Overview

In regional context

Brazil’s administration is, compared to many of its neighbors, fairly well endowed with middle- and higher-level professionals, thanks to ministry-by-ministry merit-based career systems, a reasonably effective senior executive service, and comparatively appropriate reasonable pay levels. In addition, informal networks may serve to reinforce the effectiveness of the higher cadres. However, the civil service remains fragmented as a result of the career rules and salary systems. For instance, horizontal (inter-ministry) mobility and promotion are severely restricted and the competitiveness of salaries with the private sector has eroded since the mid-1990s. Pay scales are compressed. Levels of capability and professionalism vary significantly between ministries.

In addition, the improvement in fiscal stability since the economic stabilization of the mid-1990s has allowed the budget and financial management system to be used as an instrument of managerial control.

With these reasonable levels of human resources and financial control, Brazil’s federal ministries are effective, relative to their comparators in other countries of the region. However, ministries are marked by very different cultures and professional corps with distinct characteristics.

It is not clear how Brazil’s political system affects the capacity of civil servants and ministries to work without deferring excessively to particularistic pressures. Fragmented parties, coalition government, and the strong constitutional role of Congress and State Governors might all be elements expected to add to these pressures. There is evidence of strong political pressure affecting financial resource allocations. Yet it seems that Brazil’s administration does not face the same level of day-to-day politicization that some other countries in the region experience.

In spite of the overall capacity of the administration, by the standards of the region at least, its procedures, structures, and working cultures concentrate on form rather than results. This approach has been entrenched by almost seven decades of strongly hierarchical rules and the persistent failure of reform efforts to change that paradigm. There now appears to be some consensus in the government that it is time to transform a bureaucracy organized along Weberian lines into a more managerial organization.

Reformers’ concerns

When the military exited government in 1985, the sentiment among Brazil’s new civilian leaders was that the state apparatus had escaped government control. Brazil’s Public Service Administrative Department (Dasp) required almost a year to discover that the
nation’s direct administration and autonomous agencies employed approximately 570,000 employees. Meanwhile the Secretariat for the Control of State Enterprises needed that much time to report that 1,006,000 workers were employed in SOEs. To reassert central control over the civil service, a 1986 decree-law returned autonomous agencies to the direct fiscal oversight of the federal government, and their employees were placed under the federal civil service statute. In 1987 the National Register of Civil Servants was established to produce a regular accounting of the number of state employees and their job positions. Larger issues concerning the structure of Brazil’s public administration and the relationship between the state as employer and public employees were engulfed in the debates over a new constitution.

Several articles of the new 1988 Constitution deal directly with public administration. Article 37 established public examination as the only path to a permanent position in the civil service. Civil servants hired through examination were entitled to security after two years of service; but a transitory amendment also conferred job security upon all the current occupants of permanent positions in the civil service—even those hired without examination—who had occupied their positions for at least five years. According to Marcelino (1988, p.41), at the time the Constitution was drafted only 6% of federal public servants were estatuarios (with a right to job security) while 94% were celetistas (i.e., governed by the private sector labor code, CLT). Thus, the transitory amendment granted job security to thousands of state employees who were hired under the military government without passing a merit exam. Approximately 313,000 workers—nearly half of Brazil’s federal civil servants—were covered (Abrucio 1993, 16n; dos Santos 1997). It was dubbed the "happiness train" (trem de alegria).

The 1988 Constitution forbade use of the private sector labor code as a governing statute for civil servants in the state’s direct administration or autonomous agencies. Instead, the constitution mandated an alternative, single juridical code (RJU) to govern all public servants at all levels of government (i.e., federal, state, and municipal). The approval of Law nº 8.112 in 1990 satisfied this mandate. Several employee categories were then brought together under the same civil service statute. Those who had entered by exam (estatutários) and were previously covered by civil service Law nº 1.711/52 numbered approximately 150,000. There were also roughly 200,000 celetistas (not including those employed by SOEs) who had entered the civil service by exam, and another 313,000 who were conferred security through the "trem de alegria." In addition, approximately 55,000 workers were brought under the RJU, but had not entered by exam and had not worked at least five years for the state in 1988 (dos Santos 1997, 16n).

In the area of social security benefits, old and new guarantees were incorporated into the 1988 Constitution, including retirement based on time of service (instead of contribution), with no minimum age requirement. Benefits were equivalent to the full last salary, and any raises offered to active civil servants would automatically be conferred to pensioners, as well. The constitution provided no rules against "double and triple dipping" (having more than one public sector salary and pension) or "cascades" of accumulations (perks accumulated into years of benefits).
In summary, reducing the federal wage bill was the central goal of the administrative reform by President Fernando Collor (1990-92). Changing the law to enable, and more recently to force, provincial governments to reduce their wage bills has been a central component of the Cardoso reform effort. One of the arguments for weakening the protections of civil service tenure was that by making it easier to remove those who did not perform their jobs well, the public’s perception of the civil service as a whole would improve.

