoid ambiguous functional situations. The restructuring process was conducted with minimum stress and generated a more cohesive and effective structure, with clear responsibilities and mandates. Coordination mechanisms and internal communication routines were established in order to enhance cohesiveness. The results took some time to show up. The Global Staff Survey research revealed impressive changes in the employees’ perception of the office environment.

An important internal move that slowly changed the office environment was the support to initiatives that pushed the national office closer to UNDP knowledge networks around the world. The Brazilian office had been traditionally very insulated in spite of its size and international reputation. The idea was to put the office in contact with new forms of working with capacity development: via providing UNDP expertise and policy advice through the institution thematic networks. Lopes took advantage of his experience in decentralizing UNDP knowledge generation areas to a variety of different countries like Bangkok, Panama City, Bratislava and other strategic sites. Brazilian program officials were encouraged to join knowledge networks. The creation of the enabling conditions to plug Brazilian officials in UNDP policy communities is an unfinished business yet but the goal is established.

The underlying purpose was to make people feel that they belong to an U.N. worldwide agency. The incentives were the access to courses, thematic practices, trips, workshops, internal consultants, expertise, documents and contacts related to issue areas where UNDP has projects at stake. This is work in progress and the challenge remains. But in few months UNDP Brazil was connected to the U.N. system as it had never been before\(^10\).

The connective approach was enhanced by the decision of revolutionising UNDP and U.N. System communication strategy. Transparency and policy communication became priorities of the office. In

---


\(^10\) The change was somehow enhanced by an incidental tragedy: the death of Sergio Vieira de Melo in Iraq. Suddenly the office found out that the work done in Brazil belonged to the same organisation that was responsible for peacekeeping initiatives in chaotic regions around the world.
doing so the previously fragmented structure of the office was forced to make public everything the different areas were doing in order to market UNDP capacities and to enable social control over the office activities. Moreover, the UNDP website incorporated important links with UNDP around the world giving a sense of unity to internal and external audiences that contributed to strength the institutional image.

UNDP also decided to launch a monthly magazine in an unprecedented initiative with Brazilian most important think tank: the Applied Economics Research Institute (Instituto de Pesquisa Econômica Aplicada – IPEA). The idea was simple: going public with IPEA and UNDP instigating background in economics, social, environmental, governance, and political research. Given UNDP projects and IPEA researches there was plenty of material to support an initiative oriented to take public policy debates to the public. Besides, both institutions are internationally connected and receive important visitors who can provide important policy inputs to feed Desafios do Desenvolvimento (Challenges of Development) on continuous basis. The magazine was designed to be sustainable and it is still in its experimental stage. If all goes according to plan, it will be one of the most important media innovations of the last years in Brazil.

At the external level, Lopes decided to adopt a more pro-active approach with respect to the new government which included visiting all ministries and supporting with seed money initiatives considered strategic by the government and UNDP. The new approach made government perceive UNDP as an interesting partner. Three reasons contributed to change the new government’s perception with respect to UNDP. First, the UNDP office demonstrated responsiveness capacities – an important quality considering the turbulence of the first months in power of Lula’s government. Second UNDP made clear that it wanted to help without being patronising – a contrasting approach with other international institutions that demonstrated some impatience with the new government learning pace. Third, it brought precious innovations and timely support in some complex areas of the government like the President’s personal office and in some sensitive policies like in the Family Grant program, respectively. In few months UNDP was re-inserted in the governmental circles thanks to Lopes’ constructive, respectful and emphatic approach towards the new authorities.

An important innovation was the decision of establishing new offices at state level. The reasons were threefold. First, there was a market for UNDP development services. Second, the learning possibilities in the case of working closer to the implementation level were much higher. Third, it was the natural frontier in terms of business expansion of certain types of service that UNDP has the know-how. The initial targets were ten offices in 2003. Until August five agreements had been already signed and other three were at negotiation level. Decentralization became the Programme Officers challenge given their recent acquired room for manoeuvre derived from Procurement’s centralization.

