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Governing to Deliver

Reinventing the Center of Government in Latin America and the Caribbean

Martín Alessandro, Mariano Lafuente, and Carlos Santiso

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Inter-American Development Bank

Cataloging-in-Publication data provided by the
Inter-American Development Bank
Felipe Herrera Library

Alessandro, Martín.
Governing to deliver: reinventing the center of government in Latin America and the Caribbean / Martín Alessandro, Mariano Lafuente, Carlos Santiso.
p. cm. — (IDB Monograph ; 224)
Includes bibliographic references.
1. Public administration—Latin America. 2. Public administration—Chile. 3. Public administration—Brazil. 4. Politics and government—Latin America. 5. Government accountability—Latin America. 6. Government accountability—Chile. 7. Government accountability—Brazil. I. Lafuente, Mariano. II. Santiso, Carlos. III. Inter-American Development Bank. Institutional Capacity of the State Division. IV. Title. V. Series.
IDB-MG-224

Publication Code: IDB-MG-224
JEL Code: H10, H11, H12, H70
Keywords: Center of Government, Latin America and Caribbean, strategic planning, coordination, monitoring, service delivery, government performance, Office of the President, Office of the Prime Minister, Chile, Pernambuco

Inter-American Development Bank
1300 New York Avenue, N.W.
Washington, D.C. 20577
www.iadb.org

The Institutions for Development Sector was responsible for the production of this publication.

Production Editor: Sarah Schineller (A&S Information Specialists, LLC)
Editor: Sheila Mahoney
Design: Fernanda Mel (Nextdoor, productora de contenidos)
Proofreader: Margie Peters-Fawcett

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Acronyms

CEA	Council of Economic Advisers (United States)
CIU	Cabinet Implementation Unit (Australia)
CLAD	Centro Latinoamericano de Administración para el Desarrollo
CoG	Center of Government
DCI	División de Coordinación Interministerial (Chile)
DIPRES	Dirección de Presupuestos (Chile)
DNP	Departamento Nacional de Planeación (Colombia)
EGP	Escritório de Gestão de Projetos (Pernambuco, Brazil)
ENUSC	Encuesta Nacional Urbana de Seguridad Ciudadana (Chile)
EOP	Executive Office of the President (United States)
GAO	Government Accountability Office (United States)
GDP	Gross Domestic Product
GSD	Government Strategy Document (Finland)
IDB	Inter-American Development Bank
IDM	Institutional Development Matrix
IIAS	International Institute of Administrative Sciences
INAP	Instituto Nacional de la Administración Pública
INE	Instituto Nacional de Estadísticas (Chile)
LAC	Latin America and the Caribbean
LOA	Lei Orçamentária Anual (Pernambuco, Brazil)
MIDEPLAN	Ministerio de Planificación Nacional y Política Económica (Costa Rica)
MIDIS	Ministerio de Inclusión y Desarrollo Social (Peru)
MININT & SP	Ministerio del Interior y Seguridad Pública (Chile)
NEC	National Economic Council (United States)
NGO	Nongovernmental organization
NSA	National Security Advisor (United States)

NSC	National Security Council (United States)
OAS	Organization of American States
OECD	Organisation for Economic Co-operation and Development
OMB	Office of Management and Budget (United States)
OPM/PMO	Office of the Prime Minister/Prime Minister's Office
OPP	Oficina de Planeamiento y Presupuesto (Uruguay)
PCM	Presidencia del Consejo de Ministros (Peru)
PDCA	Planning-Doing-Checking-Acting/Adjusting
PDU	President's Delivery Unit (Unidad Presidencial de Gestión del Cumplimiento, Chile)
PEMANDU	Performance Management Delivery Unit (Malaysia)
PMDU	Prime Minister's Delivery Unit (United Kingdom)
PMG	Programa de Mejoramiento de la Gestión (Chile)
PMSU	Prime Minister's Strategy Unit (United Kingdom)
SAD	Secretaria de Administração (Pernambuco, Brazil)
SEDMG	Secretaria Executiva do Desenvolvimento do Modelo de Gestão (Pernambuco, Brazil)
SEGEGOB	Ministerio Secretaría General de Gobierno (Chile)
SEGPR	Secretaria Executiva de Gestão por Resultados (Pernambuco, Brazil)
SEPLAG	Secretaria de Planejamento e Gestão (Pernambuco, Brazil)
SEPOC	Secretaria Executiva de Planejamento, Orçamento e Captação (Pernambuco, Brazil)
SIMCE	Sistema de Medición de la Calidad de la Educación (Chile)
SINERGIA	Sistema Nacional de Evaluación de Gestión y Resultados (Colombia)
UKP4	Presidential Unit for Development Monitoring and Oversight (Indonesia)

Acknowledgments

This is a publication of the Institutional Capacity of the State Division of the Inter-American Development Bank (IDB). The authors would like to thank contributors Víctor Dumas, Salvador Parrado, and Ray Shostak, who co-authored two of the technical notes that form the basis for Chapters 3 and 4 in this publication. In addition, the foundations for our work on the Center of Government (CoG) were laid through several discussions and exchanges of ideas with Rodrigo Egaña, Carlos Flores Alcocer, and Ray Shostak, based on their experiences leading Centers of Government in Chile, Mexico, and the United Kingdom, respectively.

We extend special thanks to the government officials in Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Paraguay, Peru, and Uruguay who responded to our survey on the characteristics and functioning of the CoG in their countries. Similarly, we thank Alejandro Argüello Hüpper, Esther Hernández Medina, Anabella Lardé, Juan Fernando Londoño, Carla Morales Rojas, Conrado Ramos, Hugo Royg, Patricia Sinclair McCalla, and Mayén Ugarte, who responded to a similar survey as former practitioners and experts. Caio Marini, Humberto Falcão Martins, and Marina Lemos greatly contributed to Chapter 4.

Comments and suggestions by external peer reviewers Michal Ben-Gera (former Head of Sector, SIGMA-OECD) and Alberto Leyton (World Bank) have significantly improved this publication. We also thank Alejandro Bonvecchi (Torcuato Di Tella University), Nick Manning (former head of the Governance and Public Sector Management Practice at the World Bank and former head of the Public Sector Management and Performance Division at the Secretariat of the Organisation for Economic Co-operation and Development [OECD]), Fernando Rojas (Senior International Consultant on Public Management), and Tarsila Velloso (former Public Sector Specialist at the World Bank), who reviewed and helped to enhance previous versions of different parts of this work. All remaining errors are our own. We have also received several valuable suggestions when presenting earlier versions of this work at the World Bank, the International Institute of Administrative Sciences (IIAS), the Ibero-American General Secretariat (SEGIB), Rutgers University, the Catholic University of Chile, and the University of the Republic (Uruguay). We learned about trends in Centers of Government in other regions from Rolf Alter (OECD Secretariat) in OECD member countries, Joanna Watkins (World Bank) in Eastern Europe, Willy McCourt (World Bank) and Seelan Singham (McKinsey & Company) in Asia, as well as several other practitioners and experts from the growing community working on these topics

around the world. Andrew Davies and Andrea Uhrhammer (OECD Secretariat) generously shared comparative data from OECD member countries.

We have refined (and redefined!) many of our ideas about this topic as a result of interacting and working directly with CoG institutions and officials in Latin America and the Caribbean. Our work with the Centers of Government of Honduras, Paraguay, and the State of Jalisco (Mexico), and our ongoing dialogues and conversations with Brazil, Chile, Costa Rica, Mexico, Peru, Uruguay, the state of Pernambuco (Brazil), and several Argentine provinces have helped us better understand what works and what does not work to enhance the performance of the strategic CoG. The first-hand experiences of Claudio Seebach in Chile; Lorena Jácome and Sandra Naranjo in Ecuador; and Frederico Amâncio, Mauricio Cruz, and Edilberto Xavier in Pernambuco have also been very important in this regard. We would like to pay tribute to the memory of Eduardo Campos, former Governor of Pernambuco, who passed away while we were completing this publication. The management model he promoted and led, analyzed in Chapter 4, is a valuable example of how the work of the Center of Government can produce tangible improvements in people's lives.

Many of our IDB colleagues, especially Jorge Von Horoch, Carlos Cordovez, Pedro Farias, Eduardo Feliciangeli, María José Jarquin, Jorge Kaufmann, Javier Reyes, and Mario Sanginés from the Institutional Capacity of the State Division and Martín Ardanaz and Gustavo García from the Institutions for Development Department, have provided valuable feedback and insights.

We are grateful for the invaluable support of the Vice Presidency for Sectors and Knowledge, led by Santiago Levy, and of the Institutions for Development Sector Department, headed by Ana María Rodríguez.

Sarah Schineller has skillfully guided us through the production of this publication, which was made possible by the support of the Inter-American Development Bank's Institutional Capacity Strengthening Thematic Fund (ICSF), thanks to the support of the Government of the People's Republic of China. However, the contents are the sole responsibility of the authors.

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Foreword

Delivery is the greatest challenge facing governments across Latin America and the Caribbean today. There exists a fundamental paradox in the region after a decade of almost continuous growth: while the institutions of the market have strengthened, the institutions of government have not made progress at the same pace. This publication is about the challenges facing governments to deliver better services to citizens and how the strengthening of the strategic Center of Government can help achieve results by steering government action.

Latin American and Caribbean countries have made remarkable progress in recent years. Advances in the economic and social sectors have been complemented by institutional reforms that have enhanced the capacities of governments to ensure fiscal responsibility and to design better policies. However, as these gains are consolidated, new demands and challenges appear. The growth of the middle class, the expansion of education, and the access to new technologies are just some of the factors that lead to higher expectations in society. Citizen dissatisfaction with public services has increased or remains at high levels in many countries. There are still gaps and obstacles that limit the effective and efficient delivery of key government programs. There continues to exist a gap between the policies enacted and their effective implementation. This implementation gap is particularly acute and dramatic in the social sectors.

The quest for better delivery (which some refer already to as *deliverology* or as the *science of delivery*) is spreading across the world in response to these challenges. Presidents, prime ministers, governors, and mayors are often exasperated by what they perceive as delays and failures in converting their governments' priorities into demonstrable results that lead to tangible improvements for citizens in terms of quality of life. It has become clear that it is not enough to have sound ideas and to design adequate policies; public administrations also need the capacity to get things done—and deliver.

Governments are experimenting with different innovations to ensure that their policies can be properly and effectively implemented to produce the intended results. One such innovation in several countries is the strengthening of the strategic Center of Government, the apex of government at the national, subnational, and even city levels. The Centers of Government are those organizations directly supporting presidents and prime ministers, as well as governors and mayors. They can provide the needed leadership to plan, coordinate, monitor, and communicate a government's key priorities. However, in Latin America and the Caribbean, the Centers of Government tend to be politically strong but technically weak; thus they need to develop the institutional and technical capabilities critical to performing their core functions. This publication is about how governments in the

region can develop and strengthen their Centers of Government.

The road toward better government is not easy; it is, however, critical to improve the delivery of services that directly affect the quality of life of the citizens. A more capable and strategic Center of Government can help, and there are valuable experiences that can guide us through the process of developing better Centers of Government. This publication analyzes several of these experiences, presenting evidence and extracting lessons that can inform efforts at the national and subnational levels of government in Latin America and the Caribbean. It also introduces innovative methodological tools that can help Center of Government practitioners on this path.

Many governments are seeking to strengthen their strategic core, and the Inter-American Development Bank is supporting them in this endeavor. This work is part of our broader commitment to supporting effective, efficient, and open governments in Latin America and the Caribbean. By expanding our knowledge of how Centers of Government work, this publication addresses one of the main challenges of the public management agenda for the years to come. In this regard, we expect it to become a useful tool for policymakers who share our passion for helping governments achieve better results for citizens.

Ana María Rodríguez
Manager, Institutions for Development Department
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CASA PRESIDENCIAL

Introduction

Governments around the world are facing a set of critical policy challenges. Citizens are developing rising expectations and demanding tangible improvements in the delivery of public services. As such, governments need to set clear priorities, monitor their implementation, and account for results. In turn, they have to ensure coherent responses to problems that increasingly cut across functional boundaries and involve multiple sectors (cross-cutting) and are multidimensional. Individual ministries and agencies, acting as silos, cannot address issues such as economic competitiveness, social inequality, youth unemployment, and citizen security; they need an integrated, whole-of-government approach (i.e., one that emphasizes a common strategy for the entire government, rather than letting each department implement its own agenda). At the same time, governments have to manage the complex political negotiations for approval and implementation of these priority policies, while communicating results to citizens in a frantic 24/7 news cycle.

Addressing these challenges requires strengthening the institutional capacity of the state to achieve results and deliver services. This entails enhancing the steering abilities of governments, reinforcing their core functions, and bolstering and reinventing the strategic Center of Government (CoG). In this regard, there is a growing interest among policymakers, practitioners, and academics in the organization, functions, and performance of the CoG, due to an increased awareness of the key role that it can play in achieving better results. From reducing hospital waiting times and improving student test scores in the United Kingdom to reducing violent crime in Pernambuco, Brazil, a number of experiences suggest that a strong focus from the CoG on certain priority issues can have substantial effects. At the same time, there is still limited research and evidence regarding the work and the impact of CoGs, especially in Latin America and the Caribbean (LAC).

In the strict sense, the CoG refers to the organizations and units that provide direct support to the country's chief executive (president or prime minister), generally for the political management of the government's actions, the strategic management of its priorities, the coordination of policy design, the steering of policy implementation, the monitoring of performance and delivery, and the communication of results. *The CoG is the steering wheel of government, able to drive forward its priority objectives in a coherent way*. It can be a valuable transmission mechanism to ensure that the government's priority policies are effectively implemented and deliver results for citizens.

There is a mismatch, however, between the relevance of the CoG and the shortage of rigorous studies about it, especially in LAC. This publication fills this gap in the literature on government reform and public sector management

in the region. Its different sections cover theoretical and conceptual aspects of the CoG (Chapter 1); empirical trends across the region (Chapter 2); a case study of a relevant national experience in Chile (Chapter 3); a case study of a subnational experience in the State of Pernambuco, Brazil (Chapter 4); and conclusions outlining research findings and reform opportunities in LAC (Chapter 5)". Finally, the Appendix provides a review of the literature and of relevant international practices.[1] This publication is the first to provide a comprehensive perspective on CoGs in LAC, combining theory, regional trends, and in-depth analyses of select cases where major reforms of CoG institutions have been undertaken.

Chapter 1 proposes a conceptual framework for the CoG. It discusses alternative definitions, identifies key functions, and describes the typical structures developed to perform them. The chapter introduces a *functional* definition of CoG, suitable for comparing across countries with different systems of government and institutional arrangements. This definition focuses on the organizations and units performing five core functions:

1. Strategic management.
2. Coordinating policy.
3. Monitoring and improving performance.
4. Managing the politics of policies.
5. Communicating results and accountability.

In each function, mechanisms and processes for effective performance are described and serve as a benchmark for the empirical analysis in the next chapter.

Chapter 2 assesses how CoGs in LAC are *actually* performing their core functions. This exploratory empirical analysis is based on a survey administered in 2013 to CoG officials, former practitioners, and experts of the region who provided information on the work of these institutions. The overall finding is generally low performance of the functions, especially the more technical ones, but with wide variations across countries and over time, suggesting possible pathways and steps for improvement. In this regard, relevant LAC experiences and innovations are described. The chapter also presents an Institutional Development Matrix (IDM), a framework designed for in-depth assessments of the strengths and weaknesses of individual CoGs. The IDM enables development of tailored reforms to strengthen CoG core functions and structures. Moreover, the IDM can be a useful tool to enhance the empirical analyses first explored by this survey.

Chapters 3 and 4 assess the experiences and lessons learned from two case studies, one at the national level and one at the subnational level. Chapter 3 analyzes one of the main attempts to strengthen the performance of CoG institutions in LAC: the case of Chile. This country has had a relatively robust and institutionalized CoG since the return of democracy, although certain challenges have surfaced over time in planning, coordinating, and monitoring government priorities. To address those challenges, the Ministry of the Presidency strengthened its role in 2010, expanded the responsibilities of its Interministerial Coordination Division (*División de Coordinación Interministerial* or DCI), and established a President's Delivery Unit (*Unidad Presidencial de Gestión del Cumplimiento* or PDU). Certain challenges remain, but this experience shows that a stronger CoG can help achieve results by working with the sectors to define and oversee government priorities, and coordinate cross-ministerial actions. The CoG acted as a permanent reminder to maintain focus on the priority goals and the achievement of results.

[1] These chapters are based on research conducted and published by the Inter-American Development Bank (IDB) in 2013 and 2014. Alessandro, Lafuente, and Santiso (2013a) presented the conceptual framework and the analysis of regional trends in LAC. Dumas, Lafuente, and Parrado (2013) studied the Chilean case. Alessandro, Lafuente, and Shostak (2014) studied the case of Pernambuco. Finally, Alessandro, Lafuente, and Santiso (2013b) reviewed the literature.

This chapter also provides a specific analysis of how to maximize the impact of delivery units, a topic of interest for other countries exploring the creation of similar units.

Strong CoG institutions can be relevant to subnational governments as well, especially in a context of increased decentralization. In federal countries, in particular, state governments are often responsible for developing and implementing policy in complex and cross-cutting areas, such as crime prevention or social development. A well-functioning CoG is critical in those cases. In this regard, Chapter 4 analyzes the management model adopted in 2007 in the State of Pernambuco, Brazil. This model relies on a key CoG institution, the Secretariat of Planning and Management (*Secretaria de Planejamento e Gestão* or SEPLAG), to steer the key processes of strategic planning, results-based budgeting, and monitoring and improving government performance from the center. This experience provides an example of the benefits of institutional innovations at subnational levels of government, a realm that has received almost no attention in the CoG literature so far.

Chapter 5 provides conclusions and outlines policy recommendations to strengthen CoG functions and it identifies key challenges and opportunities for improvement. Developing a strong and competent CoG requires both political empowerment and technical capacities. This chapter focuses on the lessons learned and specific recommendations for policymakers in LAC on *how to* develop those capacities. With them, governments will be better able to set performance and delivery goals, monitor progress toward the targets, unblock obstacles and bottlenecks that limit performance, communicate results, and assume accountability for those results. Thus, governments will be better equipped to deal with the challenges they face in terms of performance and delivery.

Finally, the Appendix reviews the main literature about international experiences on each of the five CoG functions. This review has informed the conceptualization and empirical analyses of the preceding chapters and is presented in the Appendix for readers interested in examining the literature in detail. In addition to the performance of the functions and the structures usually responsible for them, the Appendix discusses alternative management styles to lead CoGs, as well as issues regarding the staffing of these organizations in international practice.

The IDB is supporting governments throughout the region to strengthen their CoGs and their core functions. To support this agenda, the IDB established a knowledge and technical assistance facility in 2013—the regional project on *Strengthening and Promoting Innovation in CoG Institutions in Latin America and the Caribbean*. This project is providing targeted technical assistance to governments seeking to improve the work of their CoG institutions.[2] This publication is part of that effort and represents a consolidation of the knowledge developed on this important topic, tailoring to the context, trajectory, and challenges of institutional development and government reform in the region. By providing details about lessons learned and insight into opportunities ahead, we expect this publication to be a useful tool for policymakers and practitioners, as well as government officials and leaders in the region. The cases included in this publication can also serve as a guide for governments beyond LAC, as they present valuable experiences in strengthening CoGs. We also expect to convey to governments and academics alike the importance of generating more rigorous evaluations of what works and what does not work in configuring a CoG. For all these reasons, we hope this publication will be helpful to those committed to building stronger public institutions and achieving results around the world.

[2] Visit the project's website: http://www.iadb.org/en/topics/government/strengthening-the-center-of-government-cog,9091.html for a more complete description of its activities.

1 What Is the Center of Government?

The Center of Government (CoG) is not a new phenomenon. The Prime Minister's Department in Australia (currently Department of the Prime Minister and Cabinet) is over one hundred years old, established in 1911 (Commonwealth of Australia, 2012). In the United Kingdom, the predecessor to the Cabinet Office dates back to 1916, when it was formally charged with the responsibility of *coordinating policy* and offering *strategic direction* to the government because of the demands of war (House of Lords, 2010; House of Commons Library, 2005). In the United States, the *Reorganization Act* of 1939 established the Executive Office of the President (EOP) after the Brownlow Committee declared that "the President needs help" (Relyea, 2008). This committee argued that the EOP was needed to assist the president in decision making and in *monitoring* the implementation of these decisions.

In Latin American and Caribbean (LAC) countries, the CoG can also be traced back several decades. A structure in the presidency was already established in Mexico in the 19th century, although limited to some logistic and *communication* functions until the creation of the Secretariat of the Presidency in 1958 (Presidency of the Republic of the United Mexican States, 2006). The presidential office in Argentina has its roots in the 1940s, including the early development of units performing *coordinating* functions, such as the Council of Interministerial Coordination and the Council of Federal Coordination (Bonifacio and Salas, 1985). The focus on development in the 1960s led to the creation of *planning* offices within the Office of the President in different countries, such as Uruguay and Costa Rica (Lanzaro, 2012). Thus, units supporting the chief executive for planning, coordinating, monitoring, and communicating the government's priorities have existed for some time. *These units form the CoG*.

However, a number of more recent developments explain the increased relevance of these units. Many problems governments have faced for some years are cross-cutting and multidimensional (or "wicked": Clarke and Stewart, 1997) and thus cross functional boundaries and require the involvement of multiple sectors. Therefore, stronger central coordination is needed for government actions to be more coherent. In addition, previous waves of government reforms decentralized

decision-making and implementation authority to autonomous or quasi-autonomous agencies and to nongovernmental actors, leading to a diminished capacity of the political leadership to guide the workings of government (Dahlström, Peters, and Pierre, 2011). *In this context, several countries have rediscovered the importance of central steering.*

Moreover, the expansion of government activity has increased the need to institutionalize the CoG because chief executives face new responsibilities and complexities that demand greater support (see Ragsdale and Theis, 1997, relating to the American presidency). Thus, the recently expanded role of many LAC governments in economic, social, and other policy areas underscores the importance of their CoGs. Other factors, such as the emergence of a 24/7 news cycle, the personalization of electoral campaigns, and participation in international summits, have led to chief executives having more direct responsibility in all areas of government, and thus requiring the CoG to have a greater role in supporting them (Fleischer, 2011).

For LAC countries, the main interest in strengthening the CoG comes from increased emphasis on achieving results for citizens.[3] The traditional mechanism of central coordination, in the absence of strong CoG structures, was through the budget (Beschel and Manning, 2000; House of Lords, 2010). Ministries of finance or treasuries, which control public expenditures and thus have significant leverage over other departments, could achieve a basic level of coordination across government to sustain fiscal balance. With consolidated fiscal performance in most Latin American countries in the past 15 years, however, and increased interest in improving performance, achieving results, and producing positive societal impacts, a different locus and type of coordination may be needed—one that goes beyond fiscal matters, while preserving the progress made in terms of fiscal responsibility. Futhermore, increasingly, citizens demand better quality services from their governments.[4] These factors help explain the growing interest in CoGs.

Table 1.1 summarizes the main issues that CoGs can help address in current public management practice.

This chapter proposes a conceptual framework for the CoG based on the existing literature. The first section discusses alternative definitions of the CoG. These variations are relevant, as they involve the inclusion (or not) of certain organizations and units within this concept. Based on this analysis, the second section proposes a definition of the CoG that is better suited for cross-country comparisons. That definition focuses on the organizations that perform five core cross-cutting government functions: (i) strategic management, (ii) coordinating policy, (iii) monitoring and improving performance, (iv) managing the politics of policies, and (v) communicating results and accountability.

Definition of Center of Government

The literature defines the CoG in two ways: one focuses on its location within the *structure* of

[3] In addition to the cases studied in Chapters 3 (Chile) and 4 (Pernambuco, Brazil), a number of governments in the region recently introduced innovations in their CoGs. The government of Paraguay formally established a CoG, based on the General-Secretariat of the Presidency, that is responsible for functions similar to those identified in this publication (Government of Paraguay, 2014). Ecuador, Honduras and Peru created coordinating ministries for policy coordination (Government of Honduras, 2014; Lafuente et al., forthcoming; Muñoz, 2012). The Dominican Republic and the State of Sao Paulo, Brazil, established units to enhance monitoring capacities (Villani et al., 2013), and Colombia introduced a restructuring of the office of the president to improve coordination, delivery and communications (Presidency of the Republic of Colombia, 2014). These are just a few examples of increased interest in CoGs in LAC.

[4] The most recent data from Latinobarometro's survey in LAC countries show important levels of dissatisfaction with the work of the police (65 percent), public hospitals (51 percent), and public education (43 percent).
Source: www.latinobarometro.org, 2011 Survey, downloaded on June 17, 2014.

Table 1.1: Emerging Issues in Public Management and Role of the Center of Government

Emerging Issue		Role of the CoG
Most priority issues are multidimensional and cross-cutting; they cannot be properly addressed by vertical ministerial silos.	→	Coordinating and brokering solutions, bringing together the relevant ministries and agencies to make decisions and design and implement policy.
Citizens increasingly demand better public services and results from government.	→	Establishing and communicating priority goals (being selective); ensuring budgetary alignment; continuously monitoring progress; unblocking obstacles that affect performance.
Government activity has expanded into new policy areas.	→	Supporting and advising the chief executive in managing a complex government structure, especially if policymaking is fragmented or decentralized.
A 24/7 news cycle, which can deviate the government's attention from priorities.	→	Keeping a systematic focus on strategic priorities; aligning the government's message.

Source: Authors' elaboration.

the executive branch, and the other focuses on the *functions* it performs. Before proceeding with this discussion, Box 1.1 briefly summarizes the institutional variations between systems of government (presidential, parliamentary, and semi-presidential). Because countries differ in how the position of chief executive is structured, these variations may also imply differences for the CoG, especially in relation to those definitions that focus on its location in the executive structure.

In addition to variations in the system of government, the organizations that directly support chief executives vary from one country to another (and sometimes from term to term) according to constitutional and legal requirements, contextual factors, and the style and personality of the chief executive. Therefore, rather than presenting a general model of a CoG structure, the following sections discuss typical functions and present examples of the types of organizations that perform them in different countries. It is important to note that, *unlike sectoral ministries and other agencies,*[5] *CoG organizations are not directly involved in providing services, nor do they focus on a specific policy area; rather, they perform coordination and monitoring functions for the entire government* (James and Ben-Gera, 2004).

There is no agreed-on definition of the CoG in the literature; however, the variety of definitions that most authors use (some of them implicitly) can be classified into two main categories, as defined in Box 1.2.

Ministries of finance clearly exemplify these different approaches. Although usually considered line ministries, ministries of finance fit within the functional definition of CoG described above, since their missions relate more to coordination than to service delivery. Even if administratively they are not part of the center, they perform core government functions comparable to those performed by organizations located within the chief executive's office. In particular, the budgetary authority

[5] This publication uses "ministries" and "departments" interchangeably. "Agencies" are units within departments, unless they refer to the autonomous or quasi-autonomous agencies of the New Public Management type.

Box 1.1: The Center of Government in Different Systems of Government

As Lijphart (1999: 118) indicates, "parliamentary systems have collective or collegial executives whereas presidential systems have one-person, non-collegial executives." Because many definitions of the CoG emphasize that its institutions provide direct support to the chief executive (James and Ben-Gera, 2004; World Bank, 2010a), these variations in the nature of the executive may imply differences for the CoG as well.

In presidential systems of government, which exist in every Latin American country, the president is the sole authority that leads the administration (Sartori, 1994). In this form of government, ministers serve at the pleasure of the president, who appoints them and decides whether they will continue in their positions. Final authority and responsibility, as well as accountability to the electorate, lie with the president. The role and configuration of the CoG varies for different presidential systems of government (see Alessandro and Gilio, 2013, for comparative studies of the presidential institution in the Americas), but they all share this characteristic.