**Institutional starting points**

**Constitution/political system**

Brazil’s constitution provides for three independent governing bodies: the Executive, Legislature, and Judiciary. Although the constitution has gone through many revisions and changes during the past 100 years, these basic structures have been retained ever since Brazil became a Federal Republic in the late nineteenth century.

Brazil is comprised of 26 states and one Federal District, where Brasilia, the capital of the country, is located. State governments exercise power in those areas not reserved to the Federal or municipal governments. There are over 5,500 municipalities in Brazil. State governors are elected by popular vote.

Brazil’s bicameral National Congress (Congresso Nacional) consists of the Federal Senate (Senato Federal), with eighty-one members (three for each state and Federal District) popularly elected to eight-year terms, and Chamber of Deputies (Camara dos Deputados), with 513 members popularly elected to four-year terms. Congress uses a committee system much like the United States; there are six Senate committees and sixteen House committees.

The four largest political parties of President Cardoso’s center-right alliance occupy more than 60% of the seats in the Brazilian Congress.

**Structure of Government**

- Ministry of Federal Administration and State Reform (created by President Cardoso and dissolved following approval of administrative reform amendment)
- Ministry of Finance
- Ministry of Industry, Commerce and Tourism
- Ministry of Culture
- Ministry of Health
- Ministry of Communications
- Ministry of Labor
- Ministry of Science and Technology
- Ministry of Education and Sports
- Ministry of Justice
- Social Security Ministry
• Ministry of Foreign Affairs
• Ministry of Mines and Energy
• Ministry of Environment, Water and the Amazon

The majority of federal civil servants are members of unions affiliated with the CUT union confederation.

**Central agencies and reform management**

President Cardoso’s ambitious administrative reform agenda was formulated in 1995 by the newly established Ministry of Federal Administration and State Reform (MARE). MARE’s internal Secretariat for State Reform was in charge of policy formulation, and of supplying other ministries with technical support to implement modernization and management improvement projects.

Within six months, the Chamber for the Reform of the State also was created to coordinate reform actions among ministries. The Chamber was comprised of ministers directly involved in the planning and implementation of reforms. It was headquartered in the Presidential Office.

In January 1999, MARE was merged (de facto as junior partner) with the Ministry of Planning and Budget, creating the Ministry of Planning, Budget and Management. For most of Brazil’s modern history, planning has been a strong ministry with budget formulation responsibilities (and separate from the Ministry of Finance).

**Politicization**

Brazil has a framework for senior political appointments to the Federal public administration, established in the 1980s, which puts some order into non-career political and senior appointments and has some characteristics of a senior executive service. These are referred to as DAS appointments (Comissao de Direccao e Assessoramento Superior – Commission for Senior Administration and Expertise), a system overseen by the Ministry of Planning, Budget, and Administration.

The system provides a ceiling on political appointments and a seniority and wage structure as follows:

- At the beginning of each Presidential term, Congress passes a law, based on a proposal by the executive (in turn based on proposals by Ministers) setting a ceiling to the number of DAS appointments the President may make. Currently there are around 17,000 DAS positions, 3.5 percent of all Federal public servants. Each Federal Ministry has its set quota of DAS positions.
- The Minister may use these to make senior appointments at his/her pleasure ("cargos de confianza"). They do not carry tenure or any particular labor rights. Many of those appointed are from the ranks of the Federal public service – i.e. they have a position in one of the many vertical "Careers"—and the DAS appointment does not
affect their public-service status. Thus when the appointment comes to an end, they return to a normal career status.

- DAS appointments can be made at six levels, going up from something like a UK Assistant Principal level to Secretary General (equivalent to permanent secretary or vice minister).
- DAS appointments can be made from anywhere. In practice four-fifths are appointed from the public sector and one-fifth from the private sector. The public-sector share is higher in the bottom three levels, where appointments tend to be used to motivate good young people. The top three levels are used more intensively for political or “confianza” – appointments. At the most senior level, DAS-6 – almost 150 of the government’s most senior appointments – 40 percent of appointments are from the private sector.
- Qualifications and remuneration levels are spelled out for each level of DAS appointments. There is no examination for entrance into DAS (unlike all other Federal public servants), but de facto minimum qualifications are required. DAS appointees at the three higher levels, where the political appointments are concentrated, are overwhelmingly graduates (the minimum professional qualification is Curso Superior). There is no established selection procedure, though there may be more than one candidate considered for a post.
- The DAS remuneration scale means that appointees get the highest remuneration in the Federal administration. (Those already in public service Career positions receive a supplement to their existing salary. Those from outside are fully paid.) There is a strong incentive for those in Careers to get a DAS position.