UNDP elicited an advocacy priority: building a bridge between President Lula priorities and the Millennium Development Goals campaign. In exploring the convergences between both advocacies rhetoric Lopes linked the government actions in multiple areas to the UN most important political initiative of the new millennium. The Chief of Staff Minister convoked an inter ministerial meeting in order to allow Lopes – as a coordinator of the U.N. system in Brazil - to explain the political importance of the MDGs to the government for the international community and for the Brazilian society. The MDGs provided a global framework through which President Lula could address national and international audiences - as he effectively did – in international events. Several presidential speeches used the MDGs as international references of what the President wanted to pursue at international level, especially the proposal of a global fund to tackle poverty and hunger.
Another strategic move was directed towards the watchdogs of the government, especially those characterised by their independence and autonomy: the Public Prosecutors and the National Audit Court. In both cases Lopes did an intensive political communication job in order to clarify UNDP activities, in the past, in the present and in the future. The dialogue was facilitated by UNDP partnership with TCU and the Inter-American Development Bank in order to implement a modernization program. A similar approach was adopted with respect to the Public Prosecutors although at preliminary level. Informal networks were established and both institutions learned about UNDP potentialities working with the organization.

After one year in Brazil Lopes made clear which direction his reshaping strategy was heading. At the same time a new U.N. coordination mechanism was installed. Lopes took advantage of the double transition in the Brazilian government and in the UNDP office to draw a line with respect to the past. A political window was characterized. Meanwhile, he led the problem definition process as well as the policy specification effort. Finally, he championed a cascade of decisions in close relationship with the new government first steps. In one year UNDP was on the path to transform itself into a different organization although stretched till undetermined limits.

5 A UNDP Model in Transition

Looking at UNDP’s one year trajectory some evidences emerge. Not surprisingly, they were all explicit in Lopes book about capacity development. First, Lopes did not abandon the previous UNDP model. He enriched it in order to redefine it. He did not dismantle any of the pre-existent capacities, on the contrary. He built new activities and courses of actions in the pre-existent structures without expanding personnel or promoting potential disruptions. Sustainable capacities take time to build.

The rhythm of the changes were paced but not slow. They did not happen at the same time. They occurred in sequence, step by step. Neither the office nor the government could absorb an overload of changes in a short period time. Lopes scheduled them over time in order to generated conditions a match between goals and capacities. He laid the tracks and the speed was given by the interaction between the players and stakeholders.

UNDP Brazil was plugged in the U.N. and in the UNDP network around the world. Brazilian officials began to attend international events at the same time they intensified their participation in thematic networks. Monitoring best practices around the world in selected topics in order to support Brazilian projects became increasingly common. People became more aware of policy transfer and “transplant” possibilities.

Project management capacities were enhanced. Procurement operations were concentrated in one area in order to allow specialization and efficiency gains. New capacities were created at the margins, at Head Office level, in order to avoid discontinuity and confusion. New project management skills were developed in order to deal with a context marked by scarce resources and unstable political environment.

External inputs were carried out by the Brazilian office in order to expand strategic possibilities. International experts as well as political and policy cadres came to interact with Brazilian partners as well as with UNDP officials. External expertise was put to work in Brazilian problems and impasses. Substantive contributions were provided in national debates. Small meetings with Brazilian authorities and international guests became one of the new forms for UNDP to support the government, always taking into account the stage the of the policy processes and the moment sensitiveness.
Recent findings in New Institutional Economics pointed out the importance of aligning the structure of incentives in order to produce virtuous organizational dynamics. The combined use of the carrot, the stick and the sermon was essential to trigger the organizational change process. Provisional situations were institutionalised. Functional problems were solved. Knowledge management practices were introduced. Officials were encouraged to define their training priorities and pursue them. Capacities were expanded in a low profile process without people even noticing what was happening.

The main obstacle faced by Lopes in the organizational change process was UNDP officials and traditional stakeholders mindsets. People were used to a pattern of relationships marked by a project management approach. In spite of the political environmental change many UNDP professionals were reluctant to embrace a new project. Many UNDP partners also did not assimilate the new priorities easily. Moreover, some ministries blamed UNDP for new legal provisions introduced by other areas of the government itself. But the reforms – intra organization and at political level – were irreversible. Power structures had to change in order to reinvent a new kind of partnership with an indefinite format yet.