On the other hand, a collective executive (Cabinet or Council of Ministers) characterizes parliamentary systems, which are prevalent in Caribbean countries. This system applies a principle of collective ministerial responsibility and, thus, the CoG may refer not only to the institution serving the prime minister (the Office of the Prime Minister, or OPM), but also to the Cabinet Office, a broader unit to which the OPM is sometimes attached. In the United Kingdom, the Cabinet Office formally supports the entire cabinet, while the OPM (a unit of the Cabinet Office) reports solely to the prime minister. In practice, however, the boundaries between these offices are not entirely clear and, with more dominant prime ministers, such as Margaret Thatcher and Tony Blair, the full Cabinet Office has worked mainly to support these individuals (House of Lords, 2010).

In the Westminster model parliamentary system (Lijphart, 1999), which exists in the United Kingdom and several of its former colonies, the prime minister has traditionally been dominant and not only a first among equals. Many other parliamentary countries, however, have experienced a trend toward a "presidentialization of politics" (Poguntke and Webb, 2005), in which the prime minister is increasingly dominant over the rest of the cabinet. In such contexts, it appears that the CoG functions are performed by organizations that, in theory, should support the entire cabinet but, in practice, work for the prime minister. It could be argued that supporting and advising the prime minister is a political function, while assisting the cabinet is largely technical and administrative (e.g., organizing meetings, collecting documents, and keeping minutes). Separate units, with different types of staff (political appointees and civil servants, respectively) could perform these functions. However, a clear distinction between political and technical roles is not always easy to draw at the CoG, where much of the work is at the interface between politics and administration (Goetz and Margetts, 1999). Therefore, the actual dynamics may not follow the formal separation of these units. Moreover, in countries where the cabinet, as a collective body, plays a strong policymaking role, CoG support goes beyond purely administrative tasks, as it seeks to ensure the coherence of the decisions adopted by the ministers.

Finally, semi-presidential systems consist of a dual executive, comprising the president and the prime minister, each of whom are usually supported by their own staff. However, since the prime minister and the Council of Ministers make most of the domestic policy decisions, CoG tasks would primarily be carried out on behalf of these principals (James and Ben-Gera, 2004). In Portugal, for example, the expansion of the CoG support structures in the OPM has strengthened the prime minister's role in shaping policy vis-à-vis the president, the cabinet, the parliament, and the political parties, which lack the capacities and resources available to the prime minister (Costa Lobo, 2012). However, presidents more involved in domestic policy, such as former president Sarkozy of France, have expanded the role of the presidential office and its staff (Bezes and Le Lidec, 2011).

Source: Authors' elaboration.

Box 1.2: Defining the Concept of the Center of Government

The CoG refers to the organizations and units that directly support the chief executive (president or prime minister). There are two broad definitions.

A *definition by structure* only includes organizations and units located within the chief executive's office and serving him or her exclusively, such as the Ministry of the Presidency or the Office of the Prime Minister. The position within the structure of the executive branch is the defining criterion.

A *definition by function* also includes organizations and units that perform core, cross-cutting governmental *functions*, such as planning, budgeting, coordination, and monitoring, even if they are not within the chief executive's office and do not serve him or her exclusively.

Source: Authors' elaboration.
Note: In this chapter, chief executives refer to presidents (in presidential systems) or prime ministers (in parliamentary systems). CoG institutions, however, exist also at the subnational level of government, especially in federal systems in which state governments are responsible for important policy areas. Thus, chief executives also include governors and even mayors. Chapter 4 herein focuses on the CoG of the State of Pernambuco, Brazil.

tends to be involved in planning and monitoring government actions.[6] Thus, studies of the CoG in many countries consider these ministries to be part of the CoG. These studies include, for example, Egaña and Chateau (2011) and Dumas, Lafuente, and Parrado (2013) for Chile, House of Lords (2010) for the United Kingdom, and Jensen (2011) for Denmark. In many LAC countries, where focus on fiscal discipline has shifted toward improving delivery and achieving results, the CoG is expected to play a greater role in budget formulation and oversight.

However, other studies, which follow a structural definition, do not include ministries of finance in the CoG. There are examples of this in member countries of the Organisation for Economic Co-operation and Development (OECD) (Ben-Gera, 2004; Ben-Gera, 2009) and in LAC countries (CLAD, 2011).[7] The main reason for this exclusion is that ministries of finance also perform tasks unrelated to CoG functions. Moreover, finance ministers may hold an independent source of authority and power compared to other members of the CoG. This stems not only from their legal authority over budgetary issues, but also from the fact that they may be members of the assembly (in parliamentary systems) or simply from their ministerial status. In some cases, the chief executive and the finance minister are considered a "diarchy" (see Heywood and Molina, 2000, relating to Spain). Consequently, it may not be appropriate to consider the Ministry of Finance just another member of the CoG.

Both sides of this debate present valuable arguments. The fact is that, as an OECD (2007: 13) paper notes, "these ministries perform a dual role within the policy system, both as line ministries with respect to their areas of competence and as horizontal ministries with a special role within the policy system itself." Moreover, both definitional approaches have advantages and disadvantages. On one hand, when conducting cross-country comparisons, a functional definition may be more useful to ensure that all relevant CoG organizations are included in the analysis. In many countries, focusing only on the president's or the Prime Minister's Office would omit the organizations and units actually performing CoG functions to manage the government.[8] On the other hand, expanding the definition of CoG to include all functions of finance ministries may present the problem of losing specificity when speaking of the CoG.[9]

Constitutions and other government organizing laws do not provide for a CoG, so it is unlikely that a single definition will fit every case. For example, it is possible that political dynamics and the relationship between the minister of finance and the chief executive may be relevant considerations when deciding which units form the CoG in a specific country. It is also possible that only some units within the Treasury, such as those dealing with budgetary issues, may belong to the CoG, while others may not fit within its definition.[10] Such delimitations require additional work when identifying the CoG of a specific country. Whenever possible, *focusing on functions performed, rather than structural location, may provide the right answer.*

[6] In addition, the budgetary authority often plays an influential role in policymaking, not only because of its funding authority, but also because it tends to have highly professional staff members that do not change with each administration.

[7] The Latin American Center of Administration and Development (CLAD) uses the term *alto gobierno* (senior level of government) instead of CoG, referring to the units in charge of strategic direction and coordination.

[8] At a subnational level, focusing only on the Governor's Office would present the same problem. For example, in Pernambuco, the Secretariat of Planning and Management (SEPLAG) is the key institution leading CoG functions (Chapter 4).

[9] This is a well-known tension in concept building (Sartori, 1984). Broadening the scope of a concept allows it to "travel" and to compare cases in a variety of settings, but risks blurring the specific phenomenon under study.

[10] In the United States, the budgetary authority is separated from other financial management functions (Schick, 2008). While the first is based within the EOP, the rest (e.g., collecting taxes, supervising the financial system, and advising on fiscal policy) are within a line ministry, the Treasury Department.

Several authors favor functional approaches. Dunleavy and Rhodes (1990: 4) define the core executive as "all those organizations and structures which primarily serve to pull together and integrate central government policies, or act as final arbiters within the executive of conflicts between different elements of the government machine." OECD (2011) takes a similar approach. According to Evans et al. (2010), CoG organizations and units are those that meet any of the following five criteria:

1. Perform core CoG functions.
2. Deal with politically sensitive issues that demand direct engagement by the chief executive.
3. Be responsible for high-priority, cross-cutting reforms (e.g., state modernization).
4. Deal with issues of importance to all ministries and agencies (e.g., gender issues and national minorities).
5. Ensure independence from the line ministry with responsibility for that policy area (e.g., certain regulatory functions).

The definition proposed herein resembles those previously outlined, but it specifies the CoG functions. Evans et al. (2010) do not specify the core CoG functions, and Dunleavy and Rhodes (1990) do not clarify what "pull together and integrate central government policies" means in terms of concrete government activity. The next section presents these CoG functions, based on a review of literature and of international practices.

Functions of the Center of Government

The CoG has the broad, overall government perspective that no line ministry or sector agency can have. It also has the political empowerment granted by its close connection to the chief executive. Therefore, *it is uniquely placed to secure coherent government action to enhance performance, delivery, and results*. The CoG can set priority goals, ensure the consistency of the policies and programs implemented to achieve them, and monitor progress toward the targets. It can also develop a coherent narrative to communicate these actions and engage with citizens. The purpose of the CoG, thus, is to steer government, which *can only be exercised from the center*. In order to meet this purpose, the CoG has to perform certain functions, described in this section.

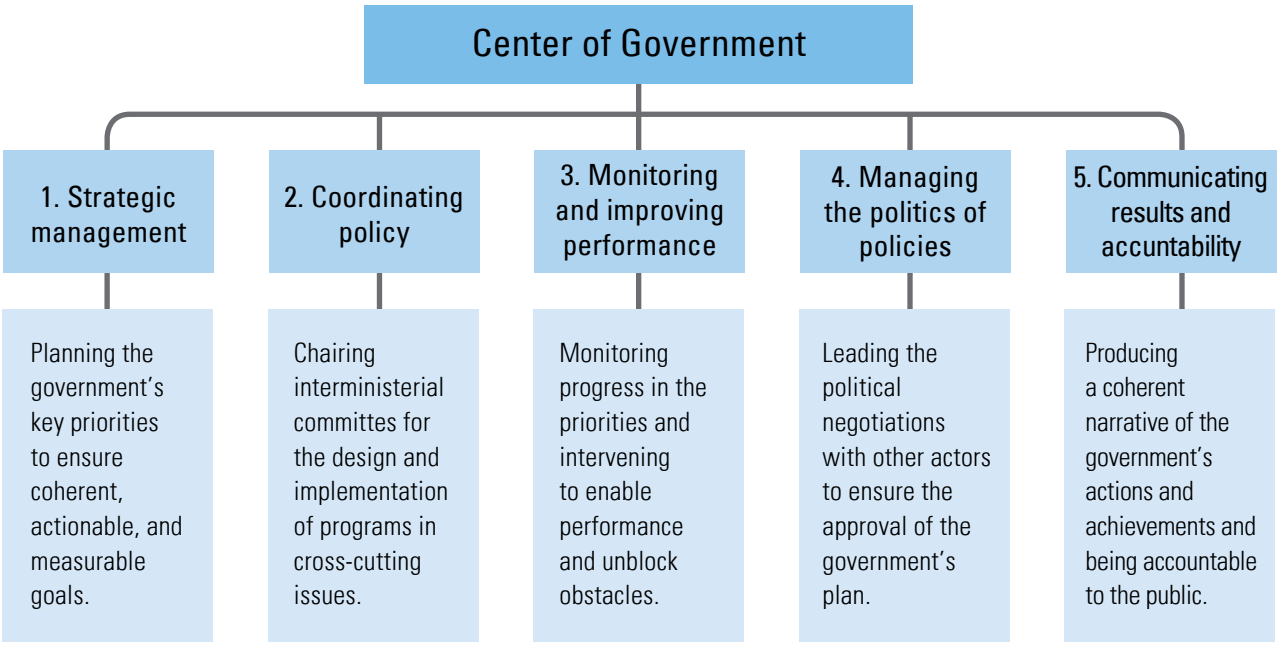
A variety of functions, undertaken by the CoG, are presented in the literature (the Appendix refers to the literature in greater detail). The function most frequently mentioned is coordination, both politically and technically. Coordination has been defined as "the heart of the CoG's mission" (Goetz and Margetts, 1999: 436). However, a fuller and more precise classification of the functions identified in the literature should include: (i) strategic management, (ii) coordinating policy, (iii) monitoring and improving performance, (iv) managing the politics of policies, and (v) communicating results and accountability. Figure 1.1 displays these functions, which closely resemble those identified by CoG officials in OECD countries.[11]

Strategic Management

Presidents and prime ministers are usually elected on a platform that is presented to the voters during the election campaign. Electoral programs vary greatly in their degree of specificity, but they

[11] The main functions identified by CoG officials in an OECD survey are: (i) preparing cabinet meetings; (ii) coordinating policy; (iii) monitoring implementation; (iv) preparing the government program and strategic plan; (v) managing relations with parliament; and (vi) communicating government messages (OECD, 2013a). Functions (ii), (iii), (iv), and (v) are similar to those identified in this publication. Function (i) may be more relevant for parliamentary countries than for presidential countries, in which the cabinet is usually not a decision-making body (Box 1.1). Finally, function (vi) is part of the managing the politics function in this publication, as the CoG also leads political negotiations with other actors in addition to the legislature.

Figure 1.1: Core Functions of the Center of Government



Source: Authors' elaboration.

never have the level of detail needed to become operational without further refinement. To translate their electoral platforms into government programs, chief executives may rely on a trusted team at the CoG to define a government program and to work with departments and agencies to clearly define each area's strategic goals, the proposed actions to achieve them (i.e., programs), the trajectories to be followed, and the indicators that will measure progress. CoGs are valuable in maintaining consistency among the objectives pursued by different agencies and in aligning them with the chief executive's priorities (OECD, 2007). Priorities, however, are not just defined at the outset of the new administration: issues that had not appeared during the electoral campaign will emerge and become government priorities and, therefore, gain CoG attention. Centers of Governments should work in anticipating these emerging challenges through prospective analysis and foresight, as part of the strategic management function. In fact, strengthening the capacity of the presidential offices to perform this forward thinking has been identified as a key avenue for reform in the region (Bitar, 2013). Thus, this function is more dynamic and ongoing than what traditional notions of planning would suggest. *Strategic management* is, therefore, a more appropriate concept.

It is important to emphasize that the CoG does not work on planning all of the government's actions. It should focus on a few strategic objectives that constitute the key priorities of the chief executive and the government (Barber, 2008; Prats i Catalá and Villoria, 2011; Egaña and Chateau, 2011). Being selective is a key attribute. Moreover, the CoG may not have a leading role in defining the *content* of the goals to select, as the sectoral ministries and agencies have the specific expertise.[12] Even so, the CoG can be essential for ensuring the goals are sufficiently

[12] Nonetheless, in certain cases, the CoG is also influential in shaping the specific policies and programs to be implemented by the ministries. In Canada, the Privy Council Office, under the direction of the Office of the Prime Minister and based on the

coherent, specific, and actionable. Objectives that are too broad may let the ministries insert whatever they were already doing within them. This is particularly important in contexts in which ministries may be tempted to pursue their own sectoral agendas.

The CoG also needs to ensure that the budget is synchronized and aligned with the plan in order to meet the chosen objectives (Evans, 2013). A proper linkage between strategic goals and budgetary resources is needed to provide direction to the activities undertaken by departments and agencies. This linkage can take either a sequential approach, in which developing priorities and performance targets is conducted first and the budgeting process follows, or an integrated approach, in which both processes occur simultaneously, which demands greater capacity and better coordinating mechanisms (Haddad, Klouche, and Heneine, 2010). Regardless of the approach, the key task is ensuring that planning and budgeting are synchronized. This linkage is also critical so that budgetary restrictions are always considered when planning the priorities.

Finally, strategic management also helps to sustain a systematic focus for administrations that may be distracted by everyday events and crises (Barber, 2008). The key element is that the plan guides the policy process; if plans only exist formally, decisions may be made on an ad hoc basis, without sufficient prior preparation and analysis. This affects the predictability and quality of the policy review conducted by the CoG. This linkage between the planning phase and the decision-making process does not imply that the same staff should work on both tasks. Although a proper connection between them is needed to ensure alignment of day-to-day decision making with the administration's long-term goals, the literature generally recommends separation between the teams that work on long-term strategic goals and on day-to-day matters.

Coordinating Policy

Public administrations have traditionally been organized along vertical functional lines (ministries), which allow for division of labor, specialization, and budget management, but pose the challenge of fragmentation and lack of cohesiveness of the government as a whole. The coordination function is the response to these potential problems. This is not a novel idea. As early as 1937, Gulick (1937) suggested that coordination could be achieved either by placing the units under the same manager or by instilling a dominant idea of how each sector's work contributes to the whole. *In fact, CoGs were generally established to coordinate government actions*. However, for the reasons mentioned at the beginning of this chapter, coordination is currently a greater challenge for governments throughout the world. Lack of effective coordination can lead to problems being passed by one agency onto another and not being resolved, to unintended duplications that cause confusion and waste, or to an increase in bureaucratic conflicts, among other problematic situations (Gaetani, 2011).

Centers of Government usually perform this function by chairing interministerial committees to ensure articulation of ministries and agencies involved in specific policy areas (e.g., sectoral cabinets for economic or social policy). They can support or facilitate environments for policy coordination to occur (more procedural) or be more involved in the substance of the policies being debated. For example, in the first approach, the CoG contributes to preparing cabinet meetings or other interministerial committees by managing the decision-making

campaign's platform and on the priorities of the prime minister, prepares "ministerial mandate letters." These letters, submitted to the ministers when they take office, outline the main initiatives that the prime minister expects them to implement, with timeframes and details on how to execute them (e.g., in collaboration with other ministries) (Institute on Governance, 2014).

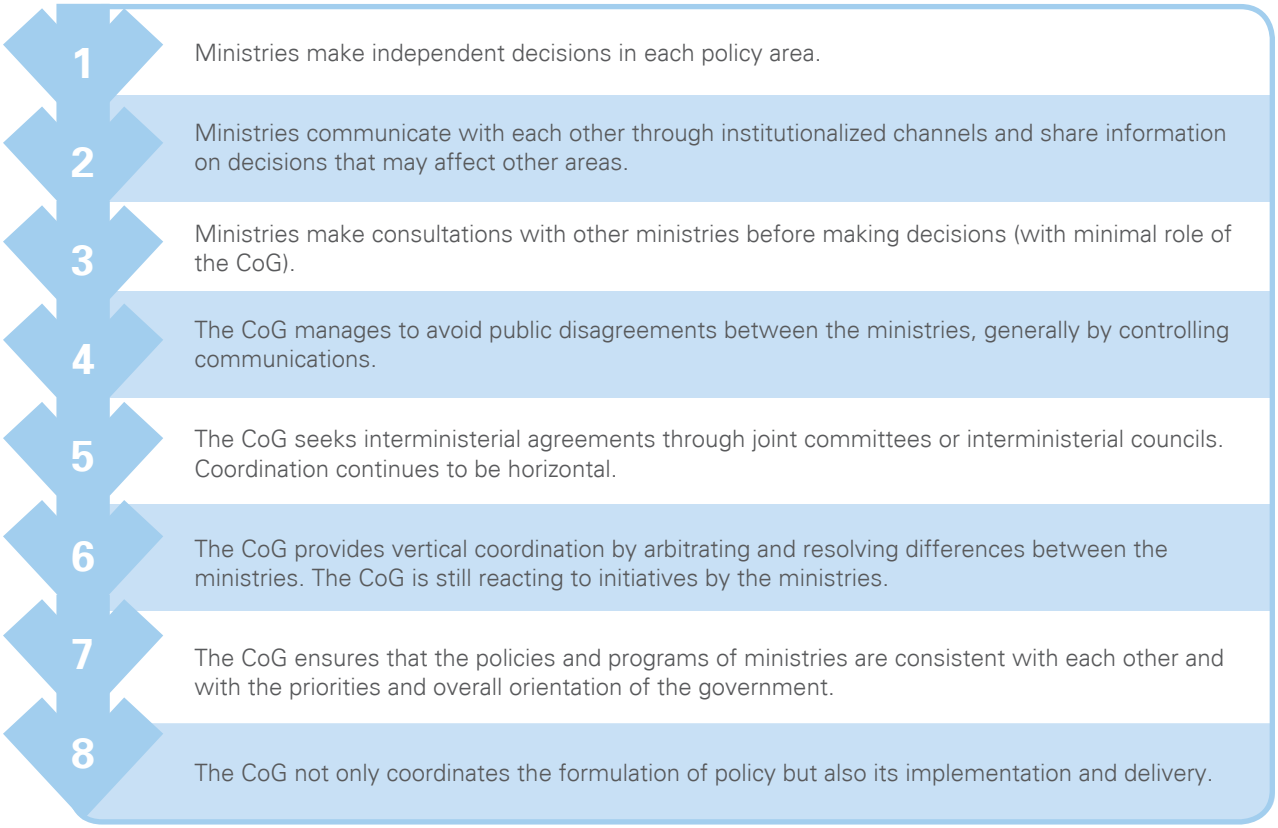
process and enforcing its rules (e.g., collecting the required documents in advance of the meetings, enforcing deadlines, planning the agenda, and ensuring that information is complete and that proper consultations have been followed). In the second approach, the CoG more actively shapes the substance of policies and programs to ensure their consistency and integration with the government's priorities. In both cases, the CoG plays an ex ante screening or gate-keeping role by reviewing the proposed initiatives and regulations, submitted by the ministries for clearance, to ensure their consistency and overall alignment. In OECD countries, regulatory review is often led from the CoG (World Bank, 2010c). In addition, the CoG often oversees the system of internal control of government agencies through a coordinating council or agency.

A policy coordination scale, presented in Figure 1.2, is sometimes used to distinguish different possible levels of coordination in government (Metcalfe, 1994).[13] One is the lowest and eight is the highest level of coordination.

Coordinating the actions of ministries and agencies should not stifle creativity or initiative of the sectors, which could occur if the CoG imposes a rigid orientation on them. After all, it is the sectors that have the expertise in the various policy areas, and powerful chief executives

[13] This scale suggests a linear, cumulative progression toward full coordination. In reality, countries may present higher levels of coordination without having achieved lower ones. Although the scale is useful to understand what is meant by coordination, the relationship between the levels is more complex than the scale suggests.

Figure 1.2: Policy Coordination Scale



Source: Adapted from Metcalfe (1994).

could reduce the quality of policies by trying to micro-manage the entire administration (James and Ben-Gera, 2004). The right equilibrium may be hard to strike, especially because, in practice, the distinction between policy coordination and policy-making may be blurred since policies are frequently made through ongoing interaction between line ministries and CoG organizations (OECD, 2011). The OECD recommends that CoGs coordinate using four tools (Ben-Gera, 2004):

1. Adopting a broad perspective, pointing out to the departments the need to adjust proposals to fit the government's overall orientation.
2. Being guardians of the process by ensuring that proposals are submitted through the appropriate channels and receive the necessary consultations.[14]
3. Resolving conflicts by chairing interministerial meetings when disagreements arise.
4. Briefing the chief executive when these conflicts have not been resolved at the lower level and, therefore, require an executive decision.

In addition to intermediating and arbitrating between ministries, coordination also involves promoting collaboration and multisector approaches with respect to issues that cut across functional boundaries. These may be specific issues in a certain context (such as the response to natural disasters), policy areas that necessarily involve multiple departments (regional integration, public administration reform, civil service regulation), or structural features of the system of government (relationships with subnational governments, particularly in federal systems). Nevertheless, it is important, again, that the CoG selectively focuses specifically on government priorities. The literature warns against placing organizations that have no other natural location within government in the CoG because this may overload the CoG and prevent it from performing its distinctive functions (Peters, Rhodes, and Wright, 2000). However, if issues are critical and cross-cutting, they should rightfully be managed from the center. Therefore, the decision whether to include any of these organizations or units within the CoG depends on their importance to the chief executive at any given time.

Monitoring and Improving Performance

By setting strategic priorities and coordinating policy, chief executives seek coherence in their administrations. A central CoG function is monitoring the achievement of these priorities and intervening to ensure that progress is being made. Monitoring and intervening allow the CoG to assist in producing timely corrections and adjustments that are critical to improving delivery and enhancing performance, a key value added by the CoG's work. In other words, this function involves both the monitoring and the use of this oversight to inform performance improvements. Moreover, monitoring should provide an incentive for ministers to improve performance *before* the chief executive needs to intervene. CoG monitoring does not seek to replace departmental expertise or to directly address broader long-term reforms. It focuses on continuous tracking of a few fairly simple indicators and generally does not involve conducting long-term impact evaluations. Monitoring should detect specific bottlenecks and assist departments in making the necessary adjustments.

As with the function of strategic management, monitoring works best when the CoG can focus on only a few key strategic goals. The

[14] Guardians or custodians of the process also need to promote multiple advocacy to guarantee that alternative options are considered (George, 1980). This relates to the notion of contestability of policies, a key determinant of their quality (World Bank, 2010a). Several tools can be used to ensure that this occurs, including balancing the resources and power of participants, empowering weaker advocates, and setting alternative channels of advice. A more modest approach would at least require a devil's advocate, encouraging a member of the team to challenge conformity and unanimity of opinion (George and Stern, 2002).

ministries and agencies should track progress in all areas within their jurisdiction, but the CoG should only concentrate on the government's main priorities. As stated by Smith et al. (2011: 997), "the center cannot control delivery in all areas and on all policies."[15] Monitoring by the CoG is especially relevant in contexts where implementation is deficient or less reliable (e.g., the proliferation of delivery units discussed in Box A1 in the Appendix), such as in many LAC countries. In addition, CoG oversight is particularly critical if ministerial agendas displace the chief executive's priorities. In these cases, the CoG can be a constant reminder of the government's priorities. Thus, a delivery unit may be a valuable source of leverage for the chief executive.

However, monitoring is mostly about improving performance, not just internal accountability. In this regard, a collaborative approach is generally more effective than an adversarial one.[16] A key element of this function is establishing routines to periodically collect data, review progress, provide feedback to the sectors, and (when performance is lagging behind) intervene to clear obstacles. These routines can include intensive problem solving during the review sessions, short-term support through workshops or the secondment of staff to overcome capacity constraints, Delivery Labs to jointly produce action plans to enhance delivery (see Box A1), or even interim ownership of an issue in exceptional circumstances when there is no natural owner or where capacity is insufficient in the line ministry or agency (McKinsey & Company, 2014). The CoG can impose discipline in solving delivery problems.

The sectors may perceive this as an intrusion from the center, but if the CoG can show the added value and enhance the effectiveness of the sectors, it can gain their trust, develop alliances and, ultimately, have more impact on performance (World Bank, 2010b; Barber, 2008). The interaction between the center and the ministries can be a win–win case. The CoG should play a subsidiary role, supporting the ministries and not seeking publicity or praise for the achievement of results. Moreover, if the ministries fear being exposed and admonished, they may have incentives to report questionable data instead of solving the problems.

Leadership and personal support from the chief executive is also critical to a successful monitoring process. By devoting even a very small part of his or her time (usually the most expensive commodity in government) to meet regularly with the head of the performance unit, the chief executive can clearly signal to the departments and agencies being monitored that he or she is committed to this process. Furthermore, setting permanent feedback mechanisms, including delivery reports, balanced scorecards, regular monitoring meetings within each department, and meetings with the CoG or the chief executive, is essential to performance data being used to make adjustments. Technology currently allows continuous performance monitoring, which is critical to track progress in real time, provide early warnings, and rectify problems. At the same time, it is advisable to minimize the reporting burden by avoiding requests for the same data through different monitoring systems.

Finally, although the functions presented in this chapter are analytically distinct and require different skills and mechanisms, they are logically and empirically integrated. Monitoring

[15] What happens to performance in non-priority areas? Is it neglected or does it benefit from a spillover effect from the focus on delivery and results? There is no evidence yet to answer this. Nonetheless, in Pernambuco (Chapter 4), certain line ministries developed their own monitoring mechanisms after the CoG established one for the priority goals, suggesting that positive spillover effects can occur.

[16] Although certain monitoring systems have adopted—at least in their early stages—a more adversarial tone (see Behn, 2006, regarding CitiStat in Baltimore), relying on policing and punishment could lead to resistance and possibly manipulation of the system or the reporting of doctored data. Moreover, blaming civil servants for insufficient results can lead to problems in attracting and retaining talented staff and can decrease morale in the civil service.

cannot be conducted without strategic planning so that there are goals (with their corresponding trajectories, deadlines, and indicators) to be tracked. In turn, the findings of the monitoring process should feed into strategic management so goals can be reassessed. Therefore, it may be that the unit in charge of monitoring also participates in defining the strategic goals.