The DAS system is an instrument both for political appointments and for providing an extra incentive to promising career public servants (in a situation where the competitiveness of public-sector salaries has been eroding since the mid-1990s). The system is criticized as opening a door to patronage, but it creates a cap to the number of such appointments and also provides for transparency, standardization, and minimum qualifications in the process. It constitutes an informal senior career system, attracting good private-sector people into the public service and giving them and their senior career counterparts in DAS appointments the opportunity to establish a reputation, to circulate in senior ministry posts, and thereby to gain a measure of de facto stability (Bresser Pereira 1999). Thus some of Brazil’s Ministers come from these ranks. These virtues of the system may respond to Brazil’s particular labor-market circumstances: a well-developed pool of qualified human resources and the easy movement of people between senior jobs in the public, private, and academic sectors (which has perhaps developed in response to the job-market uncertainties engendered by Brazil’s economically unstable recent history).
Reform activities

Summary

Brazil’s experience of administrative reform since the mid-1980s (i.e. after the period of military government) consists in several distinct phases, the most important of which have been:
2. President Collor’s efforts (1990-92) to cut back the size of the Federal government, in particular public employment.
3. An ambitious program under the first Cardoso administration (1995-99) to make service delivery more effective by changing incentives and structures along managerialist lines.
4. An equally ambitious attempt, initiated under the second Cardoso administration (2000-03), to use a planning mechanism to introduce program budgeting and associated managerial reforms

Reforms to the organizational structure of government

The MARE "Steering Plan for the Reform of the State Apparatus" (drafted during the first year of President Cardoso’s government) favored the Weberian administrative model for the State’s core institutions (i.e., legislature, ministries, etc.). However, state-owned companies that produce goods widely available in private markets lie at the opposite extreme, and the "Steering Plan" advocated privatization of all such enterprises. As for the vast arena of state activity between these two extremes, Minister Bresser Pereira, with President Cardoso’s support, argued fervently that these services should be administered by contracts according to a managerial model of administration.

The MARE "Steering Plan" proposed converting semi-autonomous agencies and foundations that perform exclusive activities of the state (e.g., regulation, inspection, public safety, basic social security) into "autonomous agencies" that would operate under a management contract. The director of each agency would be given wide-ranging freedom under the condition that she/he attain the agreed upon performance indicators. "Social organizations" rather than public foundations would provide non-exclusive services (e.g., universities, hospitals, museums). These organizations would operate as non-profit organizations under private law, but would receive specific authorization from the legislature to sign management contracts with the executive branch and would thereby earn the right to receive budgetary allocations. These non-profit organizations would constitute the "Non-State Public Sector."

To translate these managerial ideas into practice required that Brazil’s constitution be amended "in such a way as to eliminate existent constraints that block adoption of an agile form of administration with a greater degree of autonomy" (Brazil 1995, p.66). Whereas President Collor (after suffering a number of political defeats) belatedly identified the 1988 Constitution as a serious obstacle to his reform agenda, from the
outset of Cardoso’s presidency the need for a broad constitutional amendment was recognized.

With the election of President Fernando Henrique Cardoso in 1994, political debates concerning civil service reform were renewed. This time, the ideas were markedly different from the Collor period. This was, in part, because the stabilization policy (the "Real Plan") was highly effective, and the Brazilian policy agenda was no longer monopolized by fiscal crisis. The "Steering Plan for the Reform of the State Apparatus" produced by the Ministry of Federal Administration and State Reform (MARE) specified the objectives and guidelines for redefining Brazil’s public administration. (Minister Luiz Carlos Bresser Pereira was the principal author.) The Steering Plan asserts that "rigid hierarchical standards … controlling processes instead of results produced an administrative system shown to be stultified and inefficient and, therefore, incapable of coping with the magnitude and complexity of the challenges established by the process of economic globalization" (Brazil 1995, pp.9-10). The proposed solution is for the "State [to abandon] its role as executor and direct renderer of services, while preserving its task of regulator and provider or fosterer of such services" (Brazil 1995, p.17) These elements are indicative of a "managerial" (as opposed to Weberian) approach to public administration, the State as "helmsman" rather than "oarsman," focused on results rather than procedures, so as to be agile in the face of a rapidly-changing world.

The 1995-99 experiment has had limited impact to date. Few Executive Agencies and Social Organizations have been created, partly because the government was not prepared to provide priority in the flow of budget funds to such agencies. But it may also be the case that changing the management culture through changing the organizations was too threatening to existing interests in the bureaucracy. Organizational change of the type originally envisaged now appears to be in abeyance. Yet, while it did not move as far as it had hoped towards creating a results-oriented culture, the government’s reform efforts of 1995-99 did succeed in a recuperation of the effectiveness of the public administration (as well as of public financial administration), and they also succeeded in putting further performance-based managerial reform firmly on the agenda.

