



INNOVATIONS FOR SUCCESSFUL SOCIETIES

STRENGTHENING PUBLIC ADMINISTRATION: BRAZIL, 1995 - 1998

SYNOPSIS

In 1995, when Luiz Carlos Bresser-Pereira took charge of the Brazilian ministry responsible for administration and reform, problems plagued the nation's public sector. Laws and regulations prevented ministries and public sector organizations from working efficiently. Payrolls had ballooned because of rapidly rising retirement costs. Irregular recruitment and a lack of proper training had eroded the talent pool. Soon after taking office, Bresser-Pereira put together an ambitious plan to overhaul public administration. He proposed amending the constitution to loosen constraints on hiring and firing. At the same time, he pressed for a new model of governance that relied on restructuring ministries and public sector organizations as contract-based "executive agencies" and "social organizations." Under his leadership, the Ministry of Federal Administration and State Reform (MARE) collected and centralized payroll and personnel data, recruited successfully to fill crucial policy and management positions, and set up regular training programs. By 1998, MARE had guided the constitutional amendment through Congress and set up pilot programs for executive agencies and social organizations. While some efforts stalled after MARE merged with another ministry in 1998, the ideas and principles put forward by its team continued to inform subsequent changes. This case offers insights into the challenges of building accountable services.

Rushda Majeed drafted this policy note on the basis of interviews conducted in Brasília and São Paulo, Brazil, in September 2010.

INTRODUCTION

In Brazil during the mid-1990s "it was almost impossible to make the public machinery work," recalled Claudia Costin, then second-in-command of the *Ministério da Administração e Reforma do Estado* (MARE, or the Ministry of Federal Administration and State Reform). Successive governments, civilian and military, had struggled to improve the performance of

government offices. Each had sought to accomplish other goals, both political and economic, in ways that had undermined the broader objective of improving governance.

For example, Brazil's 1988 constituent assembly had approved a constitution designed to move the country firmly toward democracy after a long period of military rule. In an effort to break with the past, drafters had entrenched a

variety of social and economic rights by spelling out rules in minute detail. As a result, public administration became rigid and inflexible. The constitution calcified an unwieldy career system by granting tenure to employees after two years of service. It also awarded pension rights to civil servants hired through private contracts.

Brazil's constitutional and legal system also made it difficult to address the country's financial woes. The fiscal crisis of the 1980s and early 1990s—marked by hyperinflation, high public debt and economic stagnation—made budget and personnel cuts imperative. But tenure and retirement privileges awarded to civil servants added to federal payroll costs.

After taking office in 1995, President Fernando Henrique Cardoso, formerly the minister of finance, faced tough challenges. Although the fiscal emergency of 1981-1993 had ended, he risked losing the confidence of international investors and fueling public ire if inflation and government spending took off again. It was important to improve services in order to seize an international leadership role and build a reputation as one of the world's emerging powers. Fiscal pressures, corruption, politicization, downsizing, and constitutionally enshrined rigidities made that goal difficult to achieve.

Cardoso turned to an experienced and respected friend, Luiz Carlos Bresser-Pereira, for help and offered Bresser-Pereira the position of secretary of federal administration. When Bresser-Pereira argued for the creation of a new cabinet-level position to move reform forward, Cardoso agreed to reconstitute the secretariat as the Ministry of Federal Administration and State Reform, with Bresser-Pereira in charge.

Born in 1934, Bresser-Pereira had earned an M.B.A. at Michigan State University and a Ph.D. in economics at the University of São Paulo. He had entered the private sector and had risen to become vice president of a large supermarket chain while writing and teaching at

the *Fundação Getulio Vargas* (the Getulio Vargas Foundation, a Brazilian higher education institution). In 1987, at the height of the country's financial crisis, he had briefly joined the government of President José Sarney (1985-1990) in the role of finance minister but resigned after a year on the job.

The reforms that Bresser-Pereira and his lieutenants at MARE (pronounced *MAH-ree*) put in place represented a bold “big bang” approach to civil service reform. The team introduced regular merit examinations for core civil service positions, rolled out new training programs, computerized payment controls, centralized databases, proposed flexibility in tenure and retirement, cut payrolls strategically, and initiated organizational changes. To make these changes possible, Bresser-Pereira devoted himself to three political tasks that he later listed as his main accomplishments: securing passage of a constitutional amendment, winning the “hearts and minds of senior civil servants,” and shaping public opinion. MARE's proposals to restructure government and win all of its proposed constitutional revisions, however, were not as successful.