Managing the Politics of Policies

In addition to the more technical functions previously described, CoGs also perform a political role. Chief executives must consistently direct the policies of their administrations, while negotiating their approval and execution with a diverse array of stakeholders, including actors within the executive itself (e.g., other parties in the governing coalition, powerful individual ministers, and bureaucrats), other state actors (e.g., the legislative branch and sometimes the judiciary as well), and non-state actors (e.g., civil society organizations, interest groups, unions, and business associations). Leaving these negotiations to the departments could lead to inconsistent policies, since each would be most interested in their own sector agenda, regardless of its impact on overall government strategy. Only the CoG has a cross-government view of priorities and sufficient political bargaining power to lead simultaneous negotiations with multiple actors. Thus, political management is best performed from the center.

In terms of intra-executive political management, dealing with politics is especially relevant in countries where the entities that shape policy have a high degree of autonomy (Peters, 2011). When ministries develop their own sectoral agendas, the CoG needs to ensure that the priorities of the chief executive and the government are not being displaced. In coalition governments, political management is even more relevant (OECD, 1998): all parties may need to be consulted before launching important policies, especially if some parties are not represented in the ministries where these policies were discussed. The CoG can lead these consultations. To do this successfully, CoGs need to avoid being perceived as favoring one or more of the parties in the coalition (Goetz and Margetts, 1999). Impartiality is possible by including representatives of all coalition parties in the CoG, although this may lead to a proliferation of CoG units and coordination problems within the center.

The function of *managing the politics of policies* refers not only to leading the executive branch, but also to ensuring support from the legislative branch and the governing party or parties. In parliamentary systems, party discipline is critical to guarantee the survival of the cabinet (Sartori, 1994). Though in presidential systems the president's term is not tied to congressional support, without it, he or she would not be able to drive policy. Chief executives need policy to be centrally directed to avoid each department lobbying the legislative branch for approval of their own projects, disregarding overall government strategy. The CoG also has a broader perspective of the political situation than the departments, which helps determine the best timing and sequencing of the administration's initiatives. Of course, for part of their agenda, each ministry has to undertake certain political tasks because the CoG cannot—and should not—be in charge of everything. Even in these cases, however, the CoG has to (i) define the general direction of activities and (ii) prioritize issues that it needs to lead itself.

In certain contexts, the chief executive's legal counsel requires political sensitivity, especially if it involves advising on the best strategies to advance the government's policy agenda, such as whether to send a bill to the legislature or to take unilateral executive action.[17] Managing

[17] While in LAC countries the role of legal counsel to the chief executive is often performed by a trusted political advisor, in OECD countries, this activity is purely technical, and thus may not be considered part of the political management function (Ben-Gera, 2004).

the politics of government policies also involves interacting with the private sector and civil society organizations. Anticipating, managing, and resolving conflicts that may arise, such as strikes and protests, is typically a CoG function (Egaña and Chateau, 2011).

Communicating Results and Accountability

When governments set strategic goals, coordinate the design and implementation of policies to achieve those goals, and monitor progress, they can present results to citizens. This is another function usually assigned to the CoG, which is in the best position to provide a coherent and complete account of what the government has done and has achieved. This fulfils a basic democratic principle of allowing access to the information needed to assess an administration's performance. This does not imply that the CoG should communicate every activity of the government, but it should set guidelines for the ministries and agencies in this regard, as well as select the priority issues that it plans to communicate.

The CoG's communication units support the chief executive in speechwriting, managing relations with the press, and providing spokespersons. The CoG also coordinates with departments and agencies on how and when the information should be presented, including establishing rules to ensure transparent and open government. In this regard, it is possible to identify five elements that characterize proper accountability mechanisms (Bovens, 2005).

1. Access to information should be public.
2. Decisions and actions not only should be *informed*, but also *explained*.
3. Explanations must be directed to a particular forum of actors (friends and critics).
4. Accountability is not discretionary but mandatory.
5. Debate of the information and explanations being provided should be possible (two-way communications are an essential element of open governments; Cabinet Office, 2013).

In many countries, the CoG establishes a framework for ministries and agencies and sets the standards in this regard. The role of the CoG, however, may be in tension. On one hand, the CoG directly supports the chief executive and may want to exaggerate positive results and minimize or hide negative ones. On the other hand, it has the duty to openly and transparently communicate the administration's activities and achievements and, in certain cases, this can be useful to encourage better performance from departments (Kettl, 2011). For example, community-based monitoring has been found to improve outcomes for certain programs (Björkman and Svensson, 2009).[18] There is built-in tension in the CoG: some forces lead it to protect the chief executive's image at all costs, while others lean toward full transparency.

Ben-Gera (2004) points out that this tension between the duty to provide information and the need of any administration to "sell" its policies to the public can lead to a separation between the units in charge of information and those in charge of communications. The latter can be placed in the chief executive's closest unit (such as the OPM), which is generally composed of political appointees, while the former can be housed in another area of the CoG and managed by career civil servants. Nonetheless, the lines separating the chief executive's closest unit and the rest of the CoG are often blurred, and there is no guarantee

[18] In LAC, two Brazilian states, Minas Gerais and São Paulo, have used the Promise Tracker, a tool developed to help monitor delivery of campaign promises. For example, using their mobile phones, citizens can collect data on the progress of a certain promise (i.e., taking pictures at the site of a proposed school) and report when it has not been fulfilled. (See http://civic.mit.edu/promise-tracker.) Such monitoring should provide further incentives for governments to improve delivery.

that rigid separation between information and communications can be maintained in practice.

Finally, it is important to highlight that excessive focus on media reaction can affect the CoG's capacity to perform some of its other core functions. Dählstrom, Peters, and Pierre (2011) find that CoGs may become too fixated on how issues are presented in the media, leading to inconsistent government actions that try to respond to the daily news cycle. This outcome conflicts with the CoG's main functions of defining an overall strategy, coordinating its implementation, and monitoring its progress.

Structure

According to the functional definition of CoG proposed herein, CoG organizations are those performing the functions described above. There are important variations across countries in the way CoGs are organized to perform these functions, depending on constitutional provisions, institutional constraints, and administrative traditions. Within the same country, different chief executives structure their CoG in different ways, based on their personal preferences or political realities. Sometimes, the same individuals have modified the organization of the CoG at different times during their tenure. Despite the different institutional structures, the literature identifies a number of units that are typically present in the CoG (Aninat and Rivera, 2009; Ben-Gera, 2004; Peters, Rhodes, and Wright, 2000; Villoria, 2011). The following eight types of units can be identified as most common.

1. Chief executive's support units

These are the offices that directly support the president or the prime minister, including political and logistical assistance. Logistics may include managing appointments, scheduling, handling correspondence, and other types of personal assistance. Political affairs include the tasks related to *managing the politics* (see *Managing the Politics of Policies* section above). Chiefs of staff, political advisors, and offices of legislative affairs are usually in charge of these tasks. Several countries have strengthened these political capacities in recent years (Dahlström Peters, and Pierre, 2011). Politicization has been adopted to increase the steering ability of chief executives. However, the literature also provides examples of cases where politicization has led to increased patronage and not to greater coordination (Stolfi, 2011).

2. Strategy units

Certain countries have CoG units devoted to preparing the government's priority initiatives as part of the *strategic management* function. Although they should work closely with other policy units to link strategic priorities to policies and programs, these units usually do not have day-to-day responsibilities, as they focus on establishing the medium- and long-term goals of the administration. Some regard these units as an internal consultancy or think tank that assesses the country's strategic priorities (House of Commons Select Committee on Public Administration, 2007). In many cases, the broader function of running a comprehensive planning system for the government (not only the priorities) is left to a planning ministry, although in certain cases, both roles are performed by the same unit.

3. Policy coordination units

These units perform the *coordinating* function. They generally chair or act as technical secretariats of the Council of Ministers (especially in parliamentary countries) or of sectoral interministerial committees. These committees focus on broad policy areas or on specific cross-cutting issues, and the CoG units may facilitate their work or be more involved in directing the substance of

the policies under discussion. Chief executives can also establish other types of units, such as coordinating ministries (or super-ministries), or appoint ministers without portfolio (or czars). Unlike the ministries and agencies they seek to coordinate, however, these units do not have direct operational responsibilities and, therefore, may need to be proactive to establish their role.

4. Performance monitoring units

These units are responsible for the function of *monitoring and improving performance*. In many countries, the same unit also provides *strategic management* because of how connected these two functions are. In recent years, several countries have adopted the delivery unit model by establishing a unit close to the chief executive that tracks progress in the government's priorities. These units, nonetheless, vary greatly in terms of their mandate (how much they intervene to clear bottlenecks) and of the size and profile of their staff.

5. Communications units

This office is in charge of the *communications* function. It coordinates the government's message to ensure a consistent narrative of the actions of the different ministries and agencies. It may also be responsible for researching public opinion, adopting new communications technologies, reviewing departmental communication plans, approving public campaigns proposed by the departments, and managing crisis communications (Glenn, 2014). In certain countries, this unit is separate from that in charge of the chief executive's communications.

6. Policy advisory units (and individual advisors)

Although all of the CoG units provide advice to the chief executive in one form or another, there may be specific advisory units or individual advisors charged with this task. The chief executive may use these advisors for different roles, depending on specific circumstances and the profile of the advisors. In many cases, these individuals have sectoral expertise, so the chief executive can diversify his or her sources of information and not rely strictly on the ministries. Since chief executives generally do not design policies from scratch but choose from alternatives presented to them, policy advisors can have a critical role reviewing and probing the alternatives presented by the departments (Arriagada Herrera, 2012; Ponder, 2000; Pfiffner, 2009).

In some cases, it may not be easy to differentiate between policy advisors and those who perform certain political tasks; thus, individuals in the same formal position may have different responsibilities. It is also possible that the chief executive's closest aides are performing both political and policy functions, or what Rockman (2000) calls "omnibus advisory functions", since policy crafting and political maneuvering may need to be connected.

7. Legal counsel units

Legal counsel reviews the legality of the proposals sent by the departments to the chief executive. Chief executives sign bills into law or veto them, issue decrees and regulations, produce intra-executive directives, and can usually send bills to the legislature for consideration. Advising the president or prime minister on these matters is both a technical and a political function that traditionally falls to the CoG.

8. Budget units

Budget offices are usually located within the Ministry of Finance; however, regardless of their institutional location, the *functions* they perform are relevant to the CoG. For example, strategic management and performance

monitoring involve budgetary planning and allocation, which are the responsibility of budget units. Therefore, from a *functional* perspective it is possible to consider them part of the CoG. Moreover, with the shift in many LAC countries from a focus on fiscal discipline and responsibility to one based on delivering results and improving services (but still ensuring fiscal responsibility), the CoG is expected to play a greater role in budget policymaking and oversight (including performance monitoring), although not in budget implementation and financial management, still the responsibility of the Ministry of Finance.

Though these eight types of units are generally in the CoG, they are not always present in the same way. In certain cases, each unit is responsible for a separate function (e.g., planning, coordination, and monitoring) for all of the government's priority areas. For example, in the United Kingdom, the Prime Minister's Delivery Unit *monitored and improved performance* in all of the government's priority areas (education, health, crime, and transportation). In other cases, CoG units are organized along policy lines, so each unit performs several of these functions for a certain policy area. For example, in the United States, the National Security Council (NSC) is responsible for planning, coordinating, monitoring, and communicating foreign policy and national security. Thus, the CoG units may be organized by function or by policy area.

In terms of hierarchical organization, two general types can be identified. In "pluricephalous" CoGs (Goetz and Margetts, 1999), several senior appointees are heads of separate organizations at the center. In a "monocephalous" structure, all CoG units are under a single head of office, such as a secretary-general or chief of staff. Another way of defining these alternatives is to divide them into "integrated" CoGs, when all of their units are part of the same entity, and "nonintegrated" CoGs, when different organizations carry out their roles independently (Haddad, Klouche, and Heneine, 2010). Regardless of these institutional variations, *the key element is that the functions are performed and are performed effectively*.

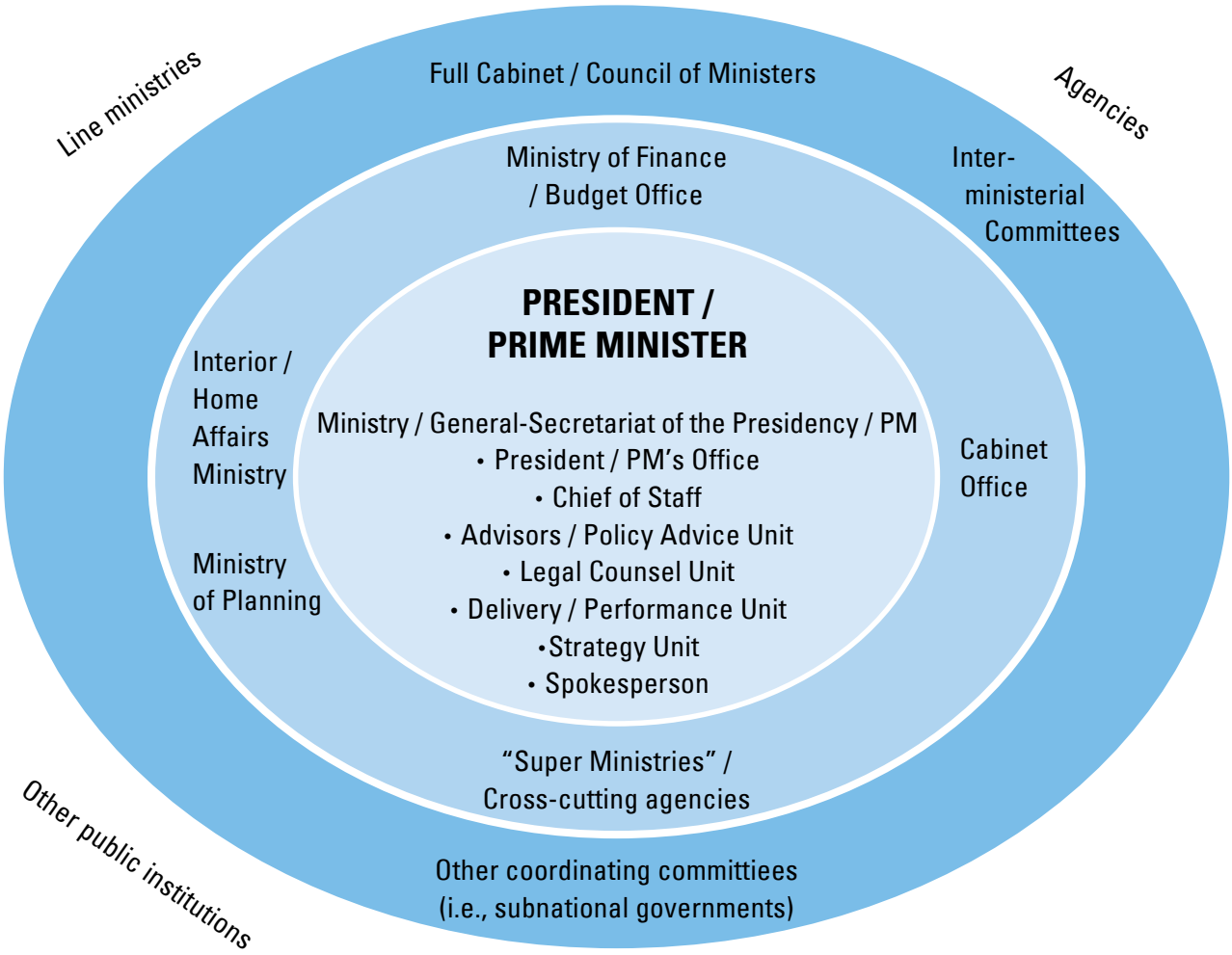
Figure 1.3 illustrates the configuration of a typical CoG. Most visual representations of a CoG in the literature follow the usual organizational chart. The problem with such representations is that they tend to focus on a unit's position within the government structure (whether it is or is not within the presidential or prime ministerial realm) instead of analyzing whether it performs CoG functions or not. Therefore, this publication proposes an alternative way of representing the CoG, using concentric circles.

The inner circle—or strategic core—of the CoG includes the organizations and units that, in almost every case, are present in the center:

- The chief executive with his or her private office and policy advisors.
- The Ministry or General Secretariat of the Presidency, or the Chief of Staff when this figure exists.
- The communications units, including the chief executive's spokesperson.
- The legal counsel units.
- Certain institutions that, when they exist, are close to the chief executive, such as strategy units (which are involved in strategic foresight and prospective analysis, as well as in planning the chief executive's priorities) and delivery and performance units.

The next circle includes other organizations that perform CoG functions, but that are also responsible for non-CoG tasks, including ministries responsible for political affairs, such as ministries of the interior or home affairs, and ministries of finance. Although these ministries usually also perform non-CoG functions (such as providing internal security or collecting taxes) some of their units support the chief executive in managing political or technical CoG functions, and, therefore, are part of the CoG. This circle also includes the following:

Figure 1.3: Concentric Circles of the Center of Government



Source: Authors' elaboration.

- Ministries of planning, which often have a broader role (i.e., developing a comprehensive planning system for all government activities), but also perform CoG functions related to planning the government's priorities.
- Cabinet offices, which may play an important coordinating role in parliamentary countries, but not necessarily in presidential systems.
- Super-ministries that coordinate an entire policy area.
- Other whole-of-government ministries and agencies that deal with cross-cutting issues.

Finally, the outer-circle includes organizations and units that, in different contexts, may or may not be part of the CoG. For example, the cabinet or council of ministers is usually a key body that coordinates the adoption of policies in parliamentary countries. In certain presidential systems, however, the cabinet may meet only ceremonially or not meet at all. Similarly, some countries extensively use interministerial

committees to coordinate policy design and implementation in cross-cutting issues, steered by core CoG stakeholders (inner circle). In other contexts, interministerial committees may exist only intermittently or formally, with no real decision-making authority, or they only respond to a particular sector ministry's agenda and, therefore, do not represent an effective coordination mechanism.

Outside of the circles are the line ministries, government agencies, and other public sector institutions, which are responsible for each policy area and for service delivery.

As previously mentioned, this description of typical units does not apply to any specific country. Multiple institutional arrangements are possible to structure the CoG tailored to the specific context. There is no one-size-fits-all approach to organizing the CoG. For example, a separate unit may not perform monitoring performance; the same unit can provide both policy coordination and performance monitoring for a certain policy area (e.g., economic policy or social policy). *What is critical is that the functions are performed, regardless of which organizations and units are responsible*. If these functions are performed from the CoG, the center will be able to steer the government's overall direction, ensure policy coherence, improve performance, and communicate achievements, among other benefits. Chapter 2 assesses how the CoGs in LAC are performing their work.

2

The Center of Government in Latin America and the Caribbean

Chapter 1 has defined the Center of Government (CoG) and has provided a benchmark for the performance of its core functions. Chapter 2 presents exploratory empirical evidence to assess how the CoGs in the Latin American and Caribbean (LAC) region are performing these functions. Based on a survey undertaken of current CoG officials, experts, and former practitioners, this chapter compares *actual CoG performance in LAC countries* to the practices discussed in Chapter 1 that enable effective CoG functions. This preliminary analysis suggests that CoG institutions in the LAC region are significantly limited in performing their key functions, although there is substantial heterogeneity across the various countries. The analysis of regional trends presented here informs the agenda for strengthening CoGs in the region proposed in Chapter 5.

In addition, this chapter proposes a CoG Institutional Development Matrix (IDM), which is a tool that operationalizes the conceptual framework presented in Chapter 1. The IDM is also informed by the findings of the survey, which suggest critical elements to strengthen CoGs in LAC countries. Thus, the IDM can contribute to the assessment of each CoG's strengths and weaknesses, identifying those specific aspects in which performance is lagging. These assessments are essential to tailoring actions to strengthen CoGs in different countries. For LAC countries seeking to improve the performance of their CoG institutions, the IDM can be a valuable self-assessment instrument. Moreover, the IDM provides a tool to enhance the empirical analyses initiated by the survey that is presented in this chapter.

Practice and Performance

This chapter presents the first exploratory empirical evidence produced, so far, on the current situation of CoG institutions in the LAC region. The evidence is based on a survey of key CoG organizations in 12 countries[19] and of experts (mostly former senior CoG officials) in 13 countries.[20] In total, data were obtained from 17 countries. The survey sought to investigate

[19] Argentina, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Panama, Paraguay, Peru, and Uruguay.

[20] Argentina, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, and Uruguay.

the structures, processes, and activities of CoG organizations in each country to assess their performance in LAC countries. Respondents were asked to provide information about the *actual* work of the CoG in each country, rather than on the formal mission of its organizations and units. Several open-ended questions were included in the survey to get a more nuanced and complex view about the work of these institutions.

The data is presented here as general trends for the region. The heterogeneity that exists in some of the functions makes it difficult to identify common themes, especially as CoGs seem to be at different stages of development across countries. Country-level analyses are beyond the scope of this chapter and of the available data, so an analysis of broad regional trends was preferred. Nonetheless, in addition to regional trends, relevant country experiences in LAC are briefly described for three of the functions: strategic management, coordinating policy, and monitoring and improving performance.

Strategic Management

As discussed in Chapter 1, one of the key elements of this function is the existence of a government plan with a small number of clear priorities and protocols to guide the ministries in defining these goals. In particular, each priority sector should propose specific steps to achieve the priorities through programs or other means, appropriate performance indicators and targets to show if the priorities have been met, and the trajectories to be followed. Three-quarters of the surveyed countries have a government plan or other document that defines an orientation for the policies to be implemented during the term of the chief executive,[21] which usually includes not only general priorities but also specific targets (although only a few cases describe the indicators for tracking progress). These plans are drafted when the chief executive is in office, so they are officially sanctioned documents (unlike electoral platforms or proposals made before taking office). The president or prime minister and certain CoG organizations generally make the final decisions relating to the contents of the plan, but the ministries and agencies (and sometimes the parties in government) also participate in their elaboration.

Despite the existence of government plans, in only a few cases does the plan appear to guide policy by aligning, for example, the government's budget with the goals defined in the plan. In several cases, many relevant policy decisions adopted by government were completely absent from the plans. Though unforeseen topics or initiatives will always arise, generally, policymaking should not be guided by the unexpected. In most countries, then, there is limited or purely formal activity of strategic planning. It is unlikely that a *pro forma* planning exercise can produce strategic coherence to the government action, which is the ultimate purpose of this function.

Coherence can also be affected by the *duplication* of planning instances, when different organizations and units (inside and outside of the CoG) are involved in strategic planning. This phenomenon also occurs in LAC. Moreover, in many cases, sector-specific plans are not aligned with the general government plan led by the CoG which, again, defeats the purpose of ensuring coherence.

In turn, the government plan is not usually revised using established processes to include updates. Adjustments are generally made implicitly, driven either by a communication from

[21] In addition, approximately a third of surveyed countries have a long-term national development plan. In OECD countries, the percentage of countries that conduct strategic planning, and long-term planning in particular, are very similar to those in LAC (OECD, 2013). Note that the survey data from the OECD includes mostly countries that belong to the organization, but also a few that are not yet members.

the chief executive stating new priorities or by the annual budget allocation process. Thus, the most dynamic aspect of the strategic management function—which is not limited to an initial planning activity, but is a continuous exercise and systematic examination of how to get from the present situation to the desirable one—is virtually absent in all surveyed countries.

Finally, aside from macroeconomic analysis by ministries of finance, in only a few countries are governments conducting prospective analysis and strategic foresight (important to anticipate future challenges and to adapt the government's plan to new circumstances) and, even in those countries, the process is only now emerging. For the whole of government and most policy areas, however, there are no institutionalized mechanisms for this type of analysis.

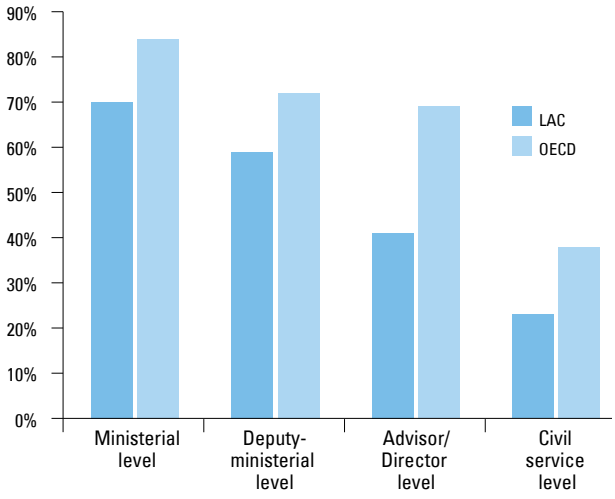
Overall, the performance of the strategic management function appears to be moderately low. A few countries have made greater progress in establishing actionable government plans but, in most cases, there is a limited role of the CoG in providing strategic guidance to the government's priorities. These findings are in line with analyses that specifically included the study of the strategic planning function in the LAC region[22] and they suggest that there is room for improvement. In addition to these regional trends obtained from the survey data, Box 2.1 briefly describes some relevant experiences of strategic management in LAC.

Coordinating Policy

The large majority of countries have bodies whose mission is to coordinate the whole of government or, at least, certain specific policy areas (e.g., sector committees or cabinets that bring together the relevant ministries on a certain issue). In 70 percent of countries, this coordination exists at the level of ministers, in 59 percent at the level of deputy-ministers, in 41 percent at another political level (i.e., advisors), and in only 23 percent at the civil service level. Comparatively, in the OECD, coordination at the ministerial level exists in 84 percent of countries, at the deputy-minister level in 72 percent, at the director level in 69 percent, and at the civil service level in 38 percent (OECD, 2013). Figure 2.1 summarizes the level at which policy is coordinated in LAC and OECD countries.

However, again, formal existence of a coordinating unit does not imply actual or effective performance of this task. In fact, in many LAC countries, the decision-making channels are frequently informal, ad hoc for each issue, and without the necessary consultation of all the relevant stakeholders. In these cases, the CoG has not adequately established coordinat-

Figure 2.1: Policy Coordination at Different Levels in LAC and OECD Countries



Sources: Authors' elaboration; OECD (2013).

[22] An IDB study of performance management in 24 LAC countries (Sanginés and Kauffman, forthcoming) estimated an average regional performance of 2.7 points out of a maximum of 5 for this component of strategic planning in 2013. This was a modest improvement from 2007, when performance was 2.3 points.

Box 2.1: Relevant Experiences in Strategic Management

The value of using a functional definition of the CoG becomes apparent when analyzing the performance of strategic management in LAC. In many countries, responsibility for the formulation of the government's plan lies in a unit outside of the presidential office. A structural definition would miss these organizations; however, since they perform this key whole-of-government function, these organizations should be regarded as part of the CoG.

In Colombia, the National Planning Department (Departamento Nacional de Planeación or DNP) has traditionally been the main actor within the CoG. It is responsible for leading the government's strategic management, including budgetary planning. In recent years, certain units or positions within the presidency (such as the High Presidential Counsellors) have been created or their role has been expanded, producing a partial overlap with DNP (OECD, 2013b; Querubín and Dorado, 2013), but the DNP still has primary responsibility for strategic management.

The Ministry of Planning, Budget, and Management of Brazil is another example of a strong planning institution located outside the presidency. This ministry is responsible, together with the Casa Civil (Office of Chief of Cabinet), for working with ministries and agencies to define the goals and targets of the president's priorities (dos Santos, 2013). Its authority over budgetary planning favors the connection between the plan and the allocation of resources. Nevertheless, there is some duplication in the exercise of this function. The Secretariat of Strategic Affairs, based in the Presidency, is in charge of long-term planning, and there are still other organizations and units (e.g., the Ministry of Finance or the Institutional Security Cabinet, a unit that directly advises the president on security issues) conducting tasks of strategic management, including prospective analysis for their respective policy areas.