Fiscal decentralization to both states and municipalities went very far under Brazil’s 1988 Constitution. Many have argued that fiscal decentralization was not properly linked with a decentralization of responsibilities, and that this has been a key factor contributing to the Federal Government’s fiscal imbalances. As such, further fiscal decentralization was not contemplated as part of the Cardoso administrative reform. The "deconcentration" (though not decentralization) of federal civil servants was to be facilitated by the reform.

**Cutting back the programs undertaken by government**

The provisions of the 1988 Constitution, including strong fiscal decentralization, contributed to the federal government’s chronic deficit, which was aggravated by irresponsible state governments. President Fernando Collor (1990-1992) was the first directly-elected president in Brazil since the 1964 military coup. During the campaign, he promised to "kill the tiger of inflation with a single bullet." His plan was thin on
details, but included a vigorous privatization program and deregulation. Public employees were a frequent target of the president’s verbal attacks. Collor vilified "maharajas" (i.e., public servants with huge salaries). By combining the public’s perception of an inefficient public service with the powerful symbol of the "maharajas," Collor’s anti-statist campaign cast the federal bureaucracy as a morally indefensible, oversized behemoth generating huge government deficits (thereby fueling inflation) and contributing little to society in return.

Civil service and personnel reforms

The civil service reform plan under President Collor was quite simple. "Clearly, the predominant preoccupation was to dismantle certain elements of the state apparatus, shrinking it as much as possible" (Castanhar 1990, p.51). The Collor administration proposed to sell government-owned apartments and automobiles, etc. But the centerpiece of the reform was to reduce by 360,000 the number of federal employees. With the help of a few colleagues, Santana devised the reform program. A number of administrative agencies were dissolved by presidential decree; but these employed relatively few people. In order to meet the 360,000 target, Collor’s Secretary of Administration, João Santana, instructed each minister to cut 30% of his or her total staff.

All ministers were directed to present their personnel cuts to Santana’s office on June 18th and, in support of Santana, the President threatened to dismiss any minister who failed to meet the deadline (2 June 1990). Yet as the deadline approached it was apparent that the administration would fall well short of its goal. Santana and his aides then seized upon another instrument to reduce personnel expenditures. Even those with job security could be placed on compulsory leave (em disponibilidade). However, the Brazilian statute provided that a public employee placed on compulsory leave shall continue to receive a salary "until appointed to another position." Collor attempted to reduce the salaries of those placed on leave by issuing decree n° 99.300. However, the legislature voted to overturn this decree; and when Collor responded by re-issuing the same text as a new decree, Brazil’s Supreme Court (STF) declared Collor’s action unconstitutional.

On the heels of this defeat, Santana announced the need for a "very hard salary policy" to compensate for the financial effects of the STF decision (2 June 1990). The government froze the salaries of public employees until the end of 1990, which in Brazil’s highly inflationary environment had the effect of rapidly eroding the buying power of public employees’ salaries. The administration expected that this would constitute "yet another stimulus for people placed on compulsory leave … to choose dismissal." (Sussuna 14 June 1990). In a high inflationary environment the constitutional protection against salary reductions meant little. Eighteen months after Collor assumed the presidency salaries had lost 70% of their value (dos Santos 1997, p.48)

As might be expected, the "hard salary policy" had a very negative impact on the morale of public employees and led many of the most experienced and skilled civil servants (i.e., those with prospects for alternative employment) to resign their posts. By the time Collor was forced from office by impeachment, (dos Santos 1997, p.48) claims 112,000 civil
servants had left or been fired from the state’s direct administration, autonomous agencies, and state-owned enterprises. Data from the SAF shows that the number of employees plus vacancies eliminated from the federal administration reached 221,308 by March 1991. Both (dos Santos 1997) and (Abrucio 1993, p.47) agree that roughly 50,000 state employees were placed on compulsory leave during the Collor administration. These numbers fall well short of the 360,000 target, but are certainly significant. The following table demonstrates the impact of the Collor years (1990-92) on the number of public employees in Brazil.

<table>
<thead>
<tr>
<th>Year</th>
<th>Civil Servants*</th>
<th>Total**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>705,550</td>
<td>1,442,660</td>
</tr>
<tr>
<td>1989</td>
<td>712,740</td>
<td>1,488,610</td>
</tr>
<tr>
<td>1990</td>
<td>628,300</td>
<td>1,338,160</td>
</tr>
<tr>
<td>1991</td>
<td>598,380</td>
<td>1,266,500</td>
</tr>
<tr>
<td>1992</td>
<td>620,870</td>
<td>1,284,470</td>
</tr>
<tr>
<td>1993</td>
<td>592,900</td>
<td>1,258,180</td>
</tr>
<tr>
<td>1994</td>
<td>587,200</td>
<td>1,197,460</td>
</tr>
</tbody>
</table>


(*) Includes central administration and autonomous agencies; excludes the military.