Keeping committed with the new priorities was decisive for the success of the strategy. Lopes was pressured to review his decisions and targets by internal voices and external partners. But in order to build credibility and to revert UNDP image in the beginning of 2003 keeping the word was essential to signal policy change. It was not an easy decision, especially because of the delay in some critical decisions like TCU position about procurement transactions. In keeping the course of action and persuading partners and stakeholders of the needs and advantages of the new path Lopes built trust capital that retro feed its own strategy.

UNDP partners had also a role in the changing process. They had to deal with multiple challenges at the same time: new government, directors’ turn over, confusing rules with respect to the relationships with U.N. agencies, and other problems. They had ambiguous relationships with UNDP. On the one hand they respected the institutions and appreciated their flexible mechanisms that allowed the acceleration of negotiation and implementation of governmental programs. On the other hand they were sometimes resentful with the purely administrative relationships they had with UNDP that was becoming increasingly detached of substantive issues and money oriented with respect to development services. In renegotiating relationships with ministers and high officials at personal level Lopes put all his political weight in taking partners and stakeholders seriously. In doing so he revamped UNDP accountability for the quality of the relationships to its partners.

A more subtle move was to enhance self-esteem of the UNDP team and to promote indoctrination of the United Nations global values in the organization. The previous structure of incentives reinforced delivery, a still important goal. The solution adopted was to enrich the group identities and to create enabling conditions for a different approach towards the organization of the work albeit it is a process still to be improved Lopes began to stimulate different areas of the UNDP in different directions at professional and personal level. The results are incipient but the office is not a clear cut delivery machine as it praised to present itself until one year ago.

11 The case of personnel is revealing. Some ministries – especially Health, Education and Environment - did everything they could to avoid the implementation of the new directions of the Ministry of Planning, Budgeting and Management. But they had their reasons also. They did not count on civil servants to replace external consultants and the authorisations for public selections are slow and insufficient. Besides, the government lacks organisational studies capable of suggesting to what extension the consultants’ workforce should be replaced by civil servants or contracting out services given the specificity of each area.
Looking to the previous paragraphs and to the actions they refer to, it is self evident that Lopes just tried to put in practice UNDP guidelines with respect to capacity development. The report is an empirical evidence of the capacity development Decalogue presented in Lopes and Theison (2003) book. There is obviously an adaptation process as well as variations in emphasis and formats. But the structure is clearly discernible.

In analytical terms (Kingdon 1995), Lopes redefined the problem as repositioning the office and renewing its credibility. The policy specification process was commanded by himself, according to a new capacity development approach. The political stream was changing because of the arrival of a new government. Lopes plugged himself in the political window because he was also arriving as well as Lula’s government. In doing so Lopes played the role of a public entrepreneur who catalyses the streams in order to promote policy change.

6 What now?

One year is a very short period of time to evaluate effective organizational change. It is too soon to talk about sustainability and success of the emerging UNDP office. There are many sources of difficulties to be handled and coupled with. Cultural changes take time, especially when transformations are implemented without policy ruptures, downsizing initiatives, allocation of extra resources and authoritarian mechanisms. Changes were introduced quickly, in an accelerated but paced way.

The exercise of U.N. coordination has been an important innovation but it is new ground for all those actors involved. Lopes coordination role has been welcome with a solitaire exception. But all agencies have a long road to cover in order to present themselves as cohesive team. The modus operandi, the rules of each organization, the accountability mechanisms and the priorities of each agency are very different. Moreover, in the absence of any enforceable procedures coordination is essentially a persuasion exercise.

Tensions emerged in the relationships with the Foreign Office Ministry. UNDP has always kept an ambiguous relationship with the Brazilian Agency of Technical cooperation. Lopes decided to draw a line in order to separate the past from future projects. The situation was later clarified and both sides subscribed an agreement with respect to a new broad project, especially oriented towards South-South cooperation.

Cost-sharing mechanisms were attacked also in the media in spite of Lopes efforts to strength other UNDP forms of promoting capacity development. A weekly magazine published a number with a devastating cover – U.N. brand & Brazilian money – followed by an intriguing article. The article transformed an innovation in a questionable process. The message was not clear but the underlying objective was evident: Brazilian government should not use U.N. agencies to implement governmental programs.