As in Brazil, the Ministry of National Planning and Economic Policy (Ministerio de Planificación Nacional y Política Económica or MIDEPLAN) is responsible for strategic management in Costa Rica. However, MIDEPLAN has no jurisdiction over budgetary planning, which may explain the limited linkage between the plan and the budget (Comptroller General of the Republic of Costa Rica, 2012). Nonetheless, MIDEPLAN has restored some of its capabilities in recent years, after a loss of relevance in the 1990s when the traditional notions of planning went into disfavor (Gallardo, 2013).

Uruguay is one of the few cases in which the strategic management unit, the Office of Planning and Budget (Oficina de Planeamiento y Presupuesto or OPP) is based in the Presidency. However, this formal proximity has not implied a stronger influence over the policy cycle; the Ministry of Economics and Finance has usually led the strategic management function (Lanzaro, 2013). In many LAC countries, a legacy of economic crises means that ministries of finance have developed capabilities not present in other organizations and, thus, they have a prominent role in performing technical functions.

At the subnational level, Chapter 4 presents the relevant case of Pernambuco. In its management model, strategic planning and budgetary allocation are integrated by the leading role of the Secretariat of Planning and Management, a key CoG institution. Each of the priority goals defined for the governor's term in office has its correspondence in the Annual Budget Law (Lei Orçamentária Anual or LOA), so the plan actually guides the allocation of resources. Effective and periodic monitoring of progress leads also to adapting the goals to changes in context, unexpected obstacles, or new demands.

Source: Authors' elaboration.

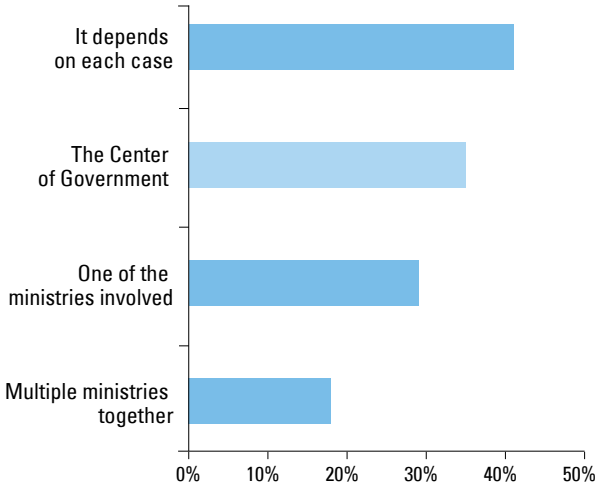
ing mechanisms to exchange information, collaborate, or make decisions in priority sectors that involve multiple ministries and agencies. As guardian of the process, the CoG should at least verify that the ministries have proceeded with those consultations before submitting their proposals.

In most cases, however, the situation is more complex. There are coordinating bodies and mechanisms that are functioning, but they cover only certain policy areas (e.g., social policy), are generally led by one of the sector ministries, may not have regularly scheduled meetings, or are often overlooked by the chief executive on issues where he or she prefers to act bilaterally with each minister (in fact, bilateral interactions with the ministers are the preferred form of decision making in the surveyed countries). In these cases, the coordination function is exercised partially, without being consolidated or institutionalized for all priority governmental activities, and it tends to focus on policymaking, with less attention devoted to coordination during implementation—perhaps one of the most difficult tasks in the public sector.

In approximately half of the countries in the LAC region, the full cabinet or council of ministers is considered an important decision-making body. However, in most of these cases, the cabinet receives limited technical support from CoG units to prepare meetings and monitor agreements, which limits the CoG's ability to effectively produce consistency in government action. On the other hand, in over 80 percent of OECD countries, cabinet meetings are one of the main channels to discuss policy issues, and in over 90 percent, the CoG is responsible for coordinating the agenda for the meetings. In over half of OECD countries, the CoG can return items submitted by the ministries if they do not conform to procedural or substantive standards, such as alignment with the government plan, regulatory standards, or costing (OECD, 2013).

It is important to note that all LAC countries pursue policies that bring together multiple ministries or agencies for design or implementation and that, in many countries, these have multiplied in recent years.[23] Governments recognize the need to address certain problems outside the logic of separate ministerial silos. However, the weak systematization of coordinating mechanisms implies that, in general, collaborative processes depend on the ability and willingness of the participating agencies to coordinate in each specific case. In fact, the CoG plays a leading coordinating role in interministerial initiatives in only 35 percent of the surveyed countries. In the other cases, in practice, this is left to the ministries themselves, or it varies in each situation, with no systematic procedure (Figure 2.2). There is no directly comparable data from the OECD, but it should be noted that in 97 percent of those countries, there is a CoG role in coordinating the implementation of interministerial initiatives in terms of facilitation or support (81 percent) and/or leadership (44 percent). Moreover, in 59 percent of LAC countries, the CoG does not provide incentives (either financial or in terms of joint performance targets) for ministries and agencies to coordinate, a figure that is significantly higher than that of the OECD (16 percent). Figure 2.2 shows the percentage of LAC countries where specific actors are responsible for coordinating implementation of interministerial initiatives.

Figure 2.2: Responsibility for Coordinating Implementation of Interministerial Initiatives in LAC Countries



Sources: Authors' elaboration.
Note: The total exceeds 100 percent because respondents could indicate more than one option.

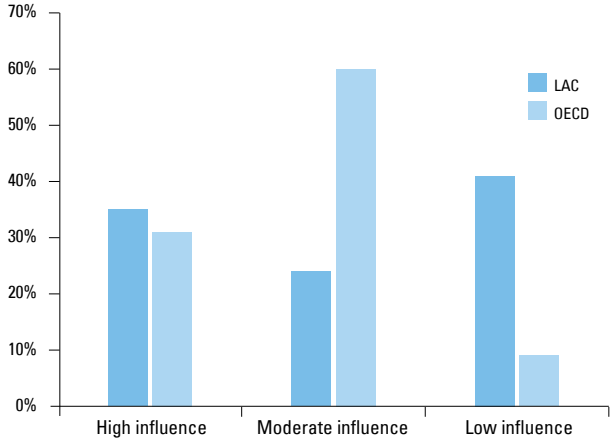
In terms of advising and supporting the chief executive in making high-level decisions, only some CoGs are staffed with advisors that specialize in key policy areas; many others include only generalists that have to cover all sectors. This lack of specialization in the technical areas of the government's key priorities can harm the CoG's ability to analyze and investigate ministerial initiatives and, thus, advise the chief executive appropriately. It should be noted that, in certain

[23] In terms of dealing with cross-cutting issues, most governments have made a CoG organization or unit responsible for government modernization. On other issues, such as regulating the civil service, relations with subnational governments, coordinating international affairs, and responding to natural disasters, there is more heterogeneity, with some countries placing them within the CoG and others under the responsibility of a line ministry.

contexts, ministers may perceive specialized advisors as competition and thus a source of conflict; therefore, chief executives may choose to avoid this potential conflict when structuring their staff.

In summary, coordination is clearly a function where there is considerable potential for improvements in the region. The main obstacle appears to be the preference of many chief executives to manage government bilaterally, which may hinder the ability of the coordinating mechanisms and bodies to fully perform their tasks. In fact, in most cases, the CoG does not provide incentives for ministries and agencies to coordinate their actions. Nonetheless, it may also be a problem of capabilities or weak political empowerment by the chief executive. In 41 percent of LAC countries, the CoG is regarded as having "low influence" over ministries and agencies to promote their coordination, while in the OECD this figure is only 9 percent (OECD, 2013). Figure 2.3 shows the influence of the CoG on ministries in fostering coordination in LAC and OECD countries. Box 2.2 briefly describes these regional trends, as well as some relevant experiences of coordinating policy in the LAC region.

Figure 2.3: Influence of the Center of Government in Coordination in LAC and OECD Countries



Sources: Authors' elaboration; OECD (2013).

Monitoring and Improving Performance

As discussed in Chapter 1, strong performance of this function requires continuous and robust monitoring of progress in the key government priorities, with systems that allow real-time and accurate tracking of output, outcome, and value-for-money indicators. Except for a few cases where this function is highly developed, monitoring mechanisms in the surveyed countries are generally limited to budgetary indicators (based on inputs and/or processes rather than output or outcome indicators) overseen by the ministries of finance or mechanisms that rely on reports produced by the ministries and agencies for other indicators, without the ability to check the validity of the data being submitted. Thus, the CoG appears to be limited in its ability to systematically monitor the chief executive's priorities, especially when these have been defined as outcome-oriented goals.

This does not imply that monitoring systems have not been established; in most countries, they have, with two-thirds of the countries reporting the existence of a unit or units in the CoG responsible for monitoring performance. In fact, in certain cases, there are multiple CoG organizations that monitor the performance of ministries and agencies, which may lead to a duplication of efforts and to "monitoring inflation", which burdens the ministries and agencies with repeated instances of progress reporting. The key issue is the effectiveness of monitoring, particularly in terms of enhancing performance. For example, few countries have established mechanisms to use the performance information in regular feedback meetings between the CoG and the relevant ministries and agencies to assess performance and discuss changes. Without those feedback mechanisms, it is unlikely that the data can be used effectively to correct problems and improve performance. In a few cases, however, there is a more systematic use of performance indicators with feedback processes between the CoG and the ministries. Even in these countries, there are weaknesses in these

Box 2.2: Relevant Experiences in Coordinating Policy

Difficulties in coordinating policy have led several LAC countries to develop new approaches to this function. Before 2010, Chile, as described in detail in Chapter 3, had a very large number of coordinating committees that existed only formally, having lost their influence in terms of policymaking. Coordination was weakened by this situation. To address this problem, after 2010, the Ministry of the Presidency, through its Interministerial Coordination Division, consolidated the multiple sectoral committees into three main ones: Economic Development Committee; Social Development Committee; and Committee on Infrastructure, Cities, and Territory. The Interministerial Coordination Division chaired these committees to ensure their work aligned with the overall government strategy and to avoid the risk that sectoral ministerial agendas would displace government priorities.

Ecuador took a different approach to strengthen this function. As part of a broader reorganization of the executive branch,[a] it established six coordinating ministries that report directly to the president: Economic Policy; Social Development; Production, Jobs, and Competitiveness; Security; Knowledge and Talent; and Strategic Sectors. These ministries are responsible for coordinating the work of the multiple organizations involved in each of these policy areas (Muñoz, 2012; Government of Ecuador, 2007). Honduras also created super-ministries and adopted a similar configuration of seven sectoral coordinating ministries in 2014 (Government of Honduras, 2014). In 2011, the president of Peru created the Ministry of Social Development and Inclusion (Ministerio de Inclusión y Desarrollo Social or MIDIS), which aims to strengthen coordination in social policy.

Coordinating entities with no direct operational responsibilities may have difficulty aligning the organizations they seek to coordinate (Destler, 1996). Furthermore, in the case of MIDIS, some of these organizations are other ministries, such as those for education or health, which have the same rank, thus limiting the effectiveness that coordinating ministries can have (Lafuente et al., forthcoming). The Office of the Chief of Cabinet (Presidencia del Consejo de Ministros or PCM) in Peru has made other attempts toward strengthening policy coordination, such as reestablishing a Coordinating Committee of Deputy Ministers as a body intended to produce inter-sectoral coordination. Nonetheless, the frequent changes in the senior positions of the PCM may have reduced the effectiveness of these mechanisms (see Chapter 3 for the importance of continuity in CoG institutions to enhance their influence).

Interministerial committees or sectoral cabinets exist in many countries. In 2010, Costa Rica established four presidential committees (Citizen Security and Social Peace, Social Welfare and Family, Competitiveness and Innovation, and Environment), chaired by the president, to articulate these sectors (Pallavicini, 2013). However, a review of this reform has noted that their agenda was not fully aligned with the objectives of the government's plan (Presidency of the Republic of Costa Rica, 2011), indicating the importance of properly connecting the different functions of the CoG to improve performance. The Dominican Republic also has sectoral cabinets, but only some of them were regarded effective in this role (Hernández Medina, 2013). As indicated previously, coordinating bodies with no direct operational jurisdiction tend to experience difficulties establishing their role.

Source: Authors' elaboration.

[a] This reorganization included the creation within the presidency of four secretariats responsible for tasks very similar to the functions identified in the Practice and Performance section of this chapter: Political Management; Planning and Development (responsible for strategic management and performance monitoring); Communications; and Public Administration (responsible for cross-cutting public management issues).

processes (e.g., in the information management systems that should allow performance to be monitored in real time or that relate to the employee training needed for an analysis of these data).

As discussed in Chapter 1, exercising this function also includes identifying agencies with substandard performance and helping them clear the obstacles before problems become crises. While some CoGs work to clear managerial or political obstacles, it appears that there often is not enough technical expertise or capacity in the CoG to provide such assistance. There are usually no established routines to rapidly provide assistance that could improve performance when results are not being achieved. Of the surveyed CoGs, 65 percent do not have processes in place to help sectors improve their performance right after a problem is detected; the other 35 percent do have some process in place, including (i) having regular feedback meetings between the CoG performance unit and the ministries and agencies to discuss corrections; (ii) providing additional resources or management solutions to the ministries or agencies with problems; and (iii) forming work groups to deal with persistent or critical issues.

Nonetheless, it is less clear that these mechanisms effectively operate for all priority areas. Therefore—and despite the progress made in performance management in the region in recent years—development of this function is still limited in most of the region. A few countries have established more advanced units and processes to monitor and improve performance, following an international trend in this direction. These experiences could influence similar improvements in countries that have little development in this function. In addition to these regional trends obtained from the survey data, Box 2.3 briefly describes some relevant experiences of monitoring and improving performance in LAC.

Managing the Politics of Policies

Managing the politics includes providing the chief executive effective support and advice in negotiating with other stakeholders to carry out the government's plan in a steady and coherent way; developing mechanisms to anticipate, prevent, and address potential social conflicts; and performing legal counsel tasks, which traditionally have been politicaly sensitive in LAC countries. Political management is a core function of all the region's CoGs, with organizations that not only formally have this responsibility, but that also carry it out in practice. In some cases, what appears to be problematic is not the absence but the *duplication* of organizations performing this function, which can lead to confusion in its exercise and to a lack of coherent and unified direction in implementing the government's programs. While chief executives sometimes prefer this ambiguity in the management of their CoG (see the section on management styles in the Appendix), the resulting risk is that the function is not performed systematically, thereby hindering implementation of the government's initiatives.

Conflict and crisis management are usually addressed in an ad hoc manner by the relevant ministry and/or the CoG, depending on how it is decided that the CoG should intervene in each case. Usually, there are no established bodies or mechanisms to process information, make decisions, and monitor implementation of these decisions. Again, this is connected to the mostly informal and ad hoc style that characterizes this function, allowing the strengthening of political capacity in the region's CoGs.

Finally, it is important to note that virtually all chief executives have legal counsel within their CoG to analyze the legality of the policies proposed by ministries and agencies. Only in exceptional cases does this task fall to a line ministry. Therefore, this element of the political function appears to be institutionalized in almost all countries of the region.

Communicating Results and Accountability

This function involves the following: regularly and openly informing the public about the government's plans and priority objectives; aligning senior government officials behind a common communications strategy, defined by the CoG; setting standards for all ministries and agencies regarding the mandatory dissemination and explanation of information, as well as its format and timing; and receiving input from citizens, frontline employees, and nongovernmental stakeholders in the development and implementation of policies across government. The large majority of CoGs include units dedicated to reporting on the actions and achievements of the government. In fact, these units usually have a large portfolio, with tasks that include defining the government's public information campaigns; acting as the government's general spokesperson; speechwriting for the chief executive; developing social media strategies; and, less frequently, instructing ministers and other senior officials on communication strategy (e.g., which topics to cover with the

Box 2.3: Relevant Experiences in Monitoring and Improving Performance

One of the most relevant experiences in this function in LAC was the creation of the President's Delivery Unit in Chile. This unit was established in 2010 to monitor the progress made by ministries and agencies in achieving the government's priority goals (Chapter 3 describes this case in detail). This unit produced positive results in terms of focusing the sectors on achieving results, although the large number of actions being monitored (over 600) limited its effectiveness, especially regarding the possibility of enabling adjustments and corrections when needed. The delivery unit established in 2013 in the state of São Paulo, Brazil, tracked fewer goals (150), but its limited empowerment and technical capacities have, so far, hampered its ability to help the sectors improve performance (Villani et al., 2013). In fact, improving performance (the second element of the function) appears, in general, to be less developed and much less studied in the region, with few cases to highlight.

Chile also suffered from monitoring inflation. Similarly, in Mexico, recent presidencies have adopted different systems to monitor progress of the goals of the National Development Plan, which sets the goals for the president's term in office. But the coexistence of other monitoring mechanisms (such as the ones developed by the Ministry of Finance or by the National Council for the Evaluation of Social Development Policy) limited the capacity of the CoG to receive and use actionable performance information (Velasco Sánchez and Coss Flores, 2013).

Colombia presents one of the most developed performance monitoring systems in the region. The responsibility for monitoring is led by DNP and the high counselors to the president. The National Results-Based Management and Evaluation System (Sistema Nacional de Evaluación de Gestión y Resultados or SINERGIA) tracks process, output, and outcome indicators for the goals set in the National Development Plan. However, it has been noted that the sectors have not yet adopted this system as a management tool (Querubín and Dorado, 2013).

The difficulties in actually using the data to inform managerial decisions and improve performance exist around the world (World Bank, 2010a). But Pernambuco (Chapter 4) is a case of a highly integrated management model that links planning, budgeting, monitoring, and interventions to improve performance. Periodic data-driven review meetings, chaired by the governor or by a senior CoG official (the Secretary of Planning and Management), allow the evolution of key indicators to be monitored and adjustments to be agreed upon when results are insufficient. This is, therefore, a case where performance information and management decisions are tightly linked. (Data-driven review meetings have also been shown to increase the use of performance information for management decisions in the United States; Moynihan and Kroll, 2014).

Integration between functions is particularly important for monitoring and strategic management. Strategic planning is needed to create measurable goals and targets that can then be tracked. In this regard, after formulating a government plan for the 2012–16 presidential term, the Dominican Republic strengthened the capacities of its Ministry of the Presidency to monitor the achievement of the goals (including priority outcome indicators). At the time of writing, the government of Honduras that took office in 2014 had also made important efforts to develop objectives in seven priority areas and to establish a strong monitoring system led by the CoG to track progress. Two Presidential Directorates were responsible for these tasks and a new position (Directores de Cumplimiento or Delivery Directors) was created. The directors report to the CoG but are based in each ministry to support these organizations in monitoring and achieving goals.

The timely completion of public works is usually of upmost importance for chief executives. In this regard, the Project Management Offices, established in several Brazilian states in the last few years (Espirito Santo, Minas Gerais, Pernambuco, Rio de Janeiro, and Santa Catarina; see Chapter 4) represent interesting mechanisms to enhance the monitoring of priority infrastructure projects. These special units, located within the CoG, effectively monitor the most important infrastructure projects being planned and executed by the government. They track a very detailed sequence of steps (processes and activities) that are needed to complete the projects and hold periodic (often weekly) meetings with the managers responsible for each project (this methodology was developed by the Project Management Institute, a non-profit organization of project managers [PMI, 2013]). In addition to internal accountability, these offices seek to clear management obstacles and break jurisdictional barriers by articulating the work of all the organizations and actors involved in the projects (Lucrécia, 2014).

Finally, monitoring may also require facing situations in which chief executives prefer to deal bilaterally with each minister. In this regard, the Chilean case presents the valuable methodology of the bilaterales, bilateral meetings between the president and his ministers with support from the CoG. In the 2010–14 period, staff from the Delivery Unit and the Budget Office (Dirección de Presupuestos or DIPRES) attended these meetings, recording the agreements made, and later monitored whether the sectors were actually achieving their goals (Chapter 3). As mentioned in Chapter 1, for the delivery unit this is critically important. In Indonesia, agreements between the president and the ministers in bilateral meetings, ignored by the delivery unit, affected the unit's capacity to oversee the priorities (Scharff, 2013).

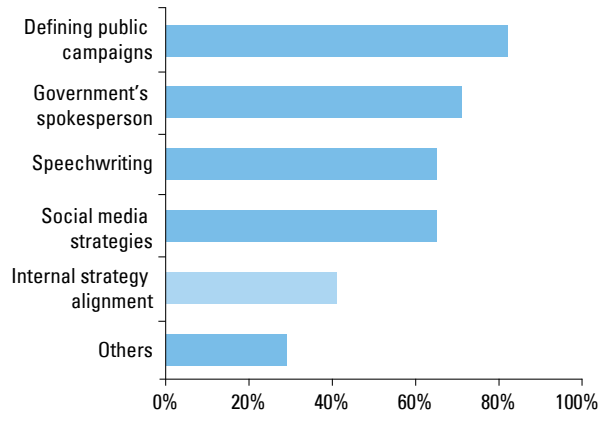
Source: Authors' elaboration.

press). Figure 2.4 shows the percentage of LAC countries where the CoG's communications unit is responsible for specific tasks of communications and accountability.

Figure 2.4 shows that the task of aligning the government's message internally by coordinating the contacts with the press of ministers and other senior officials is less common in the region, with only 41 percent of the surveyed CoGs exercising this role. Thus, the CoG may be limited in its ability to produce a unified and coherent message for the whole of government, as ministers and other senior officials drive their own agendas with the press. In such situations, the CoG acts as a spokesperson for the chief executive but does not meet the purpose of producing a coordinated narrative for the whole of government. Thus, a key aspect of this function is not being performed.

In turn, the CoG's transparency mechanisms are generally weak or are merely formal, and the mechanisms promoting the participation of citizens and public employees tend to be absent. The responsibility for these initiatives is often placed with line ministries and autonomous agencies, which may weaken their ability to increase the transparency and openness of the entire government because they lack the support provided by greater proximity to the chief executive.[24] In addition, one of the critical aspects of any accountability mechanism (the existence of explanations and justifications of the published information to allow for debate; see the *Communicating Results and Accountability* section in Chapter 1) is generally absent.

Figure 2.4: Communications and Accountability Tasks Performed by a Communications Unit



Source: Authors' elaboration.

Note: The total exceeds 100 percent because respondents could indicate more than one option.

Overall Performance of Center of Government Functions

In conclusion, the actual performance of the key CoG functions in LAC differs significantly from that proposed as a benchmark. It is important to note, nevertheless, that some functions present more heterogeneity across countries than others. The functions of *strategic management* and *monitoring and improving performance* present wide divergences between some LAC countries that have developed considerable capacity to perform them and a few others that have little presence of these functions in their CoG work. Thus, in terms of these functions, there are regional examples that can guide the dissemination of good practices across LAC countries. On the other hand, with regard to *coordinating policy,* most countries have a moderately low level of performance, with less cross-country heterogeneity. The prevalence of informal and ad hoc decision-making processes is a recurring theme that affects the institutionalization of coordination mechanisms across the region. A number of different approaches have been developed to perform

[24] However, the coexistence of units dedicated to communications and others dedicated to transparency in the CoG could lead to tensions because of their different institutional goals; therefore, this position outside of the CoG can also have certain advantages.

this function (Box 2.2), but there is still limited evidence about their effectiveness. A few instances in which this function appears to be exercised tend to be the result of the proactive approach of sector ministers, due to political alliances, personal relations, or other factors, which do not necessarily relate to the CoG undertaking the coordination role.

Another important finding is that the functions of *strategic management* and *monitoring and improving performance* appear to present an important level of intracountry correlation. When a country has highly developed strategic management, it also tends to be highly developed in monitoring and improving performance; on the other hand, if strategic management is poorly developed, it is probable that monitoring and improving performance is also poorly developed. This connection is logical, since strategic planning is necessary to develop the performance indicators to effectively monitor government activities. Further, information gathered from the monitoring system is needed to update or refine the priority goals. This suggests that it is important to *work simultaneously* on the CoG capacities *for both functions* to enhance performance. Table 2.1 summarizes the performance benchmarks for each of the functions, and the findings regarding *actual* performance in LAC.

In summing up the conclusions relating to all the functions, an element that stands out from the data is that, in almost all countries, *the functions identified in this publication are present—at least formally—in the institutional organization or structure of CoGs*. The LAC governments surveyed in this chapter acknowledge, within their respective legal framework, the importance of establishing institutions that will carry out these functions. In all cases, therefore, there is a legal or administrative basis for an organization or unit to perform each of the functions identified in this publication. *This formal existence does not imply that the functions are actually performed or are performed effectively*.

In fact, there seems to be significant heterogeneity in the institutional development of CoGs across the various countries in the LAC region. Along these lines, it is possible to identify three groups of countries (Figure 2.5).

1. *Optimized CoGs:* Every function is fulfilled to a medium-to-high level. The challenge for this more advanced group of countries appears to be institutionalizing and systematizing CoG functions.

2. *Developing CoGs*: This is the largest group of countries. CoG units are seeking to fulfill their functions, but with only moderate capabilities to do so, or they are failing to extend the functions to all priority sectors. In these countries, there are organizations and units that exist not only on a formal basis, since they have concrete practices (processes, methodologies, technologies, and capacities) to perform their functions. However, they do so only partially, with relevant government decisions and actions taken through other channels. The challenge for most CoGs is *to strengthen their capacity to better fulfill core functions and, when performance has been satisfactorily achieved, to institutionalize and systematize them.*

3. *Establishing CoGs:* Almost all functions demonstrate a low-to-very-low level of performance. The challenge for these countries is to essentially recreate these functions.

Therefore, what is observed for most countries is a limited or partial performance of CoG functions. Governments recognize the importance of establishing organizations or units to perform these functions but, in practice, they are unevenly fulfilled because of limited political and technical capacities.

Table 2.1: Performance of the Center of Government Functions in LAC

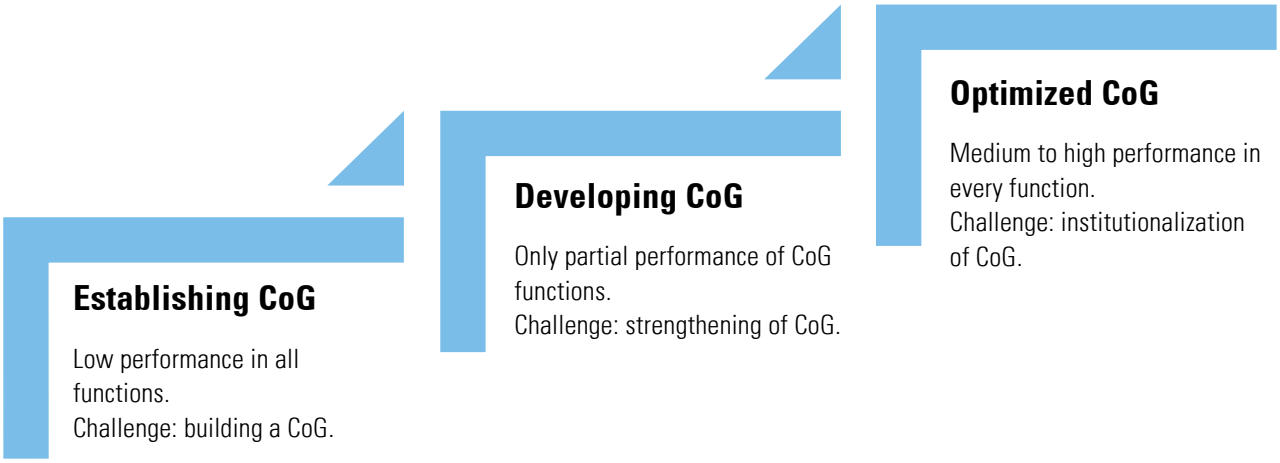
Function	Benchmark Performance		Regional Trends of Actual Performance
Strategic Management	a) Existence of a government plan with measurable and actionable priority goals.	→	a) Existence of government plans that identify priority goals in most countries.
	b) Budgetary alignment behind the government's priorities.	→	b) Insufficient budgetary alignment and use of the plan to guide policy decisions.
	c) Prospective analysis and plan adaption to changing circumstances.	→	c) Informal or nonexistent instances of prospective analysis beyond macroeconomics.
	d) Articulation between long-term planning and annual operational planning.	→	d) Overlaps between planning entities.
Coordinating Policy	a) Mechanisms for effective interministerial decision making and CoG arbitration of conflicts.	→	a) Interministerial committees in most countries, although usually with limited decision-making authority.
	b) Promotion of collaboration in cross-cutting issues.	→	b) Frequent interministerial initiatives but lack of systematic CoG leadership.
	c) Protocols to ensure contestability in policymaking.	→	c) Informality in policymaking and prevalence of bilateral decisions between the chief executive and each minister.
Monitoring and Improving Performance	a) Robust and continuous oversight of progress in the priority goals.	→	a) Existence of monitoring systems, although only in certain cases with results indicators.
	b) Regular feedback meetings and use of information for performance improvement.	→	b) Occasional use of performance data to inform performance improvements.
	c) Assistance from CoG to help unblock obstacles.	→	c) Lack of CoG assistance to clear bottlenecks in most countries.
Managing the Politics of Policies	a) Effective support to the chief executive in leading political negotiations.	→	a) All CoGs politically manage government priorities.
	b) Mechanisms to prevent and resolve social conflicts.	→	b) Informal approach to addressing conflicts, with no institutionalized mechanisms.
	c) Legal counsel to chief executive.	→	c) CoGs provide legal counsel.
Communicating Results and Accountability	a) Strategy to align government's communications.	→	a) Important role of the CoG in communications, but only in certain cases aligning government's message behind a common strategy.
	b) Cross-government standards for reporting and explaining information about policies and results.	→	b) Very limited progress in setting accountability standards in terms of results.
	c) Promotion of citizen engagement.	→	c) Lack of citizen engagement led from CoG.