(**) Includes employees of public enterprises.

The consensus among Brazilian scholars is that the quality of the civil service was seriously damaged during the Collor administration. "The experience during the Collor government of attempting to reduce pure and simple the number of civil servants, without objective criteria and in an authoritarian manner, was totally disastrous and ineffective from the point of view of improving the public service" (Abrucio 1993). Of course, improving performance was not the real intent of the reform. However, Brazil had developed pockets of skill and professionalism within the state, and these were not immune to the negative effects of the Collor reform. (Carneiro and Geraldo n.d., p.14) noted that "the signs of decline are visible … risk[ing] the dissolution of some ‘islands of competence.’ In general, the sentiment within the civil service is one of discouragement and generalized frustration."

As Collor’s administrative reform was widely considered a failure in Brazil, his successor, Itamar Franco, tried to turn back the clock. The former vice-president assumed the powers of the presidency in September 1992, following Collor’s impeachment on charges of corruption. One month later Franco issued a decree that dismantled the governmental structure Collor had implanted just two years before. Moreover, in June 1993 Franco created a Special Commission to investigate the dismissals of the Collor period. Sixty-seven thousand cases were submitted to the Commission for review. Eventually, Franco decided to issue decree n° 473 in April 1994, offering "amnesty" to all public employees fired during Collor’s administration.
To claim some of the credit, Brazil’s Congress voted to convert this decree into law. The law covered employees of state-owned enterprises and all civil servants in the direct administration, autarchies or foundations dismissed between March 16, 1990 and September 30, 1992 (the full length of Collor’s presidency). All these former employees were ordered reinstated to their prior jobs or to be offered an equivalent position.\textsuperscript{xi}

From the outset of Cardoso’s presidency, the need for a broad constitutional amendment was recognized. The proposed administrative reform amendment included the following elements:

- It would permit public workers to be fired (even those with job security) for unsatisfactory performance, \textit{or} to reduce an excessive salary burden.
- The federal government would be prohibited from transferring resources to state or local governments to cover personnel costs.
- When restructuring agencies or as an alternative to dismissals for excessive staffing, governments would be permitted to place workers on compulsory leave \textit{and pay salaries in proportion to their years of service}.
- The probation period for public employees (before achieving job security) would be extended from two to five years.
- The requirements of the Single Juridical Regime (RJU) would be eliminated, allowing the government to hire workers under ordinary labor legislation.
- Parity between the salaries of active and retired public sector workers would no longer be required, permitting pay raises for active workers without passing these on to pensioners.
- Contracts between the state and designated organizations operating under private sector law would be expressly permitted for the provision of public services that are "non-exclusive" to the state. These organizations would be able to receive public resources in exchange for measurable performance targets.
- A ceiling would be imposed on the earnings of public employees.

These constitutional changes threatened a number of significant benefits enjoyed by public employees in Brazil. However, in contrast to the Collor administration, President Cardoso and his Minister of Administration insisted they did not intend to shrink the overall size of the federal government. (In fact, the Federal Administration Secretariat concluded in a 1993 study that there actually was a shortage of 143,000 civil servants in the federal public administration (October 7, 1993.)) The MARE diagnosis held that \textit{federal} civil servants were not overly numerous. They were poorly allocated, with too many in the middle ranks of the civil service and too few at the point of service. Instead, the proposed changes were to improve the professionalism of civil servants, increase the flexibility of public sector managers, and facilitate a sectoral and regional distribution of civil servants. Flexibility, coupled with the adoption of results-oriented control instruments and incentives for the performance and improvement of work routines and processes, was meant to improve state service delivery without increasing the amount of resources devoted to public administration.

Unlike the situation at the federal level, in a number of states and municipalities public employment payrolls exceeded the 60\% threshold set by the \textit{Rita Camata Law}. (See the
Constitutional changes were meant to facilitate, even require, employment reductions by these state and municipal governments.