The argument was not new. Galvani and Werobnga (2004) published an article in a development

---

12 Lopes background in development co-operation is widely recognised as well as the excellence of Brazilian diplomats cadres. Conversely, Brazilian technical co-operation area is still a new field and the country lacks expertise in this policy domain. The Foreign Office Ministry was not used with a pro-active UNDP attitude with respect to international co-operation. Since then, the dominant posture has been cautious, also because Brazilian Technical Co-operation Agency has gone through institutional changes (DOU, 2004).

academic journal making the same point. The authors questioned until what point cost-sharing mechanisms were worthy and justifiable within the institutional framework of U.N. agencies mandates.

The biggest weakness of cost-sharing practices is the absence of explicit capacity development mechanisms built in the process although this is not an intrinsic problem of the mechanism. There is room to introduce them provided that both government and UNDP agree in doing so. There are no doubts of the importance of U.N. agencies in supporting governmental implementation programs. UNDP in particular played an innovative and differentiated role in several governmental initiatives. But the combination of the absence of effective institutional building mechanisms combined with the problems previously described in the beginning of the text generated a blurred picture.

The office repositioning efforts pointed out the direction of the changes required without unnecessarily precipitating existent capacities obsolescence. Development services capabilities were de facto improved. Moreover, the markets for such products were expanded with the expansion towards the states. But the future of development cooperation does not lie exclusively in development services anymore. Reinventing UNDP profile demanded new forms of promoting capacity development. The focus is on new products. The basic elements of the new model are knowledge assets and network potentialities. But the fundamentals of UNDP activities are codified in the institution’s ethos.

UNDP Brazil has contributed enormously to the development of the cost-sharing mechanisms that enabled new forms of technical cooperation. The model is not a panacea for capacity development challenges but it did make a still valid contribution to the country development. It has its limits and shortcomings. But capacity development is per definition an unfinished business condemned to be continuously reinvented.

Lopes perceived that the time has come to go beyond the dominant model that prevailed until 2002. The world is changing faster thanks to the globalisation process. The Brazilian office has been challenged to contribute to solve old and new problems. The persistence of old capacity deficits suggests that there are areas in which existent formulas have not been sufficient to overcome familiar problems (notably in procurement). Development services still have a market, although more focused. Cost-sharing mechanisms still have a say but the office cannot rely only on their potentialities for the future. A new generation of development products is required to face the country’s needs.

Times of change demand creativity, commitment and leadership. Lula’s election raised expectations about what role Brazil would play in the international community. Hopes were raised, some times on unrealistic basis. But the country performance in macroeconomic policy and foreign policy surprised most analysts because of their unexpected records. The UNDP office’s transformations are part of the country broader development process. It depends on what happens at the country level to a certain extent. However, it also has room for manoeuvre to develop autonomous activities.

Lopes has led impressive initiatives within the borders of the office mandate, not to mention his U.N. System Co-ordinator’s hat. His efforts are intertwined with what happens on Brazilian government and on UNDP headquarters. One year after his arrival the period of damage control is over and the credibility problems were reversed. The record is by all means remarkable. The race for the future already began. Innovative approaches have been tested. An emergent office is taking shape.

The support of UNDP headquarters – notably from the Regional Bureau and from the Administrator Cabinet - and the constructive relationships established with Brazilian authorities have been important ingredients for the design of a new modus operandi. The more the office team engages in the changing
process more are the possibilities for a successful repositioning. Reinventing a role is neither an individual problem nor a simple task. Brazilian office embraced the challenge. The jury is still out with respect to the final results of the ongoing process. But the last year events suggest that Brazilian case should be closely monitored – and supported – closely in order to enable drawing lessons for other UNDP offices around the world.

Bibliography


Francisco Gaetani

Francisco Gaetani occupies the position of Special Advisor of UNDP Resident Representative in Brazil. He is an economist with a MSc in Public Policy and Public Administration from the London School of Economics and Political Science (LSE). He is PhD research student at LSE also. Francisco Gaetani is a Federal Civil Servant on leave. His previous jobs include the positions of General Director of the School of Government of Minas Gerais / Fundação João Pinheiro and Director of Formation of the National School of Public Administration. He also worked in the areas of regional development, social policies, academic planning and program evaluation.