Source: Authors' elaboration.

Institutional Development Matrix

This chapter has presented the regional trends of the CoGs in LAC, based on exploratory empirical evidence collected through surveys of experts and officials. To define concrete actions to strengthen CoGs in specific countries, however, more in-depth information is required. The following CoG IDM provides indications about *what specific information is needed* and *how to interpret it*. The IDM is conceived as a tool for governments seeking to improve the performance of their CoG institutions.

Figure 2.5: Stages of Institutional Development of the Center of Government



Source: Authors' elaboration.

The IDM is derived from the conceptual framework presented in Chapter 1 and from the findings of the survey, which suggested critical elements to strengthen CoGs. It includes general pre-requisites for CoG performance (applicable to the five functions) and specific indicators within each of the functions, allowing an assessment of whether or not these functions are being performed or fulfilled effectively. For this assessment, the IDM considers the types of units, processes, capacities, and activities that were identified as relevant to fulfill each of the CoG functions. Performance in each of the functions has been classified into the three levels (*establishing*, *developing*, and *optimized*) presented above. In total, the IDM uses 21 indicators for CoG performance (Table 2.2).

The purpose of the IDM is to help assess the stage of institutional development of the CoG to determine in which aspects there is more contrast between the actual performance of a particular CoG and one that would ensure maximum fulfillment of its functions. Thus, efforts to improve performance can be tailored to the particular strengths and weaknesses in each case.

In an ideal scenario, a CoG will have (i) institutionalized the processes necessary to plan priorities and strategies for the chief executive's term in office; (ii) real power to provide consistency in designing and implementing policies; (iii) mechanisms to monitor the performance of ministries and agencies and improve performance when problems are discovered; (iv) organizations or advisors to undertake political negotiations to secure approval of the government program; and (v) units to coherently communicate the actions of the entire government and address citizens' views on the progress of public affairs in order to promote participation.

Table 2.2: Center of Government Institutional Development Matrix

Function	Indicator	Establishing CoG	Developing CoG	Optimized CoG
General Pre-requisites for All Functions	1. Clarity of roles and responsibilities	There is a formal division of labor among the units that compose the CoG, but in practice there are major overlaps, ambiguities, and gaps in exercising the functions, limiting the chief executive's ability to hold the members of the CoG accountable.	The distribution of responsibilities and expectations is mostly clear to all actors, but occasional duplications remain (although some may be purposively engineered by the chief executive due to his or her preferred management style).	There are units and individuals in the CoG with clear responsibilities and mandates for performing the different functions and tasks, and the chief executive can hold the members of the CoG accountable for results in their respective roles.
	2. Political empowerment from the chief executive	Several ministers, senior officials, and other stakeholders do not regard the CoG as a legitimate instrument of the chief executive and deal with him or her directly or generally pursue their own initiatives without involving the CoG in any way.	The chief executive provides political backing to the members of the CoG, but certain individual ministers or coalition partners frequently bypass the CoG in designing, negotiating, implementing, or communicating their policies.	The CoG units and officials can speak on behalf of the chief executive, and the ministries acknowledge that the CoG's requests and decisions have the full backing of the chief executive.
	3. Technical capacities and value added	The CoG has a junior staff with certain technical skills, but they lack the seniority to be credible partners for the sectors and enhance their work.	The CoG has a sufficiently senior and competent staff to interact with the ministries for at least some of the priority goals, for which they are perceived as valuable contributors.	The CoG staff has sufficient seniority, competence, and credibility to interact with all priority sectors and to add value to the work of the sectors and help achieve results.

Function	Indicator	Establishing CoG	Developing CoG	Optimized CoG
(i) Strategic Management	4. Priority goals in the government plan	There is no government plan, or it only exists as general statements but with no clear prioritization, or the priorities are not expressed as measurable targets to be achieved, there are no indicators of success, and trajectories are not defined; therefore the plan does not actually guide policymaking.	There is a government plan with measurable goals and strategies, but the CoG has a limited influence in the design of policies by ministries and agencies, or its performance indicators are not entirely relevant to the goals.	There is a government plan (which may be part of a national development plan) that defines priority sectors, actionable goals, strategies, lines of action, and performance indicators. The plan guides operational plans of ministries and agencies in accordance with the priorities of the chief executive.
	5. Articulation and coherence in strategic planning	The CoG only provides broad guidelines for the formulation of the sectoral plans and there is limited linkage and coherence between the overall government orientation and the ministerial plans.	The CoG works with ministries and agencies to define priority goals but cannot ensure that all sectoral or ministerial plans are aligned with the priorities of the chief executive and the government as a whole, or that they are sufficiently coherent and challenging.	The CoG sets standards and works with ministries and agencies along the entire strategic management process, ensuring that the government's priority goals effectively guide the formulation of the sectoral and operational plans with challenging but realistic goals.
	6. Alignment between government priorities and the budget	There is no alignment of the budget with the government plan, or there is no government plan and, thus, the budget is the de facto plan.	The government's priorities guide the allocation of the budget, although these decisions are rarely informed by evidence of the actual impact of programs in priority areas in previous years.	The budgets of ministries and agencies are very aligned with government priorities as a result of the joint annual work of the CoG with ministries and agencies in the budget formulation process. This includes analyses of the value for money of existing programs in priority areas in previous years.
	7. Prospective analysis and adaption of the plan to changing circumstances	There are no instances of prospective analyses, or they exist only informally, maybe with more established instances for certain areas (such as macroeconomic analysis), but their work does not lead to updating the government plan.	There are effective mechanisms of prospective analyses for at least a few policy areas, but the priority objectives are updated only implicitly (i.e., through budget adjustments), and with no formalized process to incorporate changes and verify their strategic coherence.	The priorities receive explicit adjustments or updates through established procedures that incorporate changes at the strategic or operational levels, ensuring they continue to conform to the government's strategic orientation.

Function	Indicator	Establishing CoG	Developing CoG	Optimized CoG
(ii) Coordinating Policy	8. Whole-of-government approach to priority goals	Despite the fact that many priority goals (especially those that are outcome-oriented) are cross-cutting, the CoG does not set standards or provide incentives for cross-ministerial collaboration, so the priorities are mostly addressed by each ministry and agency separately.	Ministries, agencies, and other stakeholders in the delivery system work collaboratively for some of the priority goals, although the CoG has not been able to extend this model to all areas that deal with priority goals.	The government's initiatives in all cross-cutting priority goals are addressed from a whole-of-government perspective, with CoG leadership in articulating the relevant stakeholders, providing incentives for collaboration, and ensuring pooled resources for dealing with the issue.
	9. Coordinating policy design and contestability of policies	Ministries make independent decisions or only share basic information with their peers in the same policy area or on the same issue, and there are no routines set in place by the CoG to ensure consultation with stakeholders or consideration of options for decisions on priority areas.	Ministries routinely exchange information about decisions that may concern their peers, but joint decision making is limited or depends on the will of the ministries involved; interministerial bodies led by the CoG have limited effectiveness, so contestability is still not institutionalized for the priority areas.	The CoG leads periodic meetings of interministerial committees, sectoral cabinets, or similar arrangements, in which ministries make decisions about policy design on issues of mutual involvement, following processes that ensure alternatives are assessed and stakeholders are consulted, with sound political and technical advice for all priority areas.
	10. Coordinating program implementation and service delivery	The CoG has not established routines or bodies that bring together ministries and agencies to coordinate program implementation, so they implement their own programs and provide services with minimum sharing of information or collaboration with their peers, leading to frequent cases of duplication, inefficiency, and lack of impact.	The CoG ensures that the services provided by different ministries and agencies in certain key areas (such as the social sector) are integrated, or at least aligned, but this approach has not been extended to most priority areas for program implementation and service delivery.	The implementation of programs that contribute to achieve goals in the priority areas are coordinated in periodic inter-agency meetings led by the CoG, thus avoiding duplications, enhancing the impact of each individual initiative by producing synergies, and simplifying citizen access through "joined-up" approaches.
	11. Arbitration of conflicts (vertical coordination)	Policy disagreements between ministries often become public or are elevated to the chief executive for resolution with no prior intermediation by the CoG.	The CoG is recognized by most ministries and senior officials as a legitimate and useful arbitrator, although the routines to proactively address issues are still not institutionalized.	The CoG routinely and preemptively arbitrates policy disagreements between ministries, ensuring their alignment with the overall government orientation, and only raises to the attention of the chief executive those issues that could not be solved at a lower level and require his or her direct intervention.

Function	Indicator	Establishing CoG	Developing CoG	Optimized CoG
(iii) Monitoring and Improving Performance	12. Performance monitoring system	There is no periodic reporting on progress from the sectors to the CoG (other than on basic budgetary indicators), and the CoG only collects performance data reactively, especially after an issue has become salient or a crisis has emerged.	There is periodic reporting from the sectors to the CoG on the priority goals, although there is still room for improvement in the types of indicators used (input or process indicators instead of output or outcome ones) and on the capacity for continuous oversight of progress.	The CoG continuously monitors progress for the key government priorities, using mainly output, outcome, and value-for-money indicators that accurately capture performance, and using software that allows for real-time oversight.
	13. Use of the performance information and feedback about the priorities in the dialogue with the sectors	The CoG cannot use performance information for decision making because it is not available or it is not reliable and, therefore, it cannot provide feedback to the sectors for timely corrections to improve performance before the problems become too serious.	The CoG leads review meetings or has other feedback mechanisms in place to discuss changes with the ministries and agencies, but the meetings sometimes lack a problem-solving approach or become show-and-tell sessions, which limits their capacity to enhance performance.	The CoG has established routines to regularly provide feedback to the sectors assessing their performance, introducing corrections and adjustments when results are not being achieved, and systematically using evidence to inform policy and managerial decisions (with follow-up in subsequent meetings).
	14. Support for the chief executive in performance monitoring	The chief executive does not receive periodic performance reports on the priority goals, and the CoG only occasionally provides him or her with adequate oversight information in preparation for his/her meetings with ministers.	The chief executive, or a delegate empowered by him or her, regularly receives reports that allow him or her to monitor the level of compliance with the priority goals of ministries and agencies, and/or of the agreements reached with their heads, but in an ad hoc way, or relying mainly on information submitted by the ministries and agencies with no validation or analysis by the CoG.	The chief executive, or a delegate empowered by him or her, regularly receives reports that allow him or her to monitor the level of compliance with the priority goals of ministries and agencies, as well as the agreements reached with their heads, for all or most of the relevant policy areas, with information verified by CoG staff in an institutionalized way, and with analysis that adds value to it.
	15. Mechanisms of intervention to improve performance of ministries and agencies	The CoG lacks the technical capacities needed to promote innovations that improve the performance of government and has no routines to assist low-performing organizations.	When performance is lagging behind, the CoG has the empowerment and certain technical capacities to intervene in order to identify the causes of the problem and recommend changes, but this is not conducted systematically through established routines.	The CoG staff is competent in data analysis and management tools, and has developed routines of intervention to overcome obstacles, raise performance, and build capacity in the ministries and agencies when problems are identified.

Function	Indicator	Establishing CoG	Developing CoG	Optimized CoG
(iv) Managing the Politics of Policies	16. Institutionalization of political management	The CoG does not lead the political negotiations to pass the government priority initiatives, leaving each sector to conduct its own negotiations, or the CoG does so without a coordinated strategy.	The CoG is in charge of political negotiations for advancing the government plan, but it only interacts with some of the relevant stakeholders or does not do so in a fully unified and coherent way.	The CoG leads negotiations with other stakeholders (internal to the executive, the legislature, political parties, civil society organizations, and the private sector) to approve and implement the government's priorities, following a coordinated strategy to broker agreements on behalf of the chief executive.
	17. Management of social conflicts	Social conflicts are not actively prevented and are addressed in an ad hoc way, without a coordinated strategy or with weak guidance from the CoG to ministries and agencies on how to solve them.	The CoG has developed certain routines aimed at anticipating and addressing potential social conflict, but they are only used in certain cases or for certain sectors, limiting the consistency of the government's response.	The CoG has established mechanisms to anticipate, prevent, and address potential social conflicts in a coordinated and coherent way. Mechanisms are used systematically in all or most cases, with already defined protocols to ensure that the decision makers have sufficient information from multiple sources to make decisions, monitor that commitments are put into practice, and communicate these decisions effectively.
	18. Legal counsel	There is no team or unit in the CoG that assesses the legality of policy proposals and of the chief executive's actions. The chief executive does not receive advice on the available legal tools to pass the initiatives of the government plan.	The CoG has a unit or team that assesses the legality of policy proposals and of the chief executive's actions, but it has no political or technical capacity to rule on initiatives of all ministries or to provide legal advice on which tool is more convenient to pass the initiatives.	All major policy initiatives and chief executive actions receive a legal assessment by a CoG unit or team, which also advises the chief executive on the most appropriate legal tools (political and technical) to pass the government's initiatives.

Function	Indicator	Establishing CoG	Developing CoG	Optimized CoG
(v) Communicating Results and Accountability	19. Communications strategy	There is no central coordination of government communications, or high-level officials do not follow a common strategy (developed by the CoG) in their public messages, or the chief executive has limited support to prepare his or her communications and speeches.	The CoG coordinates government communications, but only partially, unable to align all senior officials behind a common strategy. The CoG supports the chief executive in his or her communications and speeches with generalist advisors.	The CoG coordinates and aligns the contents and timing of the government communications (with clear standards for all senior officials for speaking on behalf of the government), supports the chief executive in preparing speeches and other messages with a team specialized in this task, and monitors the impact of the government's communications to enhance its effectiveness and ensure the results are "felt" by citizens.
	20. Transparency mechanisms	The CoG has not established any standards that ministries and agencies must follow regarding dissemination of information to the public, or there are no mechanisms to audit or validate the data being published.	The CoG sets standards for ministries and agencies regarding dissemination of information to the public, but compliance by ministries and agencies, or the existence of mechanisms to validate the data, is partial or limited.	The CoG sets standards for ministries and agencies on the type of information that should be disseminated to the public and can ensure compliance and adequate accessibility to the information, with mechanisms to ensure the validity of the data being published.
	21. Debate and participation mechanisms	The CoG does not provide incentives or mechanisms to encourage ministries or agencies to seek out the opinions and participation of citizens, government employees, and other relevant stakeholders, or these exist only formally without actually being put into practice.	The CoG promotes seeking and receiving the opinion and participation of citizens, government employees, and other relevant stakeholders, but there is limited response from the government to these views.	The CoG ensures that ministries and agencies listen to the opinions of citizens, government employees, and other relevant stakeholders, including effective opportunities to debate the government's decisions and actions.

3

Strengthening the Center of Government at the National Level: The Case of Chile

Chapters 1 and 2 have defined a conceptual framework of the Center of Government (CoG) and have assessed the regional trends of CoG performance in the Latin American and Caribbean (LAC) region. This chapter analyzes how Chile's CoG institutions operated between 2010 and 2013, a period of innovations in CoG practice. During this period, the Ministry of the Presidency took on a more prominent role by leading the strategic management of the overall government program, coordinating the design and implementation of policy, monitoring the delivery of government priorities, and enhancing accountability to citizens. This chapter examines this process in detail, including the experience of the President's Delivery Unit (PDU), which was created in 2010 and has strengthened the strategic coherence of the government program, orienting it toward results.[25] Furthermore, this chapter identifies opportunities for improvement in developing the core CoG functions and gathers lessons learned for other countries in the region. Potential avenues for greater institutionalization are also discussed. As Chapter 2 indicates, CoGs that have developed stronger capacities usually face the challenge of consolidating them (see Chapter 4 on Pernambuco, Brazil).

The first section of this chapter describes how the CoG has operated in Chile and the roles and contributions of the PDU and the Interministerial Coordination Division (DCI) of the Ministry of the Presidency. The second section evaluates this experience in light of comparative evidence from other countries and offers an analysis of the future sustainability of this experience. Finally, the third section presents a synthesis of the main lessons learned that the Chilean case might provide for other countries interested in strengthening their CoG functions.

[25] Estimating the impact of institutional reforms on the results or outcomes for society is particularly challenging because there is no clear counterfactual (what would have happened without those reforms) readily available. As this chapter shows, however, there is evidence to indicate that strengthening the CoG contributed to focus the work of the government to improve the achievement of priority outcomes.

Introduction and Context

A number of organizations and units have been responsible for the CoG functions in Chile since the return of democracy in 1990. In general, several organizations have shared responsibility for performing these functions.

- *Strategic management* has been the responsibility mainly of the Ministry of the Presidency, which has usually led the formulation of the government's program. Nonetheless, two other units have at times also played key roles: the Presidential Advisory Unit, composed of eight to 10 professionals organized sectorally (e.g., education, health, poverty, and citizen security), who are based at the presidency,[26] and the Budget Office within the Ministry of Finance, mainly due to its authority over budget allocation.

- In terms of *coordinating policy*, the DCI, within the Ministry of the Presidency, and a number of interministerial committees have been the main actors. In addition, bilateral meetings between the president and the ministers (with the participation of the Budget Office, the Ministry of the Presidency, and the Presidential Advisory Unit) also performed this function between 2010 and 2014.

- *Monitoring and improving performance* has been led traditionally by the Budget Office, mainly in terms of ex post evaluation of performance. Between 2010 and 2014, the Ministry of the Presidency enhanced its participation in this function with the creation of the PDU.

- *Managing the politics of policies* has been the responsibility of the Ministry of the Presidency and the Ministry of the Interior and Public Security (*Ministerio del Interior y Seguridad Pública* or MININT & SP), which is usually regarded as the political chief within the Council of Ministers, and of a political committee formed by the government's key ministers (often including a key minister of each one of the parties of the governing coalition).

- The Government General Secretariat (*Ministerio Secretaría General de Gobierno* or SEGEGOB) has led the function of *communicating results and accountability*, although members of the Presidential Advisory Unit have acted as spokespersons and speechwriters for successive presidents.

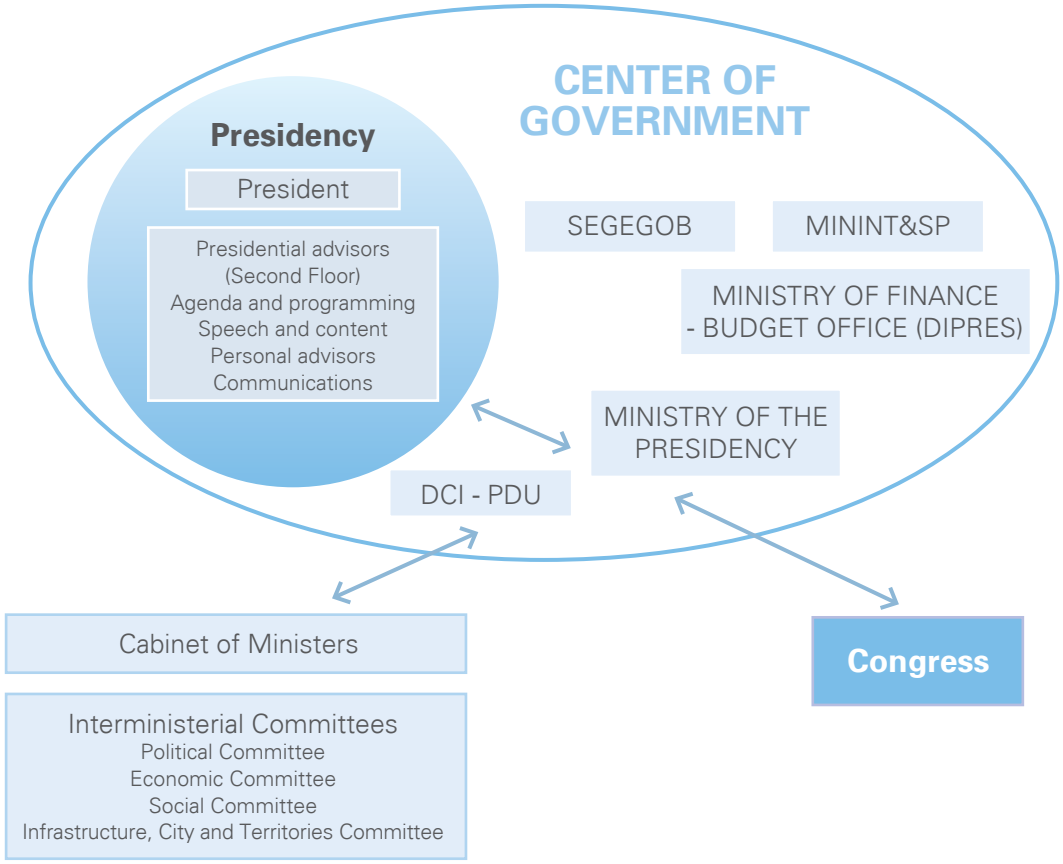
Figure 3.1 presents a visual representation of the typical CoG configuration for this period.

Background: The Center of Government in Chile (1990–2010)

The CoG is often not determined solely by constitutional and institutional guidelines, but also by the management style or approach taken by successive heads of government (such as more or less delegation), the experience and cohesion of the political teams that support it, and networks and personal relationships among the members comprising the CoG. Since the restoration of democracy, far from being a monolithic entity, the CoG in Chile has been in a state of permanent flux and adaptation (Fernández and Rivera, 2012). From 1990 until the present, the way in which Chile's CoG has functioned in practice has varied significantly (Boeninger, 2007; Aninat and Rivera, 2009; Egaña and Chateau, 2011; and Fernández and Rivera, 2012). Without going into too much

[26] The Presidency includes several of the types of units described in Chapter 1, such as the Chief Executive direct support units (responsible for managing the presidential agenda and correspondence, and similar tasks), Policy Advice Units (8 to 10 advisors), and Communications unit (responsible for speechwriting). The president's advisors are usually referred to as Segundo Piso, as they are based on the second floor of the presidential palace (La Moneda).

Figure 3.1: The Center of Government in Chile (2010–14)



Source: Dumas, Lafuente, and Parrado (2013).
Notes: The structure is similar for previous governments, with the exception of the PDU (created in 2010) and the number and nature of the interministerial committees, which, as discussed below, have varied considerably over time.

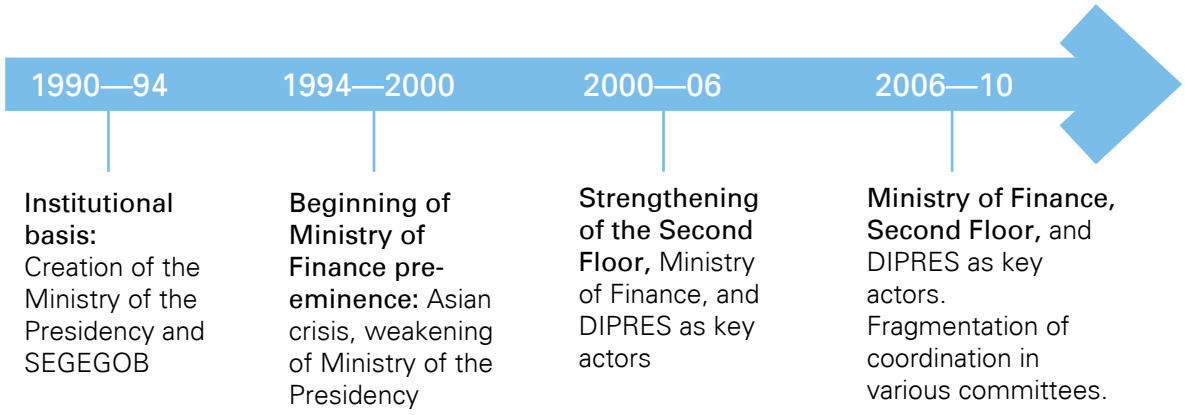
detail, this section presents the principal features of Chile's CoG during the 1990–2010 period, and some of the milestones that determined its evolution over time (see Figure 3.2).[27]

In 1990, the foundations were laid for the CoG by granting ministerial rank to the Ministry of the Presidency and SEGEGOB, which, together with the Ministry of Finance, comprised the president's most immediate entourage.[28] The ministers that headed each of these ministries thereby became the president's closest advisors, meaning there was no difference between the institutional advice (from ministers and their teams) and the personal advice that the president received (Fernández and Rivera, 2012).

In the first democratic administration following the years of military government, the ministers of the CoG remained in their positions throughout the entire presidential term, thus lending great stability to the CoG (Table 3.1). In a multiparty regime like Chile's, the president must watch over the cohesion of the block of parties that make up the governing coalition.

[27] It is hard to refer to evolution as such, given that the characteristics of the CoG did not develop along a clear line over time, but, rather, was based on the style of each successive president.
[28] Law No. 18.993, August 21, 1990, which created the Ministry of the General Secretariat of the Presidency (Ministerio Secretaría General de la Presidencia).

Figure 3.2: The Center of Government in Chile: Principal Milestones 1990–2010



Source: Authors' elaboration.

Table 3.1: Ministers at the Center of Government Ministries (1990–2013)

Presidents/ Ministries	Aylwin (1990–94)	Frei (1994–2000)	Lagos (2000–06)	Bachelet (2006–10)	Piñera (2010–13)[a]
Ministry of the Interior	E. Krauss	G. Correa C. Figueroa R. Troncoso	J.M. Insulza F. Vidal	A. Zaldívar B. Velasco E. Pérez Y.	R. Hinzpeter A. Chadwick
Ministry of the Presidency	E. Boeninger	G. Arriagada J. Villarzú J. Biehl J.M. Insulza	A. García M. Fernández F. Huenchumilla E. Dockendorff	P. Veloso J. Viera-Gallo	C. Larroulet
SEGEGOB	E. Correa	V. Rebolledo J.J. Brunner J. Arrate C. Mladinic	C. Huepe H. Muñoz F. Vidal O. Puccio	R. Lagos W. F. Vidal C. Tohá P. Armanet	E. Von Baer A. Chadwick C. Pérez
Ministry of Finance	A. Foxley	E. Aninat M. Marfán	N. Eyzaguirre	A. Velasco	F. Larraín
Total	4	13	11	10	7

Source: Ministry of the Presidency (undated).
[a] Until June 20, 2013.

This task not only requires maintaining political balance between parties, but also ensuring that the government program adequately reflects each party's ideology. During this period, the parties put their potential ideological differences aside to concentrate on achieving a successful transition to democracy, which undoubtedly helped the CoG work more effectively.