Table 2 Personnel Expenditures of Selected Brazilian States

<table>
<thead>
<tr>
<th>State</th>
<th>Number of Personnel in December 1996</th>
<th>Personnel expenditure as % of revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Espírito Santo</td>
<td>77,000</td>
<td>92</td>
</tr>
<tr>
<td>Piauí</td>
<td>80,000</td>
<td>85</td>
</tr>
<tr>
<td>Alagoas</td>
<td>76,000</td>
<td>82</td>
</tr>
<tr>
<td>Rio Grande do Sul</td>
<td>271,000</td>
<td>81</td>
</tr>
<tr>
<td>Distrito Federal</td>
<td>130,000</td>
<td>81</td>
</tr>
<tr>
<td>Santa Catarina</td>
<td>115,000</td>
<td>80</td>
</tr>
<tr>
<td>Paraná</td>
<td>180,000</td>
<td>77</td>
</tr>
<tr>
<td>Minas Gerais</td>
<td>491,000</td>
<td>77</td>
</tr>
<tr>
<td>Pernambuco</td>
<td>134,000</td>
<td>74</td>
</tr>
<tr>
<td>Rio Grande do Norte</td>
<td>103,000</td>
<td>73</td>
</tr>
<tr>
<td>Rio de Janeiro</td>
<td>290,000</td>
<td>70</td>
</tr>
<tr>
<td>Goiás</td>
<td>143,000</td>
<td>66</td>
</tr>
<tr>
<td>Ceará</td>
<td>106,000</td>
<td>63</td>
</tr>
<tr>
<td>São Paulo</td>
<td>932,000</td>
<td>62</td>
</tr>
<tr>
<td>Paraíba</td>
<td>99,000</td>
<td>61</td>
</tr>
<tr>
<td>Bahia</td>
<td>190,000</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: Fórum Nacional de Secretários de Estado da Administração.

Budget process changes

In 1999 President Cardoso was elected for a second Presidential term. (He had succeeded in obtaining a constitutional amendment allowing a one-time renewal of the President’s four-year terms.) His second term has been characterized by a continuing serious effort at performance-based administrative reform, but with a substantial change in the thrust of this. The 1995-99 experience of a partially failed reform, as well as many decades of administrative development, provide the context.

The 1988 Constitution, continuing Brazil’s tradition of serious planning – rather unique for the Latin America region – mandated a four-year plan, to run in tandem with the Presidential term. The 1996-99 Multi-Year Plan – “Brazil in Action”— was the first plan since the new Constitution to take this mandate seriously, if only because it was the first Plan prepared in a period of relative economic stability. The Plan was modest, centered on 42 Programs – most of them infrastructure projects – accounting for only a part of total public expenditure.

The success of this effort spawned a far more ambitious experiment; the 2000-2003 Multi-Year Plan entitled "Advance Brazil". One of the unique features of this Plan is that it is intended to drive a fairly ambitious public sector management reform with a
The 2000-2003 Multi-Year Plan seeks to reorganize the way government business is done around clearly defined programs, rather than frontally re-structuring organizations \textit{per se}. It can be inferred that the Plan’s implicit intent is to challenge the organization of existing agencies by putting the programs inside them. The main building blocks of the managerial reform in the Multi-Year Plan 2000-03 are as follows:

- \textbf{The government’s business is organized into programs, which stress the desired output, rather than the logic of production}. Each Program is attached to one federal Ministry or agency, although many of these Programs will require actions in other ministries or at sub-national levels of government. In fact, these Programs can be seen as essentially putting existing public business into new boxes, while adding some new business (i.e., akin to incremental budgeting). For tactical reasons there was relatively little emphasis on cutting existing business. But the new boxes, as well as some of the newer Programs, emphasize a strategic approach that directs government attention to outputs and outcomes rather than inputs or processes. For instance, a transport corridor Program would emphasize the integrated multi-modal system that is needed to move goods or people from A to B, in contrast to a program to build, say, a road. Thus, in order to provide a more effective approach to satisfying the populace’s real demands, these Programs imply a challenge to existing government "production processes" and the organizations they fall into.

- \textbf{Programs provide a transparent basis for performance orientation}. Programs have simple, self-explanatory titles, objectives, subsidiary actions necessary to obtain these objectives, and output indicators for these actions. This information is publicly available through the Internet. In turn, Programs and actions are clearly linked to required budgetary resources for the four-year Plan period.

- \textbf{The Program-based Plan is fully linked to the budget document}. Although the 2000 and 2001 Budgets have adopted the same program basis as the Plan, it remains to be seen how the Plan and the annual budgets adjust themselves to each other over time as the budget execution diverges from the approved budget and thus from the Plan. There is also a question of actual fund allocations to Programs vs. organizational units. Except for those ministries such as Environment, which have adjusted their organizational structures to the Program structure, there may still be an effective disconnect between actual flow of funds (to the traditional organizational units) and the Plan allocations (to Programs).

- \textbf{The 2000-2003 Multi-Year Plan system is strongly committed to an evaluation system, but this has not yet been designed}. The Planning Ministry intends to carry out the first round of plan and program evaluations in partnership with the Institute of Applied Economic Research (IPEA).

- \textbf{The Programs and their links with budget and expenditure management are supported by a series of Internet-based information systems}. A management information system (SIG) provides information and feedback on Programs and their implementation to Program Managers, SPI, and Ministries, and is being extended to
the public. Brazil is also well served by a series of integrated systems for budgeting and execution (SIAFI, SIDOR).

- **Managers are appointed for each Program.** Working within the structure of a Ministry or agency, they have the responsibility for executing that Program, although in most cases this responsibility has not (yet) been matched with the necessary resources. Managers are appointed by the Ministry or agency within which the Program falls. They are usually drawn from existing senior staff and, typically, continue to hold other line responsibilities (such as Director). The conditions under which the Managers work vary across Ministries and agencies. In some cases, Programs have been incorporated within existing organization charts, somewhat as if they were departments or divisions. In other cases, Managers find themselves as change agents, with few or no resources and with the task of using their access to information and moral authority to get other parts of the ministry or other federal or sub-national agencies to cooperate. In either case, to be effective, Managers often have to work across formal structures and through informal channels – across ministries, with sub-national governments, and so on. This often reflects the "matrix" natures of Programs, which are intended to produce outputs through coordinated actions among relevant sectors or sub-sectors (such as a transport corridor) rather than project outputs within a particular sector or sub-sector (such as a road). Thus the Program approach, often at odds with existing organizational structures, is implicitly designed to apply pressure to change those structures. Change is already emerging in some Ministries, such as Environment and Transport.

- **There is a strong training component.** The Program approach and the role of the Manager are being strongly supported by the training activities of the National School for Public Administration (ENAP), as well as by the Planning Ministry itself.

Overall, while budget process reforms were not a direct part of the 1995-99 Cardoso reforms, they were central to the new initiative from 2000. The new Program-based system was introduced in 2000 at the same time that a Law of Fiscal Responsibility was passed. The two reforms together constitute, *de facto*, a number of elements of a medium-term-expenditure framework.

**E-government**

While developing e-government has not been a central piece of Brazil’s administrative reform efforts, Brazil is nonetheless a leading Latin American country in electronic government, both at the Federal level and that of some of the more advanced States (provinces). There is copious Internet-based information on federal government administration. For instance, MARE constructed a website with considerable information for public employees and the public more generally about employee numbers, civil service legislation, employee rights, etc. Brazil is one of the world’s most advanced countries in paying income taxes through the Internet. Some state governments have developed state-of-the-art citizen portals and "one-stop shops".
Reform outcomes

Mixed results

Brazil has an advanced public administration by Latin American standards, as a result of an administrative history that stretches back to the 19th Century. The march forward, however, has been punctuated by cyclical aberrations. Today’s public administration can be particularly traced back to developments beginning in the 1930s, when Getulio Vargas started to build up a professional civil service on traditional centralized, Weberian lines. The burgeoning discipline of this system was threatened by the more developmentalist approach of subsequent Presidents, who pursued their ambitious import-substitution policies through building up enclaves and through planning. This approach contributed to a loss of administrative and fiscal coherence, and the public-administration provisions of the 1988 Constitution were designed to bring Brazil back to a reliance on bureaucratic principles. But the new measures so enshrined the tenure of public servants that, along with the general fiscal crisis, governments until the mid-1990s were obliged to concentrate on reining in the state. A return to relative fiscal stability, together with Brazil’s process of democratization, then encouraged the government to turn its attention to the efficiency of government rather than a sole concern with the fiscal burden that government represents.

It can be argued that Bresser Pereira’s heroic attempts (1995-99) to restructure the Federal government according to the policy-provider split failed because they did not really get the blessing of the center of government, which did not want to risk the fiscal indiscipline associated with the sprouting of Executive Agencies, etc. and because they did not capture the public imagination. The current managerialist reform experiment – program budgeting, program management, and something akin to a medium-term expenditure framework – grew out of a completely separate planning experiment undertaken in 1995-99. It is more cautious than Bresser’s and it more or less has the blessing of the government's financial-budget establishment, so it may be more likely to succeed. But like Bresser's, this is a technician's reform and is not designed to capture the public imagination.

Some concrete gains

On June 4, 1998, nearly three years after the executive branch first submitted its proposed administrative reform amendment to Congress, a small ceremony was held in Brazil’s Senate Chamber to celebrate the final passage of Constitutional Amendment No. 19. Although the political struggle to secure the 3/5 vote in the Chamber of Deputies and Senate (as required for a constitutional amendment) was long and difficult, when the administrative reform amendment was promulgated in June 1998, the final product had retained much of its initial character. The amendment provided permission to dismiss civil servants, even those with job security, if salaries should exceed 60% of net revenues (municipal, state, or federal). However, before an employee with job security can be fired, those without security must be dismissed. Plus, expenditures on politically appointed positions must be reduced by at least 20%. A worker with job security who is dismissed is entitled to an indemnity.
payment. In an effort to guard against politically motivated dismissals, the constitutional amendment requires that the position be extinguished for at least four years. (Creative job descriptions may be a simple way to escape this restriction, however.)