THE CHALLENGE

Brazil had pioneered a variety of public-service innovations, in 1936 authorizing civil service examinations and becoming one of the first countries in Latin America to establish a merit-based career civil service with tenure and retirement rights. However, government officials increasingly doled out public sector jobs in return for political support. By 1960, less than 10% of civil servants entered the service through public examinations.¹ Most were hired through private contracts that provided for tenure and other benefits later on.

A second phase of civil service reforms started in 1967, when the military government moved to improve planning and coordination, enhance budgeting, simplify procedures and

decentralize services.² The government also promoted “centers of excellence” that emphasized professionalism in Brazil’s highly educated workforce. The third phase of reforms came as Brazil transitioned to a democracy in 1985, when President Sarney’s popularly elected government created the Secretariat of Federal Administration to administer human resource policy and improve bureaucratic efficiency.³ With dictatorship still a recent memory, a new and detailed constitution was considered crucial for political and civil rights. However, the constitution, drafted in 1988, and other laws created problems by sharply restricting the power of civil service management while granting generous rights and benefits to public workers.

When Bresser-Pereira and his team took over in 1995, they had to address the partial collapse of the merit-based system that Brazil had tried to create earlier, as well as the high cost of the country’s civil service. The challenge had several dimensions. First, costs were out of line. The number of federal civil servants fell to 587,202 in 1994 from 705,548 in 1988,⁴ as many took advantage of the constitution’s generous retirement incentives.⁵ But because of the cost of those incentives and other constitutional provisions for public employees, payroll expenditure rose by nearly 50% to 35.9 billion reais (about US\$34.7 billion at the time) in 1994 from 24.2 billion reais in 1988.⁶ To make matters worse, the government lacked basic information about the people it employed. According to Pedro César Lima de Farias, former director of modernization at the ministry, “We were not sure how many employees the government had and the level of qualifications of those employees.” Payroll data were also hard to find and to match with other personnel information.

Second, laws and regulations hindered the recruitment of talented and skilled workers. The 1988 constitution outlawed the hiring of civil

servants through private contracts.⁷ Most could be hired only under the *Regimo Juridico Unico* (RJU), strict labor rules that required public examinations. But the government had stopped scheduling public exams on a regular basis because of the fiscal crisis. (The RJU did not apply to federal political appointees.)

The constitution also conferred rich tenure and pension benefits on civil servants. The government could not terminate full-time civil servants for unsatisfactory job performance. Generous retirement benefits ensured that civil servants retired with their salaries intact. Retirees were even awarded the same raises that were extended to active public sector employees.

Third, because of excessive centralization and constitutional and legal controls, ministries, government agencies in charge of delivering public services, and state-owned companies had inefficient management systems. These factors also affected a wide variety of public sector organizations in the fields of education, health, energy, transportation and communication. According to Costin, “People realized that it was impossible to make little things work. ... Public administration had become rigid, and there was no autonomy.”

Fourth, federal human resource policies had deteriorated, creating substantial pay disparities between the public and private sectors. MARE’s human resource team found that salaries of civil servants in executive or managerial ranks were 14% lower than those of the private sector. Salaries of civil servants in high-level and medium-level positions were 5% and 3% lower, respectively. Salaries of civil servants in lower-grade operational positions, by contrast, were 45% higher than those of the private sector.⁸

The pay differentials made it difficult to hire qualified managers for ministries and government agencies. In addition, a civil service career track created under Sarney in 1988 had allowed *gestores públicos*, or public managers, to

transfer between ministries and agencies. However, that flexible policy ended under the administration of President Fernando Collor de Mello (1990-1992).

Training had also lost traction. Many civil servants did not know their job responsibilities, and their skills were outdated. The *Escola Nacional de Administração Pública* (ENAP), the national school of government responsible for training civil servants, had an uneven relationship with ministries. Many did not use ENAP at all, while others did so only sporadically. “There was no clear role for ENAP before Bresser-Pereira was minister,” said Regina Silvia Viotto Monteiro Pacheco, president of ENAP from 1995 to 2002.

Fifth, the extent of political and public support for making public service reform a priority was uncertain. When Bresser-Pereira pressed Cardoso to set a high priority on public administration reforms, the president, concerned mainly with repairing the economy, did so reluctantly. According to Humberto Falcão Martins, a former MARE team member, Cardoso distanced himself from Bresser-Pereira’s efforts by saying, “Minister Pereira, now you have to convince the government, Congress and society.”