Although there was some continuity at the beginning of the following presidential term (1994–2000), cabinet reshuffles and external factors, such as the Asian crisis, meant that the Ministry of Finance increased in importance,

and its minister was the only one to maintain his position throughout almost the entire presidential term[29] (Egaña and Chateau, 2011). During this period, so-called "private ministerial agendas" emerged (Egaña and Chateau, 2011), which might have been the first symptom of greater fragmentation or less cohesion within the parties of the ruling coalition.

During the first two terms, the Ministry of the Presidency took on full responsibility for *monitoring* the government program and required each ministry to set a series of individual objectives, which were later to become ministerial commitments. These objectives were to be classified according to their type (legislative or managerial) or territorial range (national, regional, or local). The DCI gathered data every six months and organized meetings with each minister to discuss his or her progress. However, in 1998, the Budget Office led an effort to strengthen the methods to measure public sector performance, assuming a greater role in the *monitoring and improving of performance*. The Budget Office introduced and institutionalized a set of performance indicators using the Management Enhancement Program (*Programa de Mejoramiento de la Gestión* or PMG), although mainly in relation to processes and management.[30]

During 2000–06, there was a marked change in the organization of the CoG compared with previous governments. The Presidential Advisory Unit was given priority for *strategic management* over the CoG ministries, and the Budget Office was established as the leader for *coordination*. Egaña and Chateau (2011: 48) describe the broad role of the Presidential Advisory Unit as "an actor that is separate from the president and that, as such, takes on strategic and operational functions, makes direct contact with the other government ministries and with regional authorities, influences public policymaking, monitors policy implementation, and intervenes in policy redesigns, and so on." The function of *managing the politics of policies* was still carried out by the CoG ministries under the auspices of the political committee presided over by the Minister of the Interior. This separation of functions between the two entities, however, generated moments of tension between ministers and presidential advisors. Fernández and Rivera (2012: 44) further argue that the "consolidation of DIPRES [the Budget Office] as an alternative for the day-to-day running of the government and for governmental coordination" also characterized this period.

During this same period, the CoG's function of *monitoring* the government's goals continued, although it now became shared between the DCI and the Presidential Advisory Unit**.** The Ministry of the Presidency introduced a data system (Programación Gubernamental) to monitor government commitments. The data provided by the system were updated every three months and then turned into a report sent to the president and to the appropriate minister, where the progress on each commitment was assessed.

The trend toward a strong Ministry of Finance, Budget Office, and Presidential Advisory Unit, combined with a relatively weak Ministry of the Presidency, was maintained during 2006–10 and was accompanied by further fragmentation of the *coordinating* entities. One aspect that characterized government management in this presidential period was the proliferation of interministerial commissions or committees relating to the widest range of topics,

[29] E. Aninat left the post when only three months of the presidential term of office remained.

[30] The Budget Office's work on results-based budgeting in this period had a comprehensive perspective of all government activity, intended to build capacity throughout the administration. This approach is different from the more selective focus on the government priorities that this publication postulates for the CoG (which was undertaken by the Ministry of the Presidency). Moreover, in the PMG model, the sectors—in agreement with the Budget Office—selected the targets, most of which referred to processes. For a detailed analysis of the PMG and the evaluation function, see World Bank (2008) and World Bank (2006), respectively.

some of them existing only briefly. During this four-year term, more than 39 interministerial coordination entities were in operation (Larroulet, 2012). During the same period, the government programming system, installed at the Ministry of the Presidency, was supplemented by another system for *monitoring* presidential commitments (those made in speeches or during the electoral campaign). This was set up under the auspices of the Presidential Advisory Unit after the DCI's performance was criticized by the presidency (Egaña and Chateau, 2011: 168–71).

Perhaps as a consequence of the Ministry of Finance's prevalence from 2000 to 2010, public policy and *strategic management* decisions became more and more centered on an increasingly smaller number of stakeholders, which led to certain problems. As described in Chapter 1, the contestability of public policies, understood as the possibility for multiple actors to participate in the process and contribute to policymaking, has been highlighted as one of the key components of the public policy cycle in the most advanced OECD countries (World Bank, 2010a). In Chile's case, and in the opinion of Fernández and Rivera (2012: 44), this "excessive involvement by the Ministry of Finance in sectoral policy will bring grave consequences for governmental management".

The 2010–13 Period

The administration that took office in March 2010 defined seven programmatic priorities for its term: (i) economic growth, (ii) employment, (iii) public security, (iv) education, (v) health, (vi) poverty, and (vii) perfecting democracy. Box 3.1 summarizes the main objectives of each of these strategic pillars (an eighth priority, reconstruction after the devastating earthquake that hit the country in early 2010, was added).

To ensure delivery of the stated goals, the president announced the creation of the PDU as part of the Ministry of the Presidency. This unit, in which the President expected to establish a permanent system to *monitor* the progress and results of the government program, was inspired by other OECD countries, particularly the United Kingdom.

The creation of the PDU and the expansion in the role of the Ministry of the Presidency's DCI were two of the main reforms to strengthen the CoG. The Ministry of the Presidency assumed significant powers in key areas, such as *coordinating* the interministerial committees and participating in bilateral meetings, which were typically used by the president to relate with his ministers and which were the typical forums to make decisions and clear the bottlenecks that hindered governmental action.

At a more systemic level, two distinctive administrative elements had a significant impact on strengthening the CoG. In the political field, particularly during the first year, the president named a number of ministers and deputy ministers who did not belong to any of the parties in the coalition. It is worth highlighting that the nomination of the deputy ministers was made only after consultation with the corresponding minister. Previously, governments sought to maintain the balance between political parties in forming ministerial teams. In other words, if the minister belonged to one coalition party, then the deputy minister had to belong to another. Between 2011 and 2013, the makeup of the cabinet became increasingly political, but the idea of keeping politically compatible teams within each portfolio was retained.

To manage institutional performance—and strengthened by the political affinity of each sector team—programmatic and strategic links were fortified. The hierarchical and organizational relationship between ministries and agencies was also strengthened, using a holding-type model (*Chile Gestiona*). Further, steps were taken toward more integrated sector-based strategic planning. In previous governments, the insufficient capacity and political power of the head

Box 3.1: The Seven Strategic Pillars and Objectives of the 2010–14 Presidential Term

I. GROWTH PILLAR

- Maintain macroeconomic equilibrium and reduce the structural fiscal deficit to 1 percent of GDP by 2014.
- Achieve 6 percent average GDP growth over the period of government.
- Double the investment in science and technology by the end of the term, from 0.4 to 0.8 percent of GDP.
- Create 100,000 new enterprises during the period of government.
- Reduce from 27 to only 16 the number of days needed to start a new business.

II. EMPLOYMENT PILLAR

- Create a million new, quality jobs during the period 2010–14, at the average rate of 200,000 per year.
- Improve employment conditions in the country by reducing the rate of accidents in the workplace to 4 percent in 2015, and reduce the rate of fatalities in the workplace to 5 for every 100,000 workers by 2015.

III. CITIZEN SECURITY PILLAR

- Reduce by 15 percent, by 2013, the rate of victimization, which is the number of households that are victims of crime.
- Reduce by 25 percent, by 2013, the offences committed in public places.
- Create a new kind of institutionality, designed to enhance interministerial coordination, in the fight against crime.
- Reduce the incidence of fear among the population.

IV. EDUCATION PILLAR

- Improve the quality of preschool education and extend complete coverage for children of families within the 60 percent of the lower-income population by the year 2014.
- Improve the quality of education by increasing by 10 points the Education Quality Measurement System (Sistema de Medición de la Calidad de la Educación or SIMCE) average for the 4th grade by 2014.
- Increase fairness in education, reducing by 10 points the gap between the families belonging to highest income brackets and the pupils belonging to the lower income families in the SIMCE average for the 4th grade by 2014.
- Improve the quality of teachers and double the number of students scoring more than 600 points at the University Entrance Examination (Prueba de Selección Universitaria or PSU) who, thereafter, embark on teaching careers, with a view to reaching 4,000 in the 2014 intake.
- Improve the quality of public education, opening 60 new schools of excellence throughout Chile, and covering each of the country's main urban capitals.
- Improve the quality of higher education in Chile, improving access and improving higher education information systems and transparency.

V. HEALTH PILLAR

- Develop instruments aimed at encouraging healthy lifestyles, combating sedentary lifestyles and obesity, and reducing rates of tobacco addiction and alcohol consumption.
- End waiting lists for surgery and Universal Access to Explicit Guarantees (Acceso Universal de Garantías Explícitas or AUGE) illnesses by November 2011.
- End waiting lists of more than one year for non-AUGE surgery before May 2013.
- Build at least 10 new hospitals and 56 new family health centers by the end of the government's term of office.

VI. POVERTY PILLAR

- Eradicate extreme poverty by 2014, and reduce poverty by 2014 with a view to eradicating it completely by 2018.
- Build the necessary permanent institutions to overcome poverty.

VII. QUALITY OF DEMOCRACY, DECENTRALIZATION, AND MODERNIZATION OF THE STATE PILLAR

- Improve the quality of treatment given to users of state services.
- Increase citizen participation.
- Improve management of the state and of the persons who work for it.
- Generate mechanisms for administrative, political, and fiscal decentralization in the country.

Source: Government of Chile (2010). Available at: http://www.gob.cl/cumplimiento/objetivos_estrategicos.html.
Note: In 2013, the number of strategic objectives reached 40.

of each sector to establish sector priorities, or agree on and monitor the delivery of the pertinent goals in each of its agencies, meant that a gap developed between the goals reported to the Budget Office and those that the agencies were pursuing. The agencies developed so-called "gaming" or "simulation" techniques for the important goals (World Bank, 2011a). The new approach, established in 2011 using *Chile Gestiona*, sought an improved connection between the presidential goals and the units responsible for service delivery.

The Roles of the Ministry of the Presidency, DCI, and PDU (2010–13)

One of the major legislative efforts in this period was to restore the Ministry of the Presidency's original identity as a coordinating and advisory unit, and to take away its implementation role. Article 1 of Law No. 18,993, August 1990, which created the Ministry of the Presidency, established that this unit was responsible for "carrying out interministerial coordination functions and directly advising the President of the Republic, the Minister of the Interior, and all of the other ministers." The law established that, in addition to a minister and a deputy minister, the ministry would be comprised of six divisions: (i) Executive, (ii) Judicial-Legislative, (iii) DCI, (iv) Political and Institutional Relations, (v) Studies, and (vi) General Administration.

In the years since the law was enacted, however, further divisions were added: the National Service for Senior Citizens (*Servicio Nacional del Adulto Mayor*), National Environmental Council (*Comisión Nacional de Medioambiente*), and Indigenous Affairs Commission (*Comisionado Indígena*), as well as the Food Safety Agency (*Agencia de Inocuidad Alimentaria*). After these divisions were incorporated, the role of the Ministry of the Presidency shifted from *advisor* to that of *executor*. As noted in Chapter 1, it can be risky for CoG organizations to include units that do not perform whole-of-government functions; thus, seeking to strengthen its original mandate, after 2010, the Ministry of the Presidency transferred these responsibilities to other ministries and agencies. Figure 3.3 shows the organizational chart for the Ministry of the Presidency.

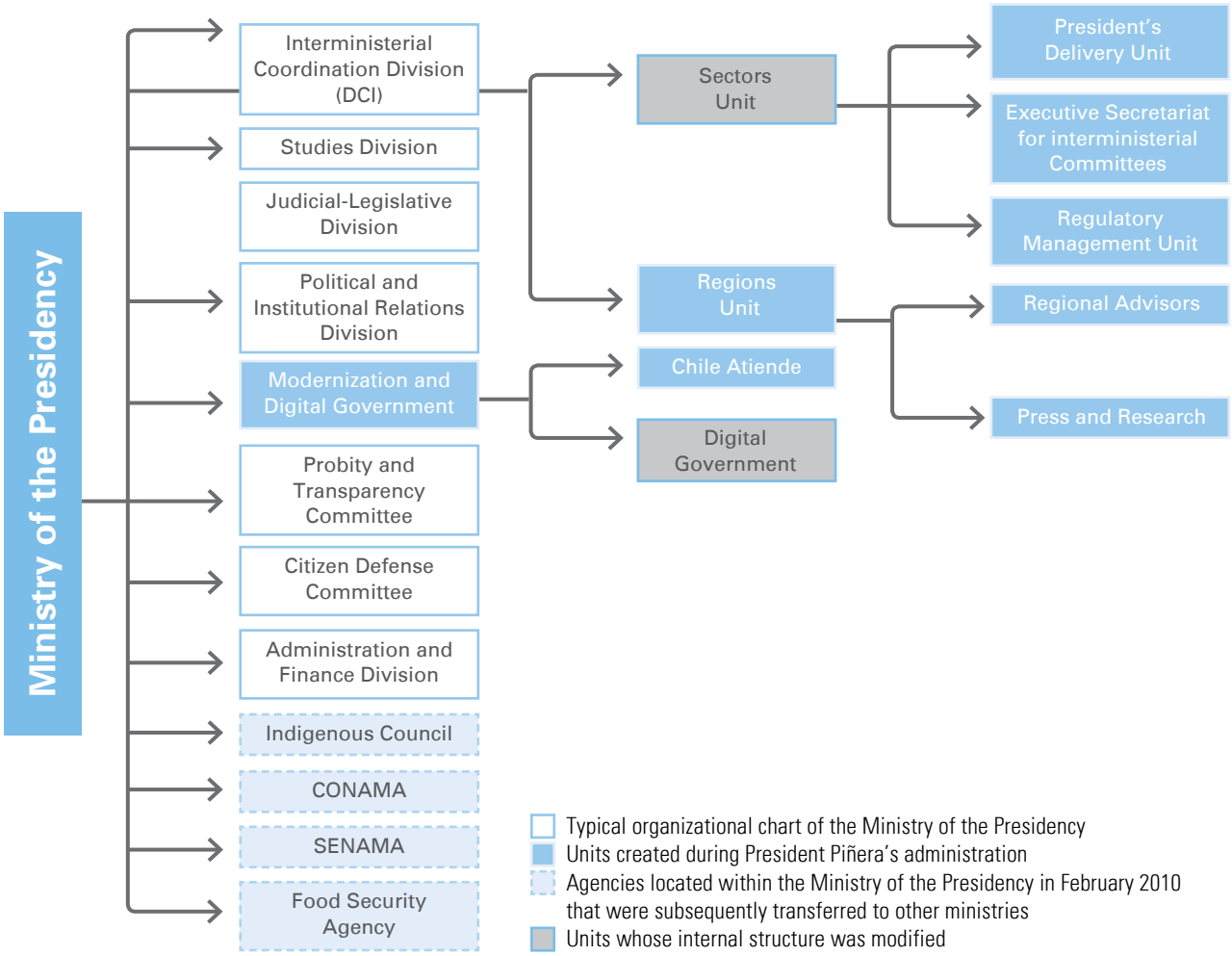
A second initiative was to enhance the Ministry of the Presidency's *coordinating* function by strengthening the DCI for both the design and the implementation of policies.

During 2010–13 in Chile, the policy decision-making process usually took place in two arenas within the CoG: the corresponding interministerial committee and bilateral meetings. The Ministry of the Presidency, the Budget Office, and the Presidential Advisory Unit shared the functions associated with each instance and decision-making process. The interministerial coordination process was not always clear or precise, which inevitably led to overlap between the multiple actors.[31]

Although each interministerial committee was presided over by a ministry, from 2010 onward, their executive secretariats were located at the Ministry of the Presidency's DCI, the body responsible for convening the committees, setting the agenda, and monitoring agreements and tasks. This DCI role marked a change from previous governments, when the secretariat was located within the same ministry that presided over each committee. The reason behind this change was to prevent the presiding ministry from appropriating the agenda to the exclusion of other actors or deviating from the agenda that the President set as part of the government plan. With the sole exception of the Political Committee, committees were convened by the DCI and the agenda was set in common

[31] The process began a long time before a proposal officially reached the CoG. The line ministry was responsible for drafting the outline proposal which, at the appropriate time, went before an interministerial committee or a bilateral meeting for a decision.

Figure 3.3: Organization Chart of the Ministry of the Presidency



Source: Dumas, Lafuente, and Parrado, 2013.

agreement between the DCI and the presiding ministry. The committees met once a month (except for the Political Committee, which met once a week) and always at *La Moneda* (the Presidential Palace). Except for the Political Committee, a representative of the Budget Office and the Presidential Advisory Unit always took part in the sector-based committees.[32] The president did not take part in any of the three sector-based interministerial committees.

Once there was clarity and relative consensus around a new program within the interministerial committee, and the committee had advanced enough to discuss matters with the president, the Presidential Advisory Unit set a date and convened a bilateral meeting. The minister or ministers responsible for the proposal took part alongside their respective technical teams. The president was always present with his core CoG team: the (i) Budget Office, (ii) Presidential Advisory Unity, and (iii) Ministry of the Presidency. Most times, the

[32] The format of these meetings was very similar. There was normally a group of participating ministers, some with full rights according to the kind of committee, and others invited according to the issues under discussion. The meetings lasted about two hours and approximately four issues might be discussed.

Ministry of the Presidency was represented by the head of the DCI, accompanied by the coordinator of the PDU in charge of the matter, and the head of the Legal Counsel Division (if the case was relevant). During the meeting, a proposal was put forward, aspects that might give rise to disagreement between ministers or CoG members were dealt with, the president made the decisions needed, and the concrete next steps were determined.[33]

The agencies and actors available to take part in ex post interministerial coordination (for *implementation*) were the same as the ones in the decision-making stage; however, using interministerial committees and bilateral meetings to discuss delivery was far less frequent than to make decisions. The bilateral meetings and the committee sessions focused on delivery tended to be more frequent around the time of important dates or events, such as the presidential messages delivered every May 21, when the ministerial accountability reports were delivered at the end of each year, or whenever there was a change of minister. Each of these events was an opportunity to analyze the execution of priority commitments. Although the DCI and the PDU performed a role in both stages of interministerial coordination, it was in the implementation stage that the role of the PDU was more active and important.

From 2010 onward, the DCI was organized into two units: the Sectors Unit, which acted as executive secretariat for the interministerial committees and included the PDU, and the Regions Unit. The PDU was responsible for *monitoring* the government program and all of the presidential commitments. In contrast to previous administrations, no separate ministerial commitments coexisted, thereby reducing the room for sector-based agendas, at least with regard to programmatic content. The Regions Unit was set up some months after its sector counterpart, and its creation was in response to the need to devolve the presidential priorities, established under the seven programmatic priorities, to the territorial level. Box 3.2 presents the functions and tasks of the Regions Unit.

Once the creation of the PDU was announced in the May 21, 2010, speech, a process of reflection followed about the structure of the unit and what functions it should fulfill. The experience was fundamentally based on the model implemented in the United Kingdom, and during this process the Ministry of the Presidency had the support of an international consulting firm which, together with former U.K. civil servants, had provided support for similar processes in other countries.

The PDU had the following functions: (i) strategically manage the planning for government actions, (ii) coordinate policy, mainly exercised through the DCI, (iii) monitor and improve performance, and (iv) accountability. When he announced the creation of the PDU, the president said that its mandate was "[to establish] a permanent evaluation and results monitoring system that regularly reports to the President of the Republic on the state of progress." Before describing how these functions (which are similar to those presented in Chapters 1 and 2 for CoGs, in general, except for *managing the politics of policies*) were performed, two key findings, applicable to all of them, can be mentioned: the subsidiary role of the PDU and its empowerment

[33] The frequency of these meetings varied according to the ministry. All 22 ministers held bilateral meetings with the president, but the timing and frequency of the meetings depended on the matters to be discussed and on the proximity of the particular ministry's responsibilities with the president's strategic objectives. For example, there might have been more than one meeting a month with the Ministry of Education (more than 15 in March 2013), whereas the Ministry of National Goods (Ministerio de Bienes Nacionales) held only two meetings between 2010 and 2013. The president's bilateral meeting agenda could be heavy depending on the number of meetings scheduled each month. For example, in 2012, 18 bilateral meetings were held in August, 13 in October, and 21 in November. At these bilateral meetings, the Presidential Advisory Unit would have a more important role than the Ministry of the Presidency.

Box 3.2: Adapting the Model Toward a Territorial Approach: The Regions Unit

Toward the end of 2010, and in part due to the conflict with the indigenous peoples that started in September, the Ministry of the Presidency realized there was a need to add a territorial dimension to the seven programmatic priorities defined by the government. On that basis, the Ministry created the Regions Unit, which was mandated to advise and support regional governors (appointed by the president) in drafting and implementing their Regional Government Plans (Planes Regionales de Gobierno).

The first step in drafting these plans was to convene all of the regional governors and explain the work. A methodology was established to prepare the plans, according to which each governor selected four of the government's seven central priorities and adapted them to the regional level. Two or three additional priorities could be added to these four, which were not necessarily on the list of the original seven. For example, there was a connectivity pillar, linked to improving citizen access to transport services (e.g., ports, routes, and roads) and a communications pillar (e.g., telephone and internet).

Once this presentation had been made, the Head of the Regions Unit spent time visiting each of the regions and worked on each regional plan with the corresponding Regional Ministerial Secretary.[a] In general, the Regional Government Plans centered exclusively on public investment initiatives (which did not imply the creation of special programs or initiatives, which are the responsibility of ministries and agencies). Once the plan had been agreed upon, a bilateral meeting between the president and each governor was arranged. Once each proposed plan was approved, a date was set for its official launch, a ceremony at which the president took part.

As is the case with the PDU, the Regions Unit was responsible for monitoring the progress and delivery of each plan, and for helping resolve interministerial coordination failures that could hinder the progress of the commitments. Given that the plans were almost exclusively committed to investment projects, the work of interministerial coordination was key, as the approval and financing of investment projects in Chile requires the agreement of various institutions.[b]

[a] The Regional Ministerial Secretaries are the sector authorities in the region. They are appointed in agreement with each local governor and the line minister. They preside over the decentralized office or entity of the corresponding line ministry.

[b] The process usually requires the agreement of the Ministry of Social Development, of the corresponding line ministry, and of the regional political authorities, which include the governor and the rest of the regional government.

Source: Ministry of the Presidency (2013).

by the president. Given that the exercise of power generates by itself endless opportunities for internal strife, it was very important for the PDU to be perceived as an invisible partner, rather than a competitor for the limelight.[34] This notion of subsidiarity was emphasized from the outset, but it required confidence-building among the unit members and their sector counterparts. Furthermore, a necessary condition to enable the PDU to fulfil its mission was that it was empowered by the president and participated in all the interministerial and bilateral meetings dealing with government strategic and programmatic management.

Strategic Management

This function, carried out during the initial months in office, consisted in helping the priority line ministries structure their action plans so that they were aligned with the government's strategic priorities and contained actionable goals and indicators. Although a think tank had worked on developing the government program before the presidential election campaign, the strategies had not been developed to the necessary level of detail for many of the sectors. To this end, the PDU financed consultancies with international experts who contributed to defining the strategy and the initiatives it comprised, but recognizing that the unit's role was to accompany the process, make sure that it was

[34] The first Minister of the Presidency after the creation of this position, Edgardo Boeninger, often emphasized this point. Michael Barber (2008) is also very clear on this matter, as well as on the importance of creating so-called win–win relationships with other ministries and collaborators.

actionable, and tried to contribute comparative experiences and best practices. In practical terms, this function included two elements. First, the PDU provided the necessary support to respond to the following questions: How are results to be measured? Are there adequate sources of information for measurement? Should indirect indicators be defined? If so, which are the most appropriate? Second, the PDU developed a methodology comprising delivery-based "routines" that were accepted by the line ministries and that could be institutionalized, particularly with regard to data-gathering, drafting internal and external reports, and the meetings or forums for exchanging information.

This work called for technical expertise in service delivery to support the sectors. In addition to helping set up the unit (its functions, structure, role, professional profiles, and how it should relate to the line ministries), the international consultancy also offered support in generating the programmatic content of each strategic pillar or, in its absence, in defining the methodologies to determine the previously mentioned strategic content.[35] The consultancy trained members of the PDU to conduct so-called "performance dialogues", a methodology to reveal the actual causes hindering achievement of results and delivery of goals, instead of accepting cursory explanations. It also contributed the following elements to the process: (i) providing international experts (in particular in the areas of education, health, and public security), (ii) gathering comparative evidence and best practices, and (iii) defining the actionable indicators and identifying the necessary sources of information.

At the beginning, the PDU had strategic coordinators placed in the offices of the line ministry requiring support (often within the minister's or deputy minister's office), but this way of working was not successful. The lack of corporate spirit within the PDU and the potential sources of conflict associated with the kind of "dual dependency" to which the coordinators were subjected led to the practice being abandoned.

Exercising strategic management and drafting the government plan also included working with other central agencies, particularly the Presidential Advisory Unit and the Budget Office. In this initial phase of setting the priorities, most of the work was done with the Budget Office, whose active participation in the process of drafting the first May 21 speech and the government plan laid the groundwork to formulate the administration's first budget for 2011.

Despite a long tradition of measuring processes, outputs, and outcomes in the Chilean public sector, in some key areas of the government plan there was no instrument or source of information to measure progress. For example, there were no baseline or direct indicators to quantify the number of days needed to set up a business. Similarly, although a survey of hospital service users existed, each establishment applied this independently, thereby reducing the legitimacy and credibility of the information. This forced the teams in each ministry, in conjunction with the PDU and the consultancy, to identify indicators and sources of information that would effectively reveal the progress made in the presidential commitments under each strategic pillar. Because of the difficulty in finding an appropriate or—in other words—timely, objective, actionable, and value-for-money indicator (that showed the cost–benefit relationship), indirect indicators had to be chosen in many instances.

Although some of the presidential commitments were results-based (e.g., economic growth, employment, and security), others

[35] The consultancy firm used a team of four full-time members and an international expert in each field to offer support on strategic content (education, health, and public security). The work was carried out over five months. During the first three months, the support was more comprehensive and involved the entire team. In the final two months, the work was lighter and consisted of the director of each project joining a committee at the DCI throughout the period.

were output- or process-based, meaning that the link with results was indirect and, in some situations, irrelevant. An example of this second type of goal occurred when there was an agreement to present a bill to Congress. Although this achievement was a step in the right direction, it said nothing about the possibility of the bill being approved and offered even less help for estimating with any degree of precision the contribution that that law might have on citizen wellbeing. Table 3.2 shows a breakdown of the 40 strategic objectives, grouped under the eight priorities. Half of them were primarily outcome-based. Furthermore, the delivery report submitted after three years of government identified 271 actions, many associated with inputs and processes needed to achieve the 40 strategic objectives described. The latest version of the delivery website, launched in May 2013, allowed a reader to distinguish between each type of commitment; that is, between those focused more on outcomes (the 40 strategic objectives) and those placing greater emphasis on inputs and processes (the 271 actions).

Once the government plan was drafted, with its ranked priorities, strategic objectives, and actions, and its precise indicators and goals identified, it was far from being a static instrument; the number of committed and monitored actions rose year by year. Figure 3.4 indicates the number of commitments made in the May 21 presidential speeches during the first three years of government (2010–12) and their status. The total number of commitments rose from 317 in 2010 to 621 in 2012.[36] One of the reasons behind this increase was the dynamic nature of government and the need to incorporate new, previously overlooked

[36] The total number of commitments is higher than the ones mentioned here because they include commitments announced in speeches and statements made separately from the May 21 speeches. Furthermore, there are ministerial commitments that were not made public or agreed to at the bilateral meetings, or within some other government entity.