On October 29, 1998 Cardoso sent to Congress the lei complementar to fix the norms for firing civil servants for failure of performance. If two annual reviews in a row, or three times in the previous five, a worker receives an "unsatisfactory" rating, then he or she can be fired. The project also defines those who exercise exclusive activities of the state. These can only be fired after an administrative hearing, with full rights to defense. Civil servants placed on mandatory leave (disponibilidade) may be paid less than their full wage. This article was included precisely to make lawful what the STF under Collor had determined was unconstitutional.

A special evaluation is also required at the end of three years before a public employee can receive job security. Arms-length contracts between public bodies and private organizations for the provision of public services are enabled. The stated goal of these contractual relationships is to confer greater managerial autonomy in return for clear performance targets. Complementary legislation is to set standards for performance evaluation, remuneration, responsibilities, etc.

In May 1998, the legislature approved Law no. 9.649, authorizing the President to decree the transformation of an autarchy or foundation into an "executive agency." The first "executive agencies" established under this statute were regulatory bodies (e.g., National Telecommunications Agency (ANATEL), National Electric Energy Agency (ANEEL), National Petroleum Agency (ANP)). While executive agencies are responsible for providing services that are the exclusive responsibility of the state, the legislature also approved Law no. 9.637 in 1998, providing a legal foundation for what Minister Bresser Pereira labeled "social organizations." These private organizations are empowered to enter into contracts with the government to provide services that are not exclusive to the state (e.g., cultural institutions).

The end to the requirement that federal, state, and municipal public employees be covered by a single labor statute (RJU) permits greater flexibility in terms of employee standards and pay, both between different federal government agencies, and between levels of government. Most notably, many employees would now no longer have a right to job security. Some state employees would retain standard civil servant protections. On August 11, 1999, the Chamber of Deputies approved the law defining the carreiras típicas de Estado ("core" civil servants such as judges, diplomats, and tax collectors). The vote was 414 in favor, 28 opposed, and 2 abstentions. The law defined 35 such careers. The bill then went to the Senate. Approximately 10% of the civil service will fall into these categories, or 50,000 of the 509,400 civil servants.

end of legal requirement that executive, legislative, and judicial employees receive the same salaries for the same type of work.
Thus, an increase in pay for one group, whatever its effect on wage negotiations, will no longer lead to a constitutional challenge in the courts by other groups demanding the same increase.

Other achievements include the establishment of a salary cap that includes all forms of income. As described above, this cap, while now mandated by the constitution, has yet to be defined.

The government has been carrying out studies aimed at reviewing the way several federal organizations perform, and deciding, when appropriate, their extinction and transfer of their functions to other spheres of Government. At least four organizations have been closed.

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1. In 1986 the Dasp was replaced by the Secretariat of Public Administration (SEDAP).
2. Law n° 5.645/70.
3. With the recent return of democracy almost anything associated with the military regime was suspect. Thus, rather than revise the military’s 1967 Constitution, the Constitutional Congress set out to draft a new constitution from scratch.
4. Certification of passing an entrance exam is valid for two years, with extension possible for another two.
5. With job stability a worker could only be fired following a full administrative or judicial proceeding.
6. There was an even greater victory by the civil servant lobby in the Constituinte. Article 40 granted integral retirement to civil servants based on years of service, not age. State employees were thus entitled to retire early and receive full retirement benefits. Often the most highly qualified state employees retire early because they have employment opportunities elsewhere, and can still receive their state retirement. As a protection against inflation, any increase in the salaries of current civil servants are automatically granted to retirees, as well. Civil servants made no contribution to finance their retirement benefits until Constitutional Amendment no.3 was approved in 1993. Even afterwards, civil servants have not paid nearly what is required to cover the cost of their retirements. General revenues fund the difference. In 1993, according to the Social Security Minister, 41% of Social Security disbursements were for the pensions and retirements of civil servants. For every active civil servant, there were 1.5 retirees (October 13, 1993).
7. In October 1994 Fernando Henrique Cardoso won the presidential election on the first ballot with over 54 percent of the popular vote. His nearest rival, Lula da Silva received only 27 percent of the vote.
8. According to the System of Civil Personnel (SIPEC), the number of public employees in Brazil fell by 103,235 between 1990 and 1992, from 1,427,758 to 1,324,523.
9. See also (dos Santos 1997, p.47)
10. This decree was issued on October 19, 1992 and converted into a law by the Congress on November 19, 1992.
11. Law no. 8878 (approved 11 May 1994) applied to all those fired contrary to the regulations or protections of the constitution, as well as those removed “for political motives” or during “strike actions.”
12. See: http://www.servidor.gov.br/