FRAMING A RESPONSE

When he became minister in 1995, Bresser-Pereira knew that he had to build MARE’s reputation quickly with a small staff and limited resources. “It was actually a secretariat with the status of a ministry and a small budget,” he said. Realizing that his newly created ministry would have to stand on the “strength of its ideas,” he set about organizing and recruiting.

He divided MARE into four secretariats: State Reform, Human Resources, Logistical Resources and Information Technology, and Institutional Articulation. (In 1998, the secretariat of Logistical Resources became

Logistics and Special Projects.) Each secretariat incorporated academics, public managers and members from the old secretariat team. Many recruits were Bresser-Pereira’s former students and colleagues from the Getulio Vargas Foundation, which was well known for educating public and private sector managers. Others were career *gestores públicos*. This inner circle came together in short order. Martins said of Bresser-Pereira, “He was fantastically quick in setting up a team, and [the ministry] became operational very quickly, [in] two or three months.”

Costin was executive secretary in charge of MARE’s overall operations. Angela Maria Santana Carvalho took over the Secretariat of State Reform; Luis Carlos de Almeida Capella became secretary of human resources; Richard Saur became secretary of logistical resources and information technology; Carlos Pimenta headed the Secretariat of Institutional Articulation and later Logistics and Special Projects. Other team members included Martins, Farias, Ciro Campos Christo Fernandes, and Nelson Marconi.

Team members recalled the informal work style at MARE. Bresser-Pereira’s managerial style was that of an “entrepreneur,” said Fernandes, former director and special adviser at the ministry. Bresser-Pereira encouraged working groups to brainstorm solutions. These groups usually included a cross-section of people from within MARE, along with advisers from other ministries. Bresser-Pereira assigned each group a particular problem and met with the members a few days later to evaluate solutions. He also asked team members to share in decision making.

Bresser-Pereira and others at MARE believed that the government was paralyzed and that any solution had to transcend specific goals such as improving training and performance management. “We were concerned with making public administration flexible. That was our

main target,” said Santana. Loosening rigid controls and decentralizing governance would require sweeping constitutional, legal and structural changes.

New Public Management ideas influenced the team’s thinking. NPM places a premium on performance, efficiency, outputs and results. NPM advocates believe that government efficiency improves when semi-autonomous agencies, free of too many controls, provide services under performance contracts.

The MARE team decided on the need to base Brazil’s public administration on management contracts and results. In addition to confronting constitutional and legal hurdles, Bresser-Pereira knew that his ministry would have to tackle rising payroll costs, revamp human resource policies and build public support. He also would have to produce some tangible success quickly, in order to win other political leaders over to his cause.

Bresser-Pereira, Santana and Fernandes spent the first six months developing a reform strategy. Together they produced the *Plano Diretor de Reforma do Aparelho Estado*, or the “White Paper: Reform of the State Apparatus.” The document, completed in July 1995, identified problems with Brazil’s public administration and specified what needed to be done in three broad areas.

First, the proposal laid out the changes that had to be made in the constitutional and legal framework. A proposed constitutional amendment would reduce tenure and pension rights of civil servants, loosen hiring restrictions and cap high salaries. Bresser-Pereira knew that negotiating such an amendment would require a substantial investment in time and political capital. But, as he and his team members realized later, MARE had underestimated opposition from politicians, labor unions, lawyers and the judiciary.

Second, the white paper introduced a model for restructuring the government and

making public administration flexible. The new model preserved ministries that constituted the strategic core or policy-making arm of the state. They would become “executive agencies,” in charge of activities that could be run only by the government, such as basic social security and public safety. Executive agencies would operate under management contracts with specific ministries, and agency directors would have broad powers to run their operations as long as they met contractual performance targets.

Separate “social organizations” would carry out activities such as running universities and hospitals. These organizations would operate as nonprofit organizations under federally funded management contracts with ministries. The white paper also advised that the government divest itself of public companies through auctions.

Third, the paper articulated the need for a human resource policy that would allow for an enhanced role for ENAP, emphasize recruitment of qualified civil servants, revitalize the career system for *gestores públicos*, and align salaries more closely with the private sector.

At the same time, Bresser-Pereira set about building a public constituency for change, increasing awareness about public administration and encouraging his team to disseminate the new ideas and concepts widely.

GETTING DOWN TO WORK

Bresser-Pereira’s penchant for moving quickly and decisively played an important role in the Cardoso administration’s decision to set a high priority on public administration reforms. While the MARE team was still refining the white paper, Bresser-Pereira presented a draft at the administration’s first cabinet meeting. His detailed plan took the president and other ministers by surprise. Although Cardoso had competing reform priorities, with social security and taxation at the top of the list, he agreed to make public administration part of the reform

agenda.

Controlling payroll costs

MARE set about redefining payroll strategy as soon as the ministry became operational. Prior to its transformation into MARE, the Secretariat of Federal Administration had a mandate that included managing personnel costs. The wage bill had risen sharply between 1988 and 1994 largely because of generous retirement benefits, and Bresser-Pereira realized that MARE needed more information before it could identify cost-cutting measures. He gave the Secretariat of Human Resources the job of gathering information on the number of civil servants and their cost.

Because such information had never been consolidated, the task was difficult. Bresser-Pereira urged his team to work closely with ministry officials to get payroll and personnel information.

Meanwhile, MARE's Secretariat of Human Resources analyzed ministries' strategic objectives in order to calculate the number of civil servants each should have and to prepare job descriptions. The team often faced tough negotiations with ministers over projected numbers and job descriptions. Because of legal restraints against layoffs, the team endorsed cutbacks through attrition, advising ministries to replace only those workers whose jobs aligned with strategic objectives.

MARE also integrated payroll information from ministries, and later all government agencies, into a single database, a move that enabled the comparison of personnel and payroll information across ministries and departments. The database also allowed MARE to evaluate personnel costs for each ministry or department and prepare reports on payroll expenditure. The system had built-in checks and balances to block illegal or irregular payments, saving the government nearly 1.2 billion reais (about US\$1

billion) a year.⁹

Tackling constitutional and legal barriers

Early in 1995, Cardoso's cabinet was already discussing the need to change the constitution's provisions on various issues, including expensive protections on social security and pensions. Cardoso and most ministers favored deleting rather than revising the provisions related to social security and pensions, in order to reduce congressional haggling that could delay the administration's reform agenda. Bresser-Pereira recalled that Cardoso said, "The policy is very simple. We are going to deconstitutionalize, because our constitution is very detailed."

However, Bresser-Pereira favored a different strategy for public administration reform. Believing that civil servants, unions and politicians were unlikely to give up constitutional entitlements without knowing what a revised constitution would offer them in return, he proposed a line-by-line revision of the articles related to public administration. "I knew what I wanted to reform," he said, "and I wanted to [do it] in a sensible way without taking out all the rights that were already included in this constitution."

MARE proposed detailed constitutional revisions that reflected new hiring, tenure and pension practices. The changes would allow civil servants to be contracted under ordinary labor legislation, without tenure. The probation period for civil servants would be extended to five years from two. Civil servants could be fired either for poor performance or for budget reasons. Retirees would get pensions that were proportional to their years of service instead of a full salary, and would not benefit from any subsequent pay increases. Most positions would have a salary cap.

Bresser-Pereira's proposals ran into tough opposition from members of Congress, legislative lawyers, the judiciary, unions and civil

servants in low-level and operational positions. Besides wanting to maintain their tenure, salaries and retirement benefits, workers feared the managerial aspects of the reform, especially an emphasis on efficiency. Bresser-Pereira's ideas were criticized as "neoliberal," influenced by theories that emphasized heavy reliance on markets and the private sector.

In the face of this opposition, MARE's white paper proved to be an effective advocacy tool. Bresser-Pereira had asked his team to disseminate the paper widely, allowing for its ideas and proposals to reach pivotal audiences. The strategy paid off as state governors, senior civil servants and members of the public rallied to his cause.

Bresser-Pereira had reached out to state governors for political support at the beginning of 1995. The governors, concerned with payroll costs, publicly sided with him. According to Santana, at a 1995 meeting that was supposed to deal with tax reform, state governors instead urged the president's chief of staff, Clovis Carvalho, to move ahead with administrative reforms. Santana recalled that the governors said, "You want to discuss the redistribution of revenue; we want to discuss expenses. Why don't we discuss [the] tax amendment after [the] reform of public administration? ... We will discuss taxes after the presidency sends the public administration amendment to the Congress." The governors' stance was crucial in persuading Cardoso that he had enough political capital to send the constitutional amendment to Congress.

Bresser-Pereira also wooed senior civil servants. "For me, the support of the public was important, but the support of [high-level] civil servants was more important," he said. "I [wanted] to get [to] the hearts and minds of these people." Bresser-Pereira addressed senior civil servants at conferences and meetings, selling his concept of government efficiency. After many such efforts, "my ideas and models

made sense to them," he said.

Bresser-Pereira said he tried to make his case to the *Central Única dos Trabalhadores*, one of the largest trade unions in Brazil, but that union representatives declined to meet and listen to his proposals. (Some leaders met with him at the end of his tenure in 1998.)

The strident opposition delayed passage of the amendment for three years and diluted important provisions related to firings, tenure rights and retirement benefits. For example, MARE had originally proposed that ministries and agencies be allowed to cut personnel to reduce payroll expenses. Compromise language in the amendment that was passed by Congress in 1998 allowed firings only when payroll costs exceeded 60% of an organization's budget. The probation period for civil servants was negotiated down to three years, and retirement benefits were left untouched.

Besides the constitutional changes, MARE also proposed simplifying legal constraints on hiring. Revision of the related law took almost two years but ultimately represented a significant political victory for MARE. Passed in 1998, the changes corrected flaws within the RJU labor rules, especially those related to personnel management, and tightened its legal language.¹⁰

Reconfiguring government

Bresser-Pereira's proposal to restructure state agencies along the lines of so-called social organizations and executive agencies reflected his belief that the government had to be free of unnecessary controls in order to increase efficiency and reduce costs. The plan called for the creation of social organizations, managed along the lines of private-sector companies with federally funded management contracts, to administer non-essential services such as public education, health, and scientific and technological research. The organizations would be tied to government ministries through the contracts and to the public through a board of

directors comprising government officials and citizens. Congress passed enabling legislation in October 1997, after nearly two years of revisions and concessions.

MARE did not need Congress' approval to create the executive agencies that would handle services such as tax collection, public security and basic social security under management contracts with ministries. However, finalizing the contracts was difficult because MARE had to identify and clarify the goals and objectives of both agencies and ministries.

MARE first had to create the right institutional conditions for the proposed management contracts by developing analytical methods, benchmarks and evaluation techniques. For each organization or agency, MARE also proposed tying bonuses to performance, specifying targets for projects and allocating personnel in a flexible manner.

Most ministries balked at MARE's efforts to implement social organizations and executive agencies, and Bresser-Pereira did not have the clout to force compliance. Distrusted by ministers with bigger portfolios, and with little overt support from the president's office, he was isolated. The government's economic team supported parts of the reform but did not commit to implementing the new organizational structures. Martins, who advised MARE on social organizations and executive agencies, recalled heated discussions: "The conversation was very hard, very difficult, very difficult. [On] some occasions I witnessed it. Literally fighting, people screaming and yelling at each other. ... I intended to quit many times after these discussions."

Unable to overcome the opposition, MARE decided that the social organizations and executive agencies would begin as voluntary pilot projects.

In 1997, Bresser-Pereira was able to persuade two public sector organizations to become social organizations: the National

Laboratory of Synchrotron Light, a center for research in physics; and the Roquette Pinto Foundation, which operated a public television network. MARE designed a transition model and developed strategic plans and performance contracts for each institution. In order to reduce resistance from civil servants of the two organizations, the team tried to minimize disruption of programs and activities. According to Martins, legal and operational difficulties complicated the effort to transform the public organizations into nonprofits and to hire back personnel under private contracts. Still, both the laboratory and the foundation were official social organizations by the end of 1998, later managing personnel and equipment and receiving budgetary allocations.

Attempts to expand the program met similar obstacles. The MARE team had identified about 200 government agencies in education, health, culture, science and technology that could be reorganized into social organizations. But managers and civil servants were wary of the career risks they perceived in eliminating the operations and creating new ones. Because the government did not make implementation mandatory, MARE had to try to persuade each ministry on its own. Many ministers refused.

MARE encountered the same kind of hurdles in trying to implement its plan for contract-based executive agencies. While the ministry had identified 30 federal institutions in taxation, security and social security, only seven agreed to apply for the status of executive agencies. By 1998, only the National Institute of Metrology and Industrial Quality had received approval from the government.

Improving the quality of civil servants

MARE took steps to recruit civil servants regularly, improve earnings for those in managerial positions, and train them through ENAP, the main training institute for civil

servants. The ministry established a schedule for regular public examinations to enable young professionals to enter the federal government. Recruitment was done selectively. MARE prioritized hiring for technical positions within ministries while severely restricting the hiring of civil servants in lower-level and operational positions.

This strategy reduced the total headcount while building a better-qualified workforce. Of the 46,000 civil servants hired between 1995 and 1998, 57% went into high-level technical and managerial positions, 38% into medium-level posts, and only 5% to lower levels. By 1998, the total headcount had fallen to 509,000 from 567,000 in 1995.¹¹

MARE raised the pay of civil servants in managerial positions, agricultural research, land reform, and scientific and technological research. In particular, it increased the salaries of *gestores públicos* and oversaw their appointment to strategic managerial and public-policy positions within important ministries. With regular recruitment and training, the dearth of public managers in civil service was reversed. Recruitment continued under later administrations, and by 2010 there were about 1,000 *gestores públicos* in different ministries, a tenfold increase from the 100 initially recruited in 1988.

Although training was a priority, ENAP's services were underused. Ministries were supposed to ask for the training institute's help as needed, but few did so. By 1995, such ministry requests were rare, said Regina Pacheco, who became president of ENAP that year.

With MARE's support, ENAP enlisted outside help to design new training programs that incorporated management tools. ENAP developed links with the United Kingdom, France and Spain, and technical cooperation also came from the Inter-American Development Bank and Canada. Pacheco said, "We tried to

see catalogs and offers of training from the best centers of government training in the world and tried to inspire ourselves to design and build." The school marketed its courses to ministries, offering traditional training in budgets and procurement but adding managerial offerings to its course list. New courses were free, while traditional ones were available for a fee. Many courses were aligned with MARE's proposals for state reform, with the curriculum reflecting ideas of public service and citizenship that were meant to change behaviors and norms.

ENAP's goal was to train large numbers of civil servants. Before 1995, the center had never trained more than 2,000 people yearly. This number jumped to 8,000 in 1996 and then to 16,000 in 1997. By 2010, the number of trainees per year had stabilized at 20,000-22,000. The school developed 40 courses across all levels of public administration. Evelyn Levy, director of continuing education at ENAP, said, "In most courses, we would explain that the values of public administration were changing because democracy was changing. Because society was changing, we had to improve service delivery. The question of citizenship was changing and we would have to work for results, not inputs and processes."

In another move to boost its profile, ENAP created an award for innovation in public administration. The award, given annually to an outstanding ministry or government agency, was designed to inspire creative ideas for enhancing service delivery.

Building public support for change

Bresser-Pereira believed that major political change would take place only if he had the public behind him. He started courting public support for MARE's reform plans as soon as the ministry became functional, and he made sure that information about its work was disseminated to a broad audience. The white paper was the first step in publicizing the

challenges confronting public administration and mainstreaming MARE's proposed solutions. According to Fernandes of MARE's Secretariat of State Reform, "It was a very important work, because this document was the starting point of the dissemination of ideas and concepts of the ministry to the state governments and other areas of the administration and even to university programs." Students and practitioners began to assimilate its concepts, becoming familiar with the vocabulary of public administration.

Bresser-Pereira used the Internet to build a positive image of MARE. Soon after taking office, he instructed the Secretariat of Information Technology to create a website for the ministry, the first of its kind in Brazil. According to Fernandes, government agencies did not have their own websites in 1995; the Internet was still new to Brazil, and even Bresser-Pereira did not fully understand its potential. The site provided information on civil servants, civil service legislation and employee rights. Fernandes recalled Bresser-Pereira's emphasis on updating the website daily, "The minister would check the site every day, asking, 'Have you published the document I gave you yesterday?'"

MARE also cultivated support through more conventional means. The ministry produced a magazine, *Reforma Gerencial*, for policy makers and distributed free copies to universities and libraries. It published papers for public managers who were interested in understanding and applying the ideas of the ministry. MARE also documented its most important projects, policies and research, publishing and disseminating these along the way. Between 1995 and 1998, the ministry distributed 40,000 copies of such magazines and papers.

Fernandes emphasized, "Among the [most successful] initiatives of the minister was the dissemination of new concepts and ideas." The

new ideas and concepts were debated widely in the media and other public settings, drawing both criticism and support. But the bottom line was that public administration reforms had taken hold of the public consciousness, Fernandes said.

OVERCOMING OBSTACLES

Bresser-Pereira recalled the furor that broke out when the white paper was initially released in 1995: "It was a tempest. I lived the next three months in a tempest." MARE, with its team of public managers and academics, had underestimated the political dimensions of the reforms. Evelyn Levy of ENAP added, "I think Bresser-Pereira and his whole team had very high expectations [for the reforms]. ... We didn't count on resistance. This was a mistake."

Along with civil servants, labor unions, judges and lawyers, opponents included members of Bresser-Pereira's own party and politicians who were part of the ruling coalition. Secretary to the Presidency Eduardo Jorge Caldes Pereira (no relation to Bresser-Pereira) and presidential Chief of Staff Carvalho initially blocked the reform proposal. Jorge, responsible for negotiating the constitutional amendment in Congress, did not support the managerial elements of the proposed reforms. Carvalho, who was convinced that processes rather than governance structures merited reform, opposed the executive agencies and social organizations. Other ministers did not want to incur the political costs of limiting salaries and tenure rights of civil servants.

Because Bresser-Pereira was slow to engage ministers in the process, public administration reforms came to be branded as the initiative of one man with his own ideas. Brazil's fragmented government put a premium on coalition building and lobbying that required significant investments in time and effort. According to Fernandes, "Most ministers were disputing among themselves for space."

Members of the Workers' Party, the main political opposition, did not endorse the reforms. Although Jorge called it "just political bickering," Francisco Gaetani, a long-time participant in Brazilian affairs, disagreed. "There were different sort of oppositions," said Gaetani, who in 2010 was deputy executive secretary at the Ministry of Planning, Budgeting and Management under President Luiz Inácio Lula da Silva. "It is important to say that the Workers' Party supported initiatives such as public selections and pay raises that others [in the] government had not pushed seriously in the past in terms of the scale required."

Bresser-Pereira mobilized public support. He asked his team to disseminate the white paper widely, speak and write on the reforms, and cultivate relationships with media outlets. In public appearances, he worked to focus attention on MARE's proposed reforms. His team started meeting with governors, ministers, senior civil servants, policy experts and academics on a regular basis. MARE's consistent outreach helped publicize the proposals and eventually succeeded in winning support from the policy and academic community, influential journalists and analysts.

ASSESSING RESULTS

MARE's role in reforming Brazil's public administration was short-lived. After his re-election in 1998, President Cardoso transferred Bresser-Pereira to the Ministry of Science and Technology, and MARE was absorbed into the Ministry of Planning and Budgeting, later renamed the Ministry of Planning, Budgeting and Management. Bresser-Pereira supported Cardoso's decision to merge MARE with the Ministry of Planning and Budgeting, believing that access to budgets would allow for faster implementation of reforms. He would regret his position later, as he watched his proposed reforms lose momentum during Cardoso's second term.

Different groups later challenged the constitutional revisions in the courts. Specific laws never bolstered other amendments. For example, in 2010, Brazil's Supreme Court was still deciding on the constitutionality of hiring through contracts rather than public-entry examinations. The same year, legislation was pending for procedures to dismiss low-performing civil servants, rules that would enhance autonomy of the new organizational models, and guidelines that would govern public companies.

Bresser-Pereira had little success implementing his structural reforms. Executive agencies did not take off, and only two social organizations were created as pilot programs. Most ministries wanted no part of the new organization models and reorganizations.

Despite these shortcomings, Brazil's overall public administration made substantial gains. MARE streamlined payroll management by collecting and organizing critical human resource information into computerized databases. The new information system allowed for easy sharing of payroll and personnel information across the federal government and also enabled managers to keep track of spending through personnel and budgeting reports.

ENAP gained credibility and played a growing role in disseminating core tenets of the reform. The school offered a new kind of engagement for civil servants, and its role in training civil servants, especially public managers, continued under the next administration. Regina Pacheco's innovation award, initiated in 1995, was in its 15th year by 2010. "When I inherited, the legacy was good," said Helena Kerr do Amaral, who took over as president of ENAP in 2003. "Since 1995 regular entry exams [were held] ... the federal level was more professionalized. Public managers occupied leading positions in most ministries, and this was very new in Brazil's public administration."