Table 3.2: Classification of Strategic Objectives

	Input	Process	Output	Outcome	Total
Growth	—	1 (17%)	—	5 (83%)	6 (100%)
Employment	—	—	1 (25%)	3 (75%)	4 (100%)
Citizen Security	1 (17%)	1 (17%)	—	4 (67%)	6 (100%)
Education	3 (33%)	1 (11%)	2 (22%)	3 (33%)	9 (100%)
Health	1 (20%)	3 (60%)	1 (20%)	—	5 (100%)
Poverty	—	3 (75%)	—	1 (25%)	4 (100%)
Quality of Democracy	—	—	1 (20%)	4 (80%)	5 (100%)
Reconstruction	—	—	1 (100%)	—	1 (100%)
Total	5 (13%)	9 (23%)	6 (15%)	20 (50%)	40 (100%)

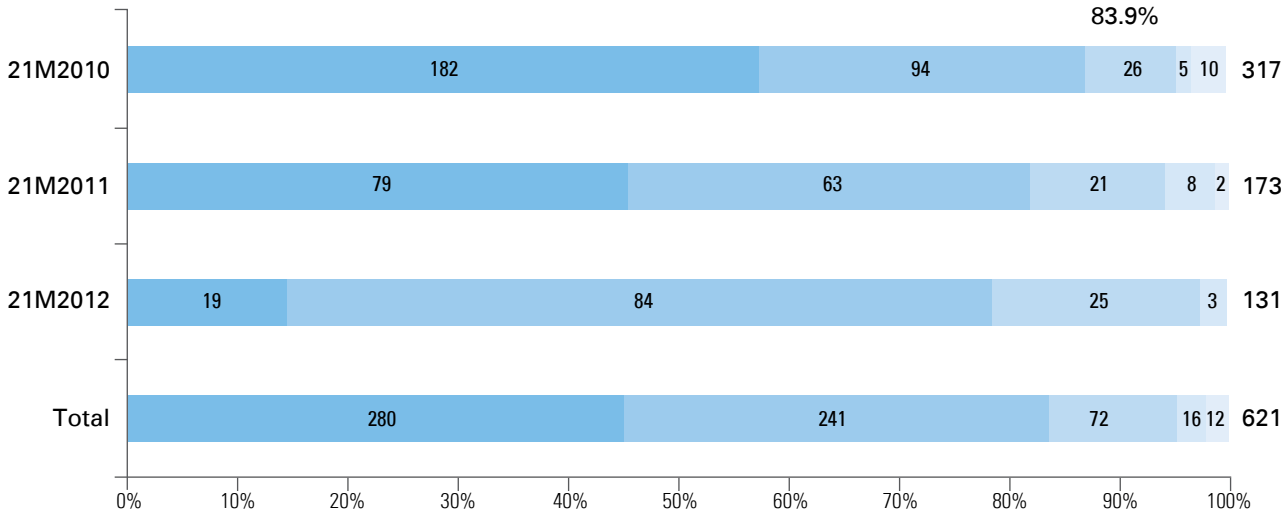
Source: Ministry of the Presidency (2013).

Notes: The classification of objectives and actions was carried out in accordance with the criteria established by the authors. The inputs are the human and monetary resources, as well as other assets. The activities constitute the actions and processes carried out by the authority in order to transform the inputs into outputs. The outputs are those that can be directly attributed to government activity. Finally, the outcomes are the effects of the outputs of the authority, as well as of other interest groups in society.

objectives into the strategic plan (e.g., commitments linked to higher education that were partly a response to student demonstrations in 2011). As mentioned in the *Functions of the Center of Government* section of Chapter 1, *strategic management* is a more dynamic function than a simple one-time planning exercise. Figure 3.4 shows that, of the 621 commitments, the large majority were either achieved (45 percent) or were on time for achievement (39 percent); 11 percent required attention, 3 percent were delayed, and 2 percent had been discarded. Establishing a causal attribution for this high level of achievement is not possible, but, as discussed throughout this chapter, the PDU was perceived inside the government as a relevant instrument to keep the sectors focused on meeting these goals.

The relationship between the Ministry of the Presidency (in particular the DCI and the PDU) and the Budget Office was consolidated during this monitoring phase by combining contributions to the two most important events of annual government management: drafting the May 21 speech and drafting the Budget Law. In an ideal version, the Ministry of the Presidency led the drafting of the May 21 presidential message and the Budget Office ensured that no promises were made that lacked budgetary support. On the other hand, the Budget Office directed the formulation of the Budget Law with the assistance of the Ministry of the Presidency, thereby ensuring that the president's strategic decisions were prioritized and could be financed from the budget (Box 3.3). This process was advantageous, first, because the strategic objectives were fixed and, second, because the budget requirements were assessed. Or, in other words, the budget followed the strategic plan and not vice versa, even when there were contrasting points of view.

Figure 3.4: Presidential Commitments Made in the May 21 Speeches: Progress as of December 2012



Achieved: completed as promised
On time for achievement: still within time limits for achievement
Need attention: achievement at risk
Delayed: have not been completed according to public deadline established by the president
Discarded: have been discarded for technical or budgetary reasons, or for changes in priorities

Source: PDU-Ministry of the Presidency

Box 3.3: The Presidential Commitments and the Budget Formulation Process

The Budget Office took part in all bilateral meetings between the president and his ministers in order to ensure a good connection between the government's strategic plan and the formulation of the budget. In the bilateral meetings, the Budget Office fulfilled two essential roles: (i) providing judgment and evidence that helped quantify the budgetary impact of the actions being discussed and signaling the way additional expenditures should be financed (reallocation within the current budget or an increase in expenditures) and (ii) taking note of the decisions reached and priorities agreed between each minister and the president.

However, the presence of a high-ranking official from the Budget Office (a political appointee) was a necessary—but not in itself sufficient—condition for adequate integration of presidential priorities with the budget because the budget formulation process in Chile has its roots in the interaction between the technical teams of the Budget Office (sector specialists and career civil servants) and the heads of the Administration and Finances Division in each agency.

While the budget was being drafted, and to exploit the possible information asymmetry with the Budget Office, some agencies deliberately decided not to include the resources for the presidential priorities in the initial budget application. They chose instead to assume the possibility of an allocation in a future budget increase. In other words, the original budget was aimed at meeting only the needs prioritized by the sector, as it was expected that financing for the presidential priorities was assured and would be made available at a later date.

In an attempt to limit such opportunistic behavior by the agencies, the Budget Office had to establish an internal procedure to make sure that the information and the agreements made during the bilateral meetings reached the technical teams (sector specialists). The appointment within the Budget Office of a coordinator charged with the exclusive responsibility for participating in the bilateral meetings with the president helped reduce information asymmetries both within the organization and with the Ministry of the Presidency.

DCI recorded the minutes after each meeting and sent them to the Minister of the Presidency, the Budget Director, the relevant heads of division at the Ministry of the Presidency, and the Budget Office coordinator for the bilateral meetings to ensure that the Budget Office and the Ministry of the Presidency concurred, and that relevant and timely information could reach each of the technical teams in the Budget Office. Moreover, the Budget Office was given access to the commitments database.

Other interministerial mechanisms to integrate the plan and the budget included the Ministry of the Presidency's review and approval of the strategic agency definitions, budget results indicators, PMGs associated with remuneration, and performance agreements with the senior executive service (according to legally established criteria).

Source: Authors' elaboration based on information gathered from interviewees.

Coordinating Policy

This function addressed the failures in interministerial coordination that limited the progress of government commitments, detecting problems and working to mitigate them. Further, policy coordination provided backing for interministerial decision making. To this end, the DCI-PDU team was part of the executive secretariat of the interministerial committees and attended the bilateral meetings and was, therefore, a key component to fulfilling this function.

Monitoring and Improving Performance

This function oversaw the integrity and focus of the programmatic strategy, outlined by the government, by permanently monitoring the commitments organized under the eight ranked priorities of the government plan. In other words, the responsibility was to make sure that focus did not waver and that resources were not rerouted to commitments and objectives outside the government plan because of contingencies. If a contingency was of such an overwhelming nature, the responsibility was to adjust the strategy to meet the issue (e.g., with regard to higher education in response to the student demonstrations in 2011). Moreover, whenever the results obtained were worse than expected, the PDU was charged with providing support or helping to modify the strategy or the activities that it comprised. In the same way as preparing the strategic plan,

this function was carried out by supporting the technical leadership exercised by the experts in each ministry. It was not carried out by the PDU, which lacked the expertise to provide technical sector-based advice. This *monitoring and improving performance* function included the responsibility to provide solutions to possible crises in delivery. The adverse outcome in citizen security at the end of 2011, for example, led to a crisis of this nature (Box 3.4).

There was an adjustment period in the relationship between the Ministry of the Presidency (in particular the DCI) and the Presidential Advisory Unit with regard to monitoring to reduce the initial overlap, in particular when clearly defining who led the progress on (and delivery of) the presidential commitments, and thus who should request information from the line ministries. In the beginning, the Presidential Advisory Unit and the PDU coordinators requested the same data in different formats from the same sector counterparts. The situation became clearer over time, and the PDU assumed responsibility for monitoring and gathering information on commitments; although, in special circumstances, due to immediate contingencies or a crisis situation that may or may not be associated with a commitment or a strategic pillar, the Presidential Advisory Unit could directly contact each minister or deputy minister, the heads of cabinet, or teams of advisors.

Despite the collaboration between the Ministry of the Presidency and the Budget Office, and the understanding with the Presidential Advisory Unit, there was an unavoidable perception that the sectors faced

Box 3.4: Managing a "Delivery Crisis": The Citizen Security Pillar

The citizen security pillar included the commitment to reduce by 15 percent the rate of victimization in households by 2014. The indicator was based on the National Urban Citizen Security Survey (*Encuesta Nacional Urbana de Seguridad Ciudadana* or ENUSC). The *Chile Seguro* plan, launched in August 2010, committed to a series of actions and programs intended to achieve its goal. In April 2011, the National Statistics Institute (*Instituto Nacional de Estadísticas* or INE) presented the results for 2010, indicating that the percentage of households that had been victims of crime declined from 33.6 percent in 2009 to 28.2 percent (equivalent to a 15.9 percent reduction). In other words, the goal established for the four years of government had been achieved by the first year.

Twelve months later, the ENUSC 2011 revealed that the percentage of people that were victims of crime had risen from 28.2 percent to 31.1 percent. This 10 percent increase with respect to the previous year called into question both the *Chile Seguro* plan and the government-led strategy to combat delinquency. The Ministry of the Interior and Public Security (the unit mainly responsible for this strategic pillar) led the efforts to clarify the causes of the increase and evaluate possible courses of action. A series of working meetings, led by the presidency, was organized to decide how to tackle the situation. Together with the sector experts, members of the Ministry of the Presidency (DCI and PDU) and the Presidential Advisory Unit participated.

After evaluating the ENUSC data and the possible courses of action, the government team opted to maintain *Chile Seguro* and the actions committed to therein, but to complement it with the launch of further initiatives for (i) prison policy, (ii) border control policy (*Frontera Norte*), and (iii) the Safe Stadium Plan (*Estadio Seguro*). The perception of a strong increase in victimization in 2011 was the consequence of a natural rebound following the marked decrease registered the year before. During the period of evaluation and decision making, the PDU took on the role of coordinator and provided strategic support for management, similar to its role during the strategic planning stage at the beginning of 2010. In March 2013, the INE released the figures for 2012, indicating that the percentage of households subjected to a criminal act had fallen to 26.3 percent, a figure that was even better than the 28.2 percent announced by the 2010 survey.

Beyond the outcomes achieved and their evolution over time, this situation was a fair reflection of the challenges peculiar to results-based management. The challenges include establishing effective goals, determining whether there is a causal relationship between the actions taken and the results achieved (attribution), and explaining short-term changes where public policies need time and maturity to achieve the desired results.

Source: Authors' elaboration.

high transaction costs associated with satisfying the demands for information from various government departments—monitoring inflation.[37]

Monitoring the delivery of presidential commitments in each strategic pillar relied on basic management tools and on the relatively junior staff at the PDU. The management methodology, analysis of indicators, delivery of periodic reports, preparation of spreadsheets and presentations, and development of technological platforms (web-based tools), among other resources, were of a relatively low degree of complexity, in line with the minimum necessary to develop these functions.[38] Box 3.5 summarizes the unit's organization and human resources.

[37] These petitions included occasional requests from the Presidential Advisory Unit and the PMG, the management commitments undertaken by the Budget Office, the indicators for the Treasury's *Chile Gestiona* program, and the data for evaluating the social programs, an area which is usually led by the Ministry of Social Development (Ministerio de Desarrollo Social), among others.

[38] The Technical Note that originally presented this case study (Dumas, Lafuente, and Parrado, 2013) shows examples of the spreadsheet originally used to gather information regarding delivery, as well as a screen display of the web-based platform that subsequently replaced it.

Box 3.5: Presidential Delivery Unit: Organization and Human Resources

Staffing and Structure

The PDU was composed of approximately 10 people, all of whom worked under temporary contracts. The PDU was structured with a general coordinator and a coordinator for each of the eight strategic priorities. Coordinators were also responsible for monitoring other less prioritized matters in parallel with the ministry in charge of their particular pillar (e.g., education pillar coordinator with the Ministry of Education or the health pillar coordinator with the Ministry of Health). At the same time, some of these strategic priority coordinators acted as executive secretaries within the interministerial committees in support of the head of the DCI.

Staff Profile

The vast majority of the employees were relatively junior, had between three and five years of work experience and, above all, a private sector background. Practically none had prior experience in the public sector. The general rule was that their training should have been in either business administration or in engineering, with a clear emphasis on strategic management. This staff profile was molded by two factors: (i) the high costs to hire a more senior team, with overseas post-graduate training and technical knowledge of the associated thematic area, and (ii) the scarcity of persons with the aforementioned senior description, combined with the risk of competing with the line ministries for the services of a small number of candidates.

On the other hand, none of the members had been politically active in any of the parties that comprised the ruling government coalition. This profile of the unit personnel, which also applied to other high-ranking officials at the Ministry of the Presidency, had become one of this administration's characteristic idiosyncrasies, something hitherto unknown in Chile, with its consequent advantages and disadvantages.[a]

Principal Challenge (and Virtue?): High Staff Turnover

Three years after the PDU was set up, only two of its original members were still at the unit (one of whom would become the head of the division). The rest had migrated to higher-ranking positions in their counterpart ministries or to other areas of the administration, or they had left to follow post-graduate studies overseas. The close working relationship between the coordinators of each pillar and their sector counterparts, the mutual confidence-building, the technical know-how, and the contacts acquired over time meant that a significant number of PDU members had been headhunted to become advisors to work directly in the cabinets of sector ministers or undersecretaries. Although this turnover did, on one hand, give rise to the fresh challenge of recruiting suitable new personnel, training them, and building confidence once more with their counterparts, on the other hand, it increased the critical mass of officials who were closer to political power.

Source: Authors' elaboration, based on information provided by the Ministry of the Presidency.

[a] This material is based on interviews carried out in 2013. Neither the head of the DCI, nor any of the other divisions of the Ministry of the Presidency, and nor the Minister of the Presidency, himself, were members of any of the parties that comprised the ruling government coalition.

Communicating Results and Accountability

This function referred to the timely reporting to citizens of government progress in fulfilling the presidential commitments. The desire for the government to be judged on its results included the implicit desire to communicate to citizens both what had been achieved and what still remained to be achieved. The PDU contributed to wider government efforts to deliver accountability by publishing various reports.

This accountability was exercised at different instances. In addition to the May 21 speeches, which were already a fixture in the Chilean public administration calendar, there were annual accountability reports by ministries and governorships, the accountability report delivered by the PDU concerning reconstruction efforts (every February 27 and August 27), accountability with regard to the seven pillars every March 11 (the anniversary of when the administration took office), and specific reports for each pillar at other times. The launch of the 2.0 version of the website, in May 2013, was a significant step forward in making this continuous accountability mechanism more clear.

Analysis of the Innovations

The following are conclusions of the study of the role played by the Ministry of the Presidency, particularly the DCI and the PDU, during the period 2010–13 in Chile. The case is analyzed in the light of the specialized literature, previous experiences in Chile, and comparative international experiences in other OECD countries (discussed in the Appendix of this publication). These conclusions are based on key questions intended to reveal the main achievements and challenges in exercising the following functions: (i) strategic management, (ii) coordinating policy, (iii) monitoring and improving performance, and (iv) communications and accountability.

Strategic Management

What role did the DCI-PDU play in preparing strategic plans to choose sector priorities, set realistic goals to benefit citizens, define implementation trajectories, and correct potential deviations?

The DCI-PDU assumed a subsidiary role, relying on the support of an international consultancy to develop an actionable methodology and process, thereby leaving the sectors to undertake the technical aspects, which stemmed from the president's government plan. This approach was adopted during delivery crises; for example, by adjusting the citizen security goals after the deviation had occurred (see Box 3.4). The Chilean PDU had limited technical experience, which was one of the main characteristics that differentiated it from the United Kingdom model and from the Australian Cabinet Implementation Unit (CIU). However, the PDU demonstrated clear capacity to structure the priorities into measurable goals and indicators, with appropriate verification methods. Whether or not the goals were realistic or how they were established is not clear. The results achieved after three years in office seemed to indicate that the goals for most of the priorities were challenging but reasonable, considering there were no significant overachievements or shortfalls.

Did strengthening the strategic management function of the DCI and the PDU replace or overlap with strategic planning tasks carried out by other government entities?

As shown in Chapter 2, in several LAC countries there are multiple organizations responsible for different aspects of the strategic management function, leading sometimes to overlap and confusion. In Chile, establishing the PDU and reinforcing the DCI seem to have been an attempt to balance or almost substitute the strategic planning power hitherto led centrally from the Presidential Advisory Unit or, to a

lesser extent, from the Budget Office. After some initial adjustments due to partial overlap with these two organizations, a balance was struck in which the Ministry of the Presidency played a more important part. The Ministry was involved with identifying indicators and sources of information that would enable progress in the presidential commitments of each programmatic pillar to be measured, in validating the strategic definitions according to ministry and agency, and in aligning the institutional priorities with the government program. This change enabled a move from a more fiscal or budgetary view of strategic planning toward an approach with greater strategic coherence with the government program. Furthermore, there was more overlap with the Presidential Advisory Unit at the beginning of the government's term of office, but thereafter the relationship converged toward better collaboration.

Were the DCI and the PDU better able to link priorities and goals with the budget?

Articulation between the Ministry of the Presidency and the Budget Office was at least successful in reducing the information asymmetry between the presidential priorities and the process of budget negotiations between the Budget Office sector specialists and the ministries and agencies. Under previous governments, the connection between programs and budgets on one hand, and the presidential goals on the other, was fundamentally formal (this trend has been detected throughout LAC countries; see Chapter 2). During 2010–13, the role of the Ministry of the Presidency consisted of providing information to the Budget Office's sector specialists so that the budget followed the plan—not the other way around—and to approve some key management instruments. Management instruments included results indicators in the budget and the PMG; however, the main vehicle to achieve budgetary alignment behind the plan seems to have been the Budget Office's participation in all the bilateral meetings. After the meetings, an interministerial coordination mechanism was established between the Ministry of the Presidency and the Budget Office to ensure consistency of the agreements.

Coordinating Policy

Did the DCI and the PDU contribute to better governmental coordination? In what respects?

During 2010–13, the Ministry of the Presidency regained its coordinating role (previously exercised in 1990–94; Siavelis, 2012), but this did not in itself imply an improvement in governmental coordination. Many of the interviewees linked to the administration indicated that the greatest achievement of CoG restructuring was "giv[ing] the capacity to strategically manage the government back at *La Moneda*." This implies that management coordination was previously exercised from outside the presidency through the Ministry of Finance or was delegated to various ministries depending on the subject matter. However, this statement should be qualified in the sense that *La Moneda* also played an important role through the Presidential Advisory Unit, especially during the 2000–06 period (Siavelis, 2012: 152–55; Egaña and Chateau, 2011).

Based on our analysis and the available information, strengthening the DCI together with creating the PDU contributed to improving governmental coordination, both procedurally (with interministerial committees and bilateral meetings) and with regards to achievements (results-based approach). As described in Chapter 1 (Figure 1.2), various levels of governmental coordination can be distinguished, ranging from total ministerial autonomy (the lowest level) to good interministerial communication, with consultations between ministries to avoid discrepancies, achieve agreements, conduct interorganizational

arbitration, establish government priorities, and deliver on those priorities (the highest level). In the past, the Chilean presidency had established the governmental priorities and entrusted their monitoring to diverse units—Budget Office, Presidential Advisory Unit, Ministry of the Presidency—depending on the period. Although the Chilean executive's decision-making system has traditionally contained elements from all coordinating levels, it seems that the exercise of all these different levels has not been carried out systematically or regularly, and has been rather anecdotal, depending on the individual president, including during the 2010–13 period.

The Ministry of the Presidency's coordinating role, compared with the part played by this same ministry in previous periods, was developed thanks to a new results-based approach to coordination, and with 50 percent of the strategic objectives focused on outcomes. This forced ministries to align their strategies in the light of presidential priorities, which meant that information and consultation between ministries was shared whenever the goal was shared. Coordination thereby reached its highest level (results achievement) to align each ministry's individual strategies, not only from the decision-making perspective, but also regarding policy implementation. However, as previously mentioned (Table 3.2), only a portion of the presidential commitments were proposed as results (impacts or outcomes). Process-based coordination continued, in particular with regard to committed *actions*, which were expected to contribute to achieving the outcomes. There were more than 600 actions to monitor.

Furthermore, the Ministry of the Presidency institutionalized coordination by regularizing, rationalizing, and simplifying interministerial committee meetings, wherein information was exchanged and consultations could be held with various ministries on cross-cutting issues. Interministerial meetings were not, however, a decision-making forum. Furthermore, the four committees that had always existed were maintained: Political; Social Development; Economic Development; and Infrastructure, City, and Territorial. In addition, the number of times that these committees met was consistent, so that the Political Committee met once a week whereas the other committees met monthly. Finally, the executive secretariat of these committees was located within the Ministry of the Presidency's DCI. All of these decisions undoubtedly helped to institutionalize coordination, and the fact that there was only one Minister of the Presidency throughout the period analyzed can be viewed as a positive factor.

How did the governmental coordination of decision making in Chile during the 2010–13 period compare with similar initiatives in other OECD countries?

The coordination function differs notably according to country, whether it has a presidential system (as in Chile) or a parliamentary system (as in most other OECD countries). As described in Chapter 1, in other countries, especially in parliamentary governments, the interministerial committees are institutionalized with regard to their nature and the regularity of their meetings, albeit with a certain degree of flexibility. In Chile, during the period under analysis, because it is a presidential system and because of the president's personal style, the interministerial committees did not make decisions; bilateral meetings were the main decision-making mechanism (this is the trend in several LAC countries, as discussed in Chapter 2). Therefore, there seemed to be a lack of coordination in terms of a joint decision-making perspective, existing only at the lower levels of coordination, such as when it came to exchanging data. The presidency played an important role in arbitration, either personally or through the Presidential Advisory Unit or the Ministry of the Presidency (legal counsel and/or the DCI),

and it acted as a validating mechanism over the ministers in the decision-making process.[39]

Although the president and the Presidential Advisory Unit carried out a fundamental role in coordinating the ministerial commitments, this role was reinforced by the DCI, which coordinated information and monitored results once decisions were reached. Apart from the DCI's intervention in interministerial committees, its participation in bilateral meetings was critical, as most coordination efforts were aimed at aligning the ministries' strategies behind the presidential promises. However, rather than horizontal coordination of governmental activity, there seemed to be an alignment between the individual organizations and the presidential agenda, which often dominated the meeting and practically announced the decisions to be adopted and executed by the corresponding minister. Beyond this characteristic, the DCI was a fundamental coordination instrument for facilitating the decisions made by the president.

Did strengthening the capacity of the DCI and the PDU to coordinate replace or overlap existing functions in other government entities?

Although there might have been a partial overlap with the Presidential Advisory Unit regarding coordination, the DCI-PDU took a proactive approach, whereas the Presidential Advisory Unit often reacted to emergencies and contingencies. The PDU supported coordination through daily contact between its members and their ministerial counterparts, thus facilitating rapid identification of bottlenecks and failures of coordination. For its part, the Presidential Advisory Unit usually intervened only when spurred by a newspaper headline or an exogenous event.

At least four types of actors (the Ministry of the Presidency, the Ministry of Finance, the Budget Office, and the Presidential Advisory Unit, in addition to the line ministries, which were part of the interministerial committees) take part in government coordination in Chile, and their relative importance depends on the moment in time. *There was still no one predominant actor in the system to support the president in coordination*. In the first place, although there was clearly a ministry with this very mandate (the Ministry of the Presidency through the DCI), in reality it had not always delivered because it had always depended on the president, primarily—according to each case—on the Ministry of the Presidency or the Presidential Advisory Unit. The most significant type of oscillation occurred when Finance's weight (of an economic nature) was pitched against the presidency's (much more political). The struggle between "political" and "economic" coordination, however, is apparent in other countries as well (Chapter 1).

What was the level of coordination at the territorial level?

Although the Chilean system of government is unitary and centralist, the creation of the Regions Unit and the drafting of regional plans to adapt the government plan marked an important step and appeared to be celebrated

[39] At these meetings, the president may set out an opening position on one or various issues that concerned the ministry and, at the same time or later, put forward a proposal to be followed. The Budget Office could intervene by communicating how the budget stood in relation to the matters requiring future economic valuation, or which already had a budgetary allocation. On occasion, the minister attending the meeting might not state a position, given that the position might already be incorporated into the president's decision. Therefore, the bilateral meetings did not always establish the position of the minister (responsible for that particular area) followed by the president's feedback, but rather produced the opposite process. In this process, the president exerted a high degree of control over the ministerial agenda, which may have had something to do with the president's personal style. This is unusual in other systems and also under previous presidents in Chile (Fernández and Rivera, 2012). President Piñera seemed to pay more attention to ministerial management than did previous office holders, thereby reinforcing his results-based, hands-on approach. This was probably due to the fact that ministers were from a more technical background, and the traditional partisan "quota" policy was not followed, by which the coalition parties would gain more influence and would make this style of management much more difficult.

by the decentralized agencies of the central administration. The Regions Unit, created some months after its sector-based peer, helped regional governors rank the seven programmatic priorities at the territorial level. Some of the people interviewed—legislators, in particular— recognized this effort as a significant value added. This is a sphere that could be investigated further, although it may depend, to a large degree, on the country's decentralization agenda.

Did the contestability of the policy cycle increase?

The improvement in coordination; the partial overlap of functions at the CoG (which led to an exchange and competition of ideas that were subsequently arbitrated by the president when it came to decision making); and the publication of the priorities, strategies, goals, and outcomes, contributed to an atmosphere of greater contestability in the public policy cycle. The PDU and the DCI did not have a preponderant role in drafting public policy. However, strengthening coordination by the aforementioned mechanisms seemed to have contributed to contestability. For example, the CoG hired external experts to draft plans in certain sectors, informing the policies designed by the ministries. The interministerial committees, which met regularly, provided a forum for policy discussion for the line ministries and the CoG. Finally, information regarding progress in policy implementation, and its publication, meant that the CoG could intervene earlier to provide support or to address potential failures by the sectors in the implementation approach, and to promote debate by legislators, think tanks, universities, and other organizations.

How far was the coordination function institutionalized?

Collegial activity by the government in Chile is not institutionalized because there is no collegial unit that includes all of the ministers (as is the case in many parliamentary systems; see Box 1.1 in Chapter 1) and because, in the past, there has never been a structure similar to a Council of Ministers. Each president has opted for a different formula for the number of interministerial committees, although historically, this group has often been rather numerous, in particular during the 2000–10 period (more than 35 committees)[40] and during 2010–13 (with the great majority consolidated into four committees with regular meetings). The absence of a collegial unit that could channel potential formal decisions, as well as the various committees of the past, decreased the efficiency of interministerial coordination. In this sense, it is true that greater institutionalization was achieved during the 2010–13 period, but this might have been modified according to the style of the president that took office in 2014. This absence of institutionalized coordination mechanisms is a common characteristic in various LAC countries, as described in Chapter 2.

On the other hand, coordinating government activity in Chile is not an "administrative" task. In other words, the actors involved in this process are political appointees (advisors, ministers, or deputy ministers). The working relationship between them is, by definition, temporary. In contrast, public or civil servants, who enjoy more permanent links and can transfer institutionality over various presidential terms, do not directly participate in these coordination processes, although they might take part in multiple preparatory tasks in their respective organizations. None of the coordinating bodies or coordinating forums is based exclusively on permanent civil servants, as happens in some OECD countries (see Figure 4 in Chapter 2). This political focus is significant if the issues regarding institutionalization are to

[40] These committees did not meet regularly and it was not at all clear what role they played (Fernández and Rivera, 2012).

be understood, given that it is not just ministerial stability that is important during a government term, especially on the Political Committee, but also the temporary nature of those positions that are responsible for the operational aspects of coordination.

In many parliamentary systems in OECD countries, advisors are taking on an increasingly important role, which means that a kind of presidentialization seems to be underway, which coexists alongside a collegial cabinet or government. In theory, advisors are barred from carrying out executive functions, meaning those that interfere with the ministries' executive tasks. However, in day-to-day practice, they are often tempted to do so, as described in the Appendix regarding the United Kingdom. Conversely, in some of these countries, career civil servants are responsible for filtering decisions before they reach the Council of Ministers. Given that civil servants are permanent elements in the system, the different coordinating mechanisms function in similar ways, although each successive government may introduce slight modifications that may orient the institutions in one direction or another.

In summary, a significant contribution to improving the coordination function occurred during the 2010–13 period, although certain drawbacks in the system that developed persisted. First, more political coordination complemented the use of the budget, which was previously the sole coordination instrument (economic coordination). Political coordination is more helpful to a cross-government approach than economic coordination, which was often focused on budgetary execution, presenting greater information asymmetries with regard to sector goals. Second, the Ministry of the Presidency benefited from having a single minister for the entire period—thereby enhancing the institutionality of the coordination task—and the ministry rid itself of tasks that had nothing to do with coordination, allowing it to focus on its core activity. Third, the number of interministerial committees was reduced and their meetings set on a regular basis; however, some impediments to management still existed. Bilateral meetings often encouraged a management style very close to the president, who was involved in too many details of ministerial activity. This was possible because of the ministers' technical and non-political profile, but it cannot be considered optimal to incorporate the ministers' vision into the decision making. The final element to note is that the tasks related to coordination were carried out by advisors (temporary personnel), with no established protocols that could institutionalize these routines.

Monitoring and Improving Performance

Was the monitoring system sufficiently selective, simple, and direct?

There were almost 40 strategic objectives, spread out over eight strategic priorities, with a majority of results-based goals (whether outcomes or impacts), giving the impression that the system was selective enough.[41] The government established a monitoring system for all of the output- or outcome-based goals, and this has to be considered a positive move both in itself and compared to previous experiences in Chile and with other countries.

However, in addition to these presidential goals, the PDU monitored all presidential commitments made in the May 21 speeches and on other occasions, most of which were actions, bringing the total monitoring realm to a high number. In the May 21 speeches from 2010 until 2012, 621 government actions and commitments were made, although the number of commitments announced diminished year by year (317 in 2010; 173 in 2011;

[41] An exception is made of the pillar "Quality of democracy and modernization of the State", as it is more procedural.

and 131 in 2012). To this figure must be added the commitments announced on other occasions, which were registered in a database, inaccessible to the public. For these reasons, no external actor was able to understand exactly how many actions and commitments the PDU was, in fact, monitoring, nor what they consisted of. And, in comparative terms (Appendix), similar units, such as the British PMDU and the Australian CIU, focused on a more selective number of goals.

Did the PDU manage to channel political pressure to achieve results by monitoring the ministries and agencies in the president's name?

For the sectors, the PDU's most outstanding contributions related to its function of first-hand, permanent, and systematic monitoring of the discussions held at *La Moneda*, which helped the technical teams be better prepared for bilateral meetings, and for the sectors to have the privilege of bringing a particular issue to the president's personal attention. The PDU really did monitor progress and there is anecdotal evidence that this was an incentive for the service-providing units, which also benefited by gaining the president's attention. By way of example, the following expression was used to characterize this particular PDU role: "The PDU is like a fly buzzing in your ear". This could mean different things. The expression could refer to the pressure to maintain focus on commitments and achieve results in priority areas, with more attention on the forest than the tree. Another, perhaps less positive, understanding of the expression could relate to the transaction costs associated with fulfilling the tasks that delivery management imposes on the line ministries.

As mentioned in the previous section, several units in addition to the PDU were tasked with collecting information from the sectors. So, it is hard to determine the impact of the PDU in isolation, and up to what point it produced the main impact in cases where all the units responsible for monitoring were combined. Although the results achieved for many of the strategic objectives were positive, and met or exceeded the targets set (e.g., crime reduction, job creation, new businesses, and student performance), it is hard to determine the extent to which the PDU can take the credit.

Was the PDU's role to analyze and strengthen capacities in the organizations responsible for achieving priority goals or to propose alternate ways to achieve targets?

The PDU was not tasked with analyzing the equation between goals and the institutional capacity to achieve them; this task was delegated to the ministers as leaders of their sectors. However, whenever a delivery crisis occurred, problems in sector capacity were detected, or there was a call for support from the sectors, the PDU and the Ministry of the Presidency, in general, acted as a channel to obtain external technical support by seeking financial resources and technical assistance from experts convened by the Ministry of the Presidency or the presidency.

Further, the PDU's mandate was not to measure the impact or effectiveness of government actions, but to determine whether what a sector said would be done, had been done, or had not been done (see the similar approach of the Pernambuco management model in Chapter 4). Asking the question about the best path to achieve a goal requires analytical capacity to establish a strategy. For the PDU, the strategy was a given; it was not to be questioned and only its execution was constantly monitored and verified, serving as a warning when there was a risk that a certain goal might not be achieved.

How does Chile's PDU compare with regard to the temptation—experienced in other OECD countries—to manipulate the data?

The temptation to manipulate figures (so-called gaming) has been more prevalent in the United

Kingdom than in Australia, Chile, or Pernambuco, Brazil (analyzed in Chapter 4). In the United Kingdom, as described in the Appendix, besides measuring the results against established goals, a delivery ranking was established. Therefore, using figures to demonstrate delivery encouraged competition among ministries. This was not particularly sensible, as targets of a very divergent sectoral nature were being compared (i.e., it was not measured which school had achieved the best results, while health was compared with citizen security). This resulted from the type of incentives system and from the control that the U.K. prime minister wished to exert on achieving targets. In this case, manipulating referred to the practice of identifying ways to change the measurement system in order to alter the outcomes.

In Chile, there were some risks of gaming the results monitored by the PDU, although they seem minor in comparison with previous results-based management initiatives. One of the risks was to rely on data supplied by the ministries. The PDU lacked direct access to ministerial databases and, thus, received reports released by the ministries. This was, in part, mitigated by the fact that some of the indicators, and particularly those regarding impacts, were provided by independent organizations (e.g., economic growth, employment, and the survey of victimization), although many were not. Furthermore, it should be taken into account the extent to which there was a substitution effect whenever quantitative targets were placed above qualitative targets (something that is difficult to mitigate, given that the government usually places emphasis on what can be measured and on what is within its control). One significant difference with regard to other results-based management initiatives in Chile that has reduced the incentives for gaming was that there was no monetary incentive to achieve the PDU goals.

What was the real impact of the PDU in terms of results?

The impact of the PDU with regard to achieving results is not easy to measure. In general terms, the Chilean ministries became more results-oriented and took on the dynamic of establishing objectives and indicators to identify progress toward them. Naturally, this type of impact was strengthened by the fact that the president was the main promoter of results-based management, with a personal interest in making sure that the targets were achieved. The PDU's activity was based on the bilateral meetings between ministers and the president, which dealt with cases of failures to achieve goals.

Chile's experience demonstrates that, during the PDU's short life, a constant, centralized system had been consolidated to monitor the results of the government program, which put the emphasis on the presidency's priority sectors and measures. However, it is noticeable that the PDU approach to delivery was not particularly strategic, given that the number of goals it had to oversee was considerable, and that it lacked sufficient resources to do an adequate job of intervening to clear obstacles when performance was lagging. There is no evidence to suggest that performance in key areas was improved, although the ministries began to place more focus on outcomes and impacts (rather than processes), and the government's agenda better reflected the chief executive's priorities. This reinforces a point mentioned in the introduction of this publication and which is raised in the conclusion section: the need for more rigorous measurements to establish how the CoG's reforms actually influence the outcomes of interest.

Communications and Accountability

Did the PDU contribute to greater government accountability?

It is worth mentioning that the PDU's role in accountability was only partial, given that, by definition, accountability refers to "responsibility for the results achieved". On this basis, the ministries are most responsible for accountability as both the recipients and the dispatchers of the promises made. Nevertheless, the CoG can set standards and define how the information should be published throughout the government.

Analysis of the main government accountability reports between 2010 and 2013 is based on the key characteristics of accountability mechanisms, described in Chapters 1 and 2. Basically, the key elements to assess are: (i) public access to accountability; (ii) differentiation between explaining and justifying conduct, and generating propaganda or supplying broad information for the general public (emphasis on good *and* bad results); (iii) direction of a particular forum or group of actors; (iv) accountability as mandatory, not optional; and (v) a possibility of debate about what has been done and the explanations offered (avoiding monologues).

The PDU contributed to the three main processes of government accountability during this period: the traditional May 21 speeches, the annual accountability reports delivered by each ministry, and the PDU reports. The DCI-PDU played a fundamental role in preparing the May 21 speeches, contributing to ministerial accountability, and drafting the delivery reports, as discussed below.

The May 21 speeches showed no appreciable orientation toward a results-based approach. This longstanding speech, which is established in the Constitution, recounts the political and administrative state of the nation. If the third May 21 speech of different democratically elected Chilean presidents is examined, there is no noticeable difference with regard to emphasis on results. Although the strategic priorities were mentioned, equal importance was given to other, non-priority issues. The great majority of the targets reached continued to refer to inputs (number of medical facilities or schools put into operation) and only on rare occasions were the impacts achieved related to the strategic objectives, except in cases such as job creation or citizen security. When reference was made to the results achieved, the proposed goal remained unmentioned, which meant that there was no real sequence of accountability for what was achieved compared to what had been promised. Finally, there was no mention of unmet targets (although allusions were made to the dissatisfaction with the achieved goal), nor were reasons given to account for substandard performance.

Ministerial accountability did not satisfy the key criteria for effective accountability according to the specialized literature.[42] Although accountability for the ministers is mandatory and must be made public, they failed in at least three key areas. First, accountability reports did not highlight "bad" results, why they were not achieved, or why they were not "good". Second, with one notable exception, the cases examined did not offer the possibility to debate and judge what had been done, or the explanations offered. And third, the majority of the indicators referred to inputs and processes, with only a few related to outcomes. Therefore, it seems that, in spite of intense monitoring of achievement, the results

[42] For the purpose of analyzing these speeches, and in the light of Bovens (2005), both the videos and the written presentations (normally in the form of slideshows) of the ministerial public accounts of certain ministries for 2011 and 2012 were examined. The speeches and videos reviewed were made by the Minister of the Interior and Public Security (Rodrigo Hinzpeter, 2011, and Andrés Chadwick, 2012), the Minister of Health (Jaime Mañalich, 2011), the Minister of Education (Felipe Bulnes, 2011, and Harald Beyer, 2012), the Minister of the Economy (Pablo Longueira, 2012), and the Minister of Labor and Social Security (Evelyn Matthei, 2011 and 2012).

based culture was not yet fully spread throughout the ministries by the third year in office.

The delivery reports represented a step forward in terms of transparency, although there were elements of the reports that hampered appropriate accountability. The reporting mechanism was not simple and direct, although the reports improved substantially over time. During the period under analysis, the strategic objectives announced by the president at the beginning of the term were maintained, but the delivery report, which usually runs to over 300 pages, did not always align the goals with the results obtained. The three-year balance report published in 2013 improves, most notably in terms of the clarity with which it referred to achieving targets, but it went beyond the strategic objectives announced at the beginning of the government term. In other words, the report compiled the results of the original strategic objectives and of the objectives probably announced in the presidential speeches of May 21. The yearly growth in the number of goals, as well as of the most detailed actions in each strategic pillar, made the presidential goals seem increasingly less strategic.

On the other hand, despite efforts to be held accountable on the delivery of the presidential commitments via these reports, certain actors outside of government, particularly think tanks and nongovernmental organizations (NGOs), were of the opinion that the aim of the delivery reports was more propaganda than to provide objective accountability. For example, one NGO, which is dedicated to monitoring election campaign promises and civic action, pointed out that the accountability reports did not mention the state of the commitments that were behind schedule or which of them had been discarded along the way, nor the reasons for such a decision. Although it was appreciated that almost all of the information on delivery was available at the same place ("one-stop-shop"), the information was not always easily comprehensible for the general public, nor was it possible to gain access to information in a format that facilitated subsequent analysis.[43] Finally, there were differing positions when it came to effective dissemination and the usefulness of the reports for legislators and the political parties of the government coalition, leading to the conclusion that no effective communication strategy existed for the Congress or the political parties.

Did the PDU manage to communicate the government's main priorities, inside and outside of the public sector?

Within the administration, there was a perception that the main government priorities had been successfully conveyed. Constant monitoring of the same objectives and commitments—in the bilateral meetings, at the technical team level on a day-to-day basis, while drafting the May 21 speech, and during the budgetary process—clearly contributed to greater programmatic coherence, aligning sector efforts with the commitments contained in the government plan.

As far as citizens were concerned, although the strategic priorities were comprehensible and helped to disseminate the government priorities beyond the public sector, when these priorities were translated into objectives, goals, and commitments, there were so many that it became hard to say that the government priorities were easily understood by citizens. Only the most important goals, such as creating high-quality jobs or lowering victimization rates, may have resonated with the population.

[43] Aware of the need to present the information in a format more easily digested by citizens, SEGEGOB launched the program *Chile Cumple*, whose main objective was to inform the public about the goals achieved throughout the government's term in office. Although *Chile Cumple* was not a PDU program, it provided the inputs for drafting the content that SEGEGOB put into practice. Furthermore, the delivery website, launched in May 2013, enabled information to be accessed in a spreadsheet, greatly facilitating its analysis.

Did the main accountability mechanisms provide a clear signal that the government was holding the ministers or other authorities responsible for delivering on the government's priorities?

Based on the evidence above, a clear signal was indeed being sent that ministers would be held responsible for achieving results, but this signal seemed to be of a more internal nature (within the administration) than an external one (for the citizens). According to the aforementioned characteristics, as far as the public was concerned, there were no consequences when commitments were not delivered. This signal, however, did seem to be much stronger inside the government, given that performance, especially when it did not go according to plan, received more attention from the PDU and, immediately thereafter, from the presidency by calling the organization in for a bilateral meeting.

Does any perceived political gain result from improving transparency and the accountability provided by the delivery reports?

When accountability was examined three years after the beginning of the presidential term (Government of Chile, 2013b), it was noticeable that the outcome goals set in the priorities of growth, employment, health, and poverty were being achieved. There were a few relatively minor problems with delivery in the citizen security and education priorities, although it is more difficult to establish if all the objectives (not just the strategic ones) that the president had committed to were being met, as this would have required analysis of the PDU's internal database.

Positive achievements in the priority areas, however, contrasted with low levels of government popularity.[44] Regarding the government's image, several hypotheses can be advanced, but analysis lies outside the scope of these pages. First, the government's relatively weak image could be related to the fact that the issues that mattered most to Chileans (citizen security, health, education, and poverty according to surveys by the think tank *Centro de Estudios Públicos* between 2011 and 2013) showed less positive results than citizens expected. Second, the president's standing could be linked to the political management of certain matters not captured by the indicators, to circumstantial problems, to the subjective appraisal of the personality of the president or the ministers, or even to the general public's political apathy.

Perhaps the most important reason for this disconnect could be the perception that a technocratic approach (based on achieving results, public reporting, and detailed disclosure of progress achieved) to politics (which is based on negotiations between affected interest groups and values) may not provide political gain. In this regard, some experts believe that information about service delivery should exclusively be an internal government tool and should not be disclosed for the sake of accountability. This relates, first, to the fact that public disclosure of all the government goals and objectives concentrates the communication impact on one moment in time, which limits more strategic and sequential management of the announcements. Second, the public presentation of these commitments, and progress made on them, allows the opposition to concentrate on items that have not been delivered, which means that, from a communication perspective, the best the government can hope for is a draw—it cannot win. Chapter 4 will present a contrasting case, because in Pernambuco the management improvements led to political gains for the governor.

[44] According to the think tank Centro de Estudios Publicos' annual survey, the president's standing received a positive or very positive rating of 28 percent in late 2011; 31 percent in late 2012; and 34 percent in late 2013. Despite the improvement, these figures were comparatively low, with negative perceptions above the positive ratings.

Institutionalizing and Improving Key CoG Functions Implemented Throughout 2010–13

None of the functions analyzed above is particularly institutionalized within the Chilean system. In general, delivery units that were created with mandates from the highest political authority may have problems continuing when a different administration comes to office (especially if the new government is from a different party). As described in the Appendix, in the United Kingdom, the PMDU was dissolved by the Cameron administration when it took office in 2011. Nonetheless, the Australian CIU, established in 2003, continues to exist and has survived a change in the ruling party.

Although at the moment of publication it was not clear whether the administration that took office in March 2014 would keep the PDU, replace it with another unit performing similar functions, or dissolve it entirely,[45] two main factors limit the possibility of institutionalizing these functions in Chile, at least in terms of the *structures* that perform them. First, presidents cannot be reelected for a subsequent term of office and, second, there is no permanent professional cadre in the highest ministerial positions. Since the president is constitutionally empowered to adapt the system to suit his or her style, as happens in most Latin American countries, there is no incentive to institutionalize any particular *structure* to perform the CoG functions. However, with regard to the *functions* themselves, Chile has certainly improved its performance over time.

With regard to the Ministry of the Presidency's specific role as a key CoG actor, without doubt the stability of having a single minister in the position throughout the 2010–14 term was a significant factor in helping institutionalize certain coordination and results-based management practices. However, the institutionalization process underway during the administration's term of office did not necessarily mean that the Ministry of the Presidency was further institutionalized as a significant actor in the system for future administrations. There are two reasons why this might be true. First, each president can mold the system as he or she sees fit (e.g., regarding the role assigned to the Ministry *vis a vis* Finance) and the Ministry's role depends on the person holding the office. *The challenge is in going beyond personalities and ensuring that the functions are institutionalized*. Second, neither a living record nor a process protocol has been created, either within the government or outside of it.[46] Even so, it will not be easy for this process of "sedimentation"[47] to be consolidated in the immediate future given the temporary nature of the advisors normally responsible for putting into operation and sustaining these practices. More permanent actors will probably be needed if these processes are to be institutionalized.

Ideas to Promote Institutionalization and Improve the Model

The formal institutionalization of the Ministry of the Presidency, with all the units that comprise

[45] At the moment of publication, the new government had continued publishing the progress made in its own plan online, although the focus (at least in this initial period) was on activities being implemented rather than on outputs or outcomes (http://www.cumplimiento.gob.cl/, consulted on June 16, 2014).

[46] For example, there is no written record of the way that the interministerial committee and bilateral meetings operated. Such a protocol could establish a roadmap regarding the minimum number of meetings to be expected throughout the year with each ministry, as well as the possible dates for such meetings. Something of this nature was tried with the interministerial committees by establishing certain expectations concerning monthly meetings. But there is not a living register that presents a cursory monitoring of the meetings.

[47] Sedimentation involves incorporating new institutional practices without dismantling existing ones or without reforming the system completely. Sedimentation might not alter an institution's essence (i.e., changing an organization's juridical nature by increasing its level of autonomy), but rather its peripheral or operational aspects (i.e., by adopting different management practices), which do not require radical changes. In this way, predictable rules of delivery are generated for the actors.

it, may constitute an alternative for reinforcing a more horizontally coordinated system with greater commitment to the emphasis on results and the accountability of governmental activity. In this vein, the following are possible future actions for each function:

(i) Strategic management and (ii) coordinating policy. These functions require advanced political and technical expertise. Strategic management requires preparation of technical inputs (e.g., cost estimates, institutional capacity, studies and diagnostics, and best international practices) with a political or political-economy nature (e.g., feasibility and political legitimacy, ideological coherence, political diagnosis, sequencing, and analysis of opportunities and threats). Coordinating policy often involves choosing between options from different ministries, and it is important that ministerial personnel can add substance to what is coordinated (Bakvis and Juillet, 2004). The possibility of changing the staff profile at the DCI-PDU (or similar units to be established) should be explored, with a view to hiring more senior advisers, which could strengthen these functions of the CoG.

In addition, progress could be made at the process level by adopting various measures. First, by drafting protocols on how the interministerial committees and the bilateral meetings operate, what process is followed, what results are achieved, and how those results are channeled into the formal decision-making process. Second, by exploring improvements and documenting protocols of collaboration between the Presidential Advisory Unit and the Ministry of the Presidency regarding coordination (beyond the fact that this changes with every administration, the need to define roles and responsibilities at the very outset of the term could be established as a lesson learned) and between the Ministry of the Presidency and the Budget Office in aspects of strategic management, drafting the May 21 speech, and during the budgetary process. Finally, exploring the possibility of extending the work carried out by the Regions Unit according to the decentralization agenda.

(iii) Monitoring and improving performance. The objectives and commitments to be monitored should be those that are truly strategic. In addition, the proportion of results-based objectives (impacts or outcomes) should be expanded, while reducing process-based goals. Finally, protocols for monitoring could be established, in particular regarding the roles of the different units involved in monitoring initiatives, to minimize the risks of monitoring inflation.

(iv) Communicating results and accountability. It would be valuable to build a standard reporting format and frequency, with the participation of other branches of government, institutions, and civil society, in order to enhance external credibility. Also, it would help to initiate a process whereby the information being published stimulates debate among experts and non-experts alike by making use of social networking tools in such a way that citizens can become familiar with exercises in transparency. In this regard, the ministerial accountability format could also be improved by setting up specialized forums to inform interest groups about the progress of governmental actions that affect them, thereby allowing accountability to foster debate and the reporting of both "good" and "not-so-good" results. Although no government is in the business of self-flagellation, it is hoped that such approaches will help build confidence in public sector institutions.

Finally, and with regard to the location of the PDU (or a similar future unit), anecdotal evidence seems to suggest that monitoring the government program is at its most effective and efficient when carried out from the CoG but, at the same time, at a slight remove from the turmoil of daily affairs at the president's office. This argument adds weight to the decision to

maintain the functions of the PDU at the Ministry of the Presidency, instead of leaving monitoring in the hands of presidential advisers. With regard to the structure and way it exercises its functions, more important than the PDU's internal structure, and even than the monitoring instruments and platforms developed, is the capacity of the unit and its staff to generate confidence in their sector counterparts. This further strengthens subsidiarity and enhances the PDU staff's standing as legitimate and empowered interlocutors that, moreover, constitute a source of added value.

Relevant Lessons for LAC Countries

The assessment of the value of a delivery unit, as with any other unit, depends on the specific functions that are demanded of it and on the institutional framework within which it performs these functions. With regard to functions, the PDU in Chile did not perform the function of technical-advisory to the same degree as the U.K.'s delivery unit. This is an important distinction, as any judgment regarding the value of delivery units should take into account the objectives that they are expected to pursue. With regard to the framework, the more institutional rules hamper programmatic coherence and coordination within the government, the greater the value of delivery units.

The next section presents the main lessons and messages that might prove useful for other countries that are considering establishing delivery units. The lessons are organized into three topics: (i) the Chilean PDU's contributions or value added, (ii) key factors that facilitate success, and (iii) how to increase the value added.

Main Contributions of the PDU in Chile

Of the four functions that the PDU fulfilled for the CoG, the one that brought the biggest dividends was *monitoring* the implementation of the government plan using a results-based approach. The daily agenda and short-term contingencies can push planning and medium-term goals aside. *One of the PDU's main contributions was to maintain focus on the government's priority goals*, regardless of the number of headlines that they were likely to inspire in the press. When it came to maintaining the government's strategic focus, the discipline that the PDU imposed on each ministry or agency proved to be important.

A second contribution, linked to *strategic management*, was making the government program more actionable. It is common for government programs announced during the electoral campaign to be reduced to a combination of vaguely described promises and objectives. Once in office, however, it becomes necessary for the government to transform these promises and objectives into specific actions. The delivery management methodology posits the need to orient a government program toward achieving results for the public benefit that can be objectively measured, with timeframes and persons responsible, and that are actionable based on a plan that contains a significant element of intersectorality. The PDU was instrumental in transforming the ideas of the government program set out in the electoral campaign into actionable priorities. *The PDU's contribution had less influence on creating the substance and content of the actions to be unrolled, but focused instead on securing the coherence and integration of these actions*. This is important, given that actions are normally defined within each sector without necessarily taking into account the impact they might have on other areas of government, or assuming that other sectors will continue to carry out certain tasks, which is not always the case.

With regard to *coordinating policy*, the PDU contributed through daily contact between PDU staff and their ministerial counterparts, which facilitated rapid identification of bottlenecks and failures of coordination. This is an argument in favor of the idea that this type of unit should

be administratively or hierarchically linked to the unit responsible for interministerial coordination (in this case, the DCI): *the delivery unit detects the failure, whereas the coordinating unit looks for ways to rectify it*. There might be other contributions, although it is impossible to attribute them directly to the PDU as such. Examples of this would be greater integration between strategic planning and budget formulation, which seemed to be the result of building teams with similar leaderships both in the CoG and in the ministries and agencies; of the close collaboration between the Budget Office and the Ministry of the Presidency; and of decision-making forums with the president, the corresponding sector, and those responsible for the budget, as well as the CoG.

The PDU's contribution in *communications and accountability* seems to be the least significant given that its added value has been mainly internal.

Key Factors that Facilitate Success

A series of factors from the Chilean case support the conclusions of the literature (see Chapter 1 and the Appendix) regarding the success of delivery units.

Empowerment: The key when it comes to empowering the delivery unit it its presence whenever strategic decisions are made. This does not necessarily imply that the unit has a right to speak or vote, but rather that it is completely aware of the government's strategy and of its priorities and adjustments. The ability to comment on strategic decisions or content depends on the level of experience and capacity within the unit.

Establishing internal alliances: It is vitally important that the unit forges strong links with other central government agencies, in particular with those responsible for drafting the budget and for internal government coordination. In this regard, Chile's case proves the importance of the relationship between the PDU and the DCI, and between both of them and the Budget Office and the Presidential Advisory Unit.

Credibility and a subsidiary role: The principal asset of a delivery unit is information. If the unit lacks access to information, or has to make enormous efforts to gain access to it, the unit will be unable to fulfill its functions. In order to build confidence and credibility, it is crucial that the unit is not seen as an accusatory body and that it does not stand out to the detriment of the sector teams.

Add value to the sectors: Given the monitoring function of these units, there is a natural tendency for them to be viewed by the sectors as a source of unwelcome transaction costs. This might make the working relationship more difficult and hamper access to timely and comprehensive information. To reduce this perception, it is important to consider ways to minimize such costs, avoiding multiple channels and instances of data collection and allowing the unit to add value. According to the reality of each country's public apparatus, the unit should consider alternative ways of positioning itself as a source of added value for each sector. For example, the delivery unit could position itself as an adviser that delivers knowledge and technical assistance to the sector, which might already exist in the delivery unit, or could be financed with funds that the unit administers. It could also position itself as a facilitating unit, thanks to its practical expertise about how the public apparatus operates, and the existence of a network of contacts in key administration units, such as for budget modifications, decree signing, and approval by controlling agencