Civil Service Reforms in Modern Brazil

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A problem of scoping

- The fuzzy concept of administrative reform
- The public management policy mix: a dynamic and evolving configuration
- A request for new lens and approaches given the divergence of the national path and the international trends
- The challenge of seeing through the fog of the past and the uncertainties of the future
- The problem of letting other powers (Legislative and Judiciary) and other instances (Provincial and Local) aside
The road towards fragmentation

• The foundation of the Brazilian “administrative state” in the 1930s
• The innovative attempts to promote a managerial militarism of the 1960s
• The bureaucratic revival brought up by the re-democratization of the 1980s
• The NPM managerial reforms of the 1990s and its paradoxical spillover
• The resumption of the basic national state building tasks of the 2000s
The historical default (still present at local and provincial levels in many regions of the country)

• Dominance of local oligarchies
• Clientelism and patrimonialism
• Variation of the spoils’ system (layers)
• Absence of republican spirit
• Politically biased public institutions
• Strong path dependence features
• Unbalanced branches
The “New State” reform of the 1930s

- The authoritarian origins of Brazilian Administrative State
- The distortion of the “progressive public administration” ethos
- The never finished reforms of civil service and budgeting
- The process of national state building based on a combination of clientelism and “command and control” principles
- The rehearsal of a developmental state based on national institutions and political control
The ascendancy of the developmental state pushed by the military (1967)

• The alliance between enlightened liberals and reformist military forces
• The perception of the connection between planning, budgeting, finance, management and personnel
• The adoption of decentralization and delegation principles in a moment of political centralization
• The modernization of the control function (with the separation of internal from external control)
• The ascendancy of technocracy at expense of the consolidation of public administration principles
Democratic reforms that came to terms with the past

• The revenge of politics and the special circumstances of the National Constituency Assembly (weak Presidency and hyperinflation)

• The implications of transition costs on transaction costs: the transformation of public sector employees in civil servants

• The reflux of agencies, foundations, and autarchies to the public sector apparatus

• The erratic attempts of reforms commanded by macroeconomic cost-cutting concerns
A managerial reform detached from the realpolitick of macroeconomic stabilization

- Reform by design: NPM ideas landed on the tropics without previous warning
- The original concept of core state functions and its appropriation by the blue blood careers
- The introduction of a regulatory approach in the sectors that privatization took place
- The disappointing results of the public but not state owned proposals as a delivery mechanism
- The failure of the proposals of contractualization
- The low profile improvements in statistics, pay roll control and public sector procedural norms
- The silent revolution that took place in the National Court of Accounts
Today: strategic intuitions oriented towards the strengthening of state capacities

- A positive bias towards the public sector
- The consolidation of the regulatory agencies and the strengthening of the core careers (economic, control, police and juridical functions)
- The resumption of public selections on frequent although non systematic basis
- The unprecedented policy of pay rises and its distortions at the top
- The re-organization of public sector workforce on professional terms but detached of strategic goals
- The attempt to provide strategic treatment to selected investments on infrastructure and social areas
“Nevertheless it moves”

- The benefits of taking a long term perspective
- Numbers matter and produce a certain type of critical mass
- The persistence of old problems such as organizational cacophony
- The slow refinement of performance management mechanisms
- The centrifuge forces that operate at the center
The current country

• Re-democratization and macroeconomic stabilization are consolidated
• Brazil is internationally reputed as an emerging global power despite the unfinished business of public sector reforms
• Public management reforms are not at the national agenda and do not capture the attention of the main political leaders
• The state is increasingly expanding its role and participation in many sectors (recalling the cycles of the 1950s, 1960s, 1970s and the 1980s)
Growth helps but ...

- Growth is not efficiency's "cup of tea"
- Re-generation and re-profiling of the public sector workforce via public selections
- Salaries were raised up to the private sector and beyond in some cases in exchange of poor performance
- When Unions and Labor politics rule the human resources policy via political appointees placed at the center of government power balance changes within the bargains
- There is a risk of institutionalizing public service bargains but excluding the administration interest
- Poor alignment of individual and institutional goals and absence of meaningful performance management mechanisms have been tackled but the jury is still out
Why aren’t money and political will enough to overcome historical bottlenecks?

• Unfinished business of civil service reforms in the line ministries
• Lack of critical mass aggravates the policy formulation deficit
• Poor diagnosis misses systemic bottlenecks, essential to be tackled by specific initiatives
• Trunked implementation of public policies derived from severe capacity deficits
• Difficulties in ensuring cumulative policy learning given the weakness of the policy community and the academic programs
Plausible courses of action ahead (employment regime)

• Finishing the long journey of civil service reforms keeping the specificity of the statutory regime the “public function” (current route)
• Removing the specificity of the civil service employment regime and unifying the labor market of the public and the private sector
• Limiting the civil service regime to a core group of functions & careers (abandoned since 2003)
• Creating a third type of employment relationships (defeated at the Supreme Court in the late 1990s)
Plausible courses of action ahead (organizational modelling)

- Expanding the grey area of the so called public sector (coming from the state & from society)
- Tacit adoption of expediency and idiosyncratic arrangements (current practices)
- Reunifying the state (dominant view in the Judiciary and Watchdogs perspectives)
- Strengthening the state owned enterprise option (e.g. totally dependent on the Treasury) – recall of the military developmental state
- Specializing areas of a comprehensive design
Plausible courses of action ahead (Planning, Budgeting and Finance)

• Liberating planning from the nostalgia of authoritarianism and from the constitutional (1988) spell (Schick’s suggestion)

• Introducing multi-annual budgeting (middle term framework) and budgeting for results, merging budget and management goals (OECD route)

• Reinforcing the power of the Treasury and of the Budget Offices (current status quo)

• Subordinating Budget to Treasury concerns (1995 – 2005 period and current risk) given fiscal targets

• Strengthening the coordination within the areas of planning, budgeting, and management
Plausible courses of action ahead (Internal and External Control)

• Internal
  – More intensive in intelligence, transparency and technology (current attempt)
  – More people intensive and more focused on compliance and punishment (inertial forces)

• External
  – Oriented towards performance auditing and strategic goals (recent attempts)
  – Focused on compliance and legal procedures (inertial vectors)
Plausible courses of action ahead (Procurement practices)

- Promoting competition even where it does not exist (the problem of markets without competition)
- Generalizing e-procurement (current trend)
- Reviewing the rules for specific areas such as military, R&D and Big Events (current challenge)
- Dealing with procurement in non competitive sectors (the “impossible job”)
- Handling the internationalization of procurement processes (an uphill effort)
Elusive challenges

- Efficiency – “terra incognita” in Brazilian public management reforms
- The quality of public expenditure – the need to scrutinize investments, benefits and transferences
- Corporatism – the anonymous architecture of the political culture. Vargas is alive and kicking
- Inter-branches issues – vetoes, accountability, and checks and balances eclipsed by political struggles
- Inter-governmental policies – the increasingly important inescapable challenge
- Governance matters – the quality of social participation and the need to take corporate governance seriously at the SOEs boards
Tackling key “apartheids”

- Can public management reforms take place without being politically and publicly discussed?
- Macroeconomic reforms cannot avoid a look at public management challenges but they try
- Microeconomic reforms depend on public management policies to succeed. Who coordinates a consistent approach?
- Line policies are “decoupling” from public management reforms but ... at a point
- There is no sight of a common ground on politics related to basic premises of how government should function
- Public management policies are (or should be) increasingly a provincial and a local issue. Why is taking so long for the redirection of its dynamics to sub-national government?
Brazil 2011

• The revival of the developmental state
• The elusive issue of state capacity
• A complex bouquet: the ministries, the SOEs, the hybrids and the third sector
• Multiple plausible courses of actions but none has hegemony to be imposed
• The difficulties derived from the absence of a clear and dominant vision
Persistent questions

• How to promote investments? Via Credit (BNDES), SOEs or direct Public Expenditure (Ministries)
• What vision will prevail regarding the way watchdogs handle different organizational models given their own rules? Asymmetries and bargains.
• When will the social security issue be decoupled from the civil service reform agenda?
• To what extent can personnel be treated detached from agendas such as performance management, quality of public expenditure and efficiency?
Impasses to taken into account

- The economic team perspective focuses only the limits of the fiscal space: how to use it in a strategic way?
- What happens when public service bargains meet the labor legislation of corporatist structures and unions?
- Are there alternatives to establish priorities besides power politics in order to support top decision-making processes?
- How to handle manpower management given the menu of alternatives (civil servants, temporaries, contracts, contracting out and appointees)?
Conclusive remarks

• Growth produces windows of opportunity that may be wasted in the absence of purposeful actions
• Budget centered politics blocks a broader encompassing approach
• A mosaic of types of public expenditure needs to be treated in structured even if loose ways
• Different sorts of expenditure ask for distinct personnel arrangements
• A long term perspective depends on a ladder of short and medium term steps