An important accomplishment was a significant opinion shift in favor of public administration reform. Although the 1995-1998 reform effort was part of a complex process, its real value, according to former team members, derived from general recognition of the core concepts. Bresser-Pereira and his team fought hard to raise the profile of public administration and open a debate on reform. Most of the concepts propagated at the time endured, including the idea that public administration should be made flexible and efficient. According to Martins, “The main ingredients of the success were not the quantities of social organizations or executive agencies. The achievement was to make the proposition, and that was very important for democracy, bureaucrats and civil society.”

Reform concepts trickled down to the local level, where progress took hold. The states of São Paulo, Pernambuco and Minas Geras began to reconfigure their operations to shift some functions to executive agencies and social organizations. Elements of the reforms, disseminated by former MARE team members who took positions in state governments, led to organizations that emphasized results and performance. Renata Vilhana, formerly at the Ministry of Planning and Budgeting, and in 2010 secretary of planning and management in the state of Minas Geras, said, “Today, the state uses instruments of reforms from Bresser-Pereira, but the federal government does not. The state today is more advanced than the federal government.”

During Cardoso’s second term, there was enough political capital to further some of MARE’s proposals at the federal level. Although Bresser-Pereira’s team had dispersed to other government positions, most members remained involved in public management. Some of these members played roles in a second phase of the reforms under Martus Tavares, minister of planning, budgeting and management.

For example, important civil service career systems were strengthened. While MARE had lacked the power to authorize a government agency to hire employees, the larger and more powerful Ministry of Planning, Budgeting and Management could do so. The ministry’s team, led by former MARE team member Farias, linked hiring in ministries and government agencies to budgets.

Former MARE members continued to come up with innovations during Cardoso’s second term. One such idea, an e-procurement system known as reverse auction, was developed in 2000 at the Ministry of Planning, Budgeting and Management. By 2010, it was used by the federal government for roughly a third of its procurement needs. Fernandes said, “This was partly because some of the team came from the former experience” with Bresser-Pereira.

REFLECTIONS

Angela Santana, who headed MARE’s Secretariat of State Reform, said of the ministry’s efforts, “We began the discussion in the Congress. Today there is no controversy about this. Everyone knows that [public administration reform] is important, and they are trying to do it.”

But regrets about the political dimensions of the reform lingered in 2010. Claudia Costin, Luiz Carlos Bresser-Pereira’s second-in-command at MARE, thought that the ministry should have sought early support from presidential aides Eduardo Jorge and Clovis Carvalho, who were crucial to negotiations with Congress. She said, “Bresser had a naïve perception that the truth would talk by itself.”

Ciro Fernandes of the Secretariat of State Reform said that MARE could have put more effort into developing plans with other public managers and building support among civil servants and politicians. Instead, the organization spent an enormous amount of effort on winning passage of the constitutional

amendment.

Many team members felt that the reforms continued during President Fernando Henrique Cardoso's second term. According to Pedro Farias, a former director at MARE, "Many things [in the second term] were a consequence of things that were done during the first term. There was not a document of reference for everything we did, but the concepts were the same." Concepts of public administration that had seemed novel during Cardoso's first mandate came to be seen as natural during the

second.

Successive governments would carry forward the core ideas of MARE, such as standardized recruitment and training. Farias said that President Luiz Inácio Lula da Silva advanced a set of public administration principles in 2008 in which, "almost every [principle] was aligned with the *Plano Diretor*," MARE's seminal strategy paper that 13 years earlier had identified problems with Brazil's public administration and enumerated what needed to be done.

Notes:

¹ Gaetani, Francisco and Heredia, Blanca. "The Political Economy of Civil Service Reform in Brazil: The Cardoso Years." Inter-American Development Bank (2002): 7.

² Spink, Peter. "Public Administration Reform in Brazil: 1930-95." *Reforming the Reformers: the Saga of Public Administration Reform in Latin America 1925-95*. Swedish International Development (2001): 69-79.

³ Ibid, 8.

⁴ "White Paper: Reform of the State Apparatus." Ministry of Federal Administration and State Reform. (1995): 33.

⁵ Gaetani and Heredia, 8.

⁶ Fernandes, Ciro Campos Christo. "Administrative Reforms in Brazil: Advances and Limits: 1995-98." (1998): 6.

⁷ Gaetani and Heredia, 8.

⁸ "White Paper: Reform of the State Apparatus," 47.

⁹ Fernandes, 31.

¹⁰ Ibid, 26.

¹¹ Ibid, 32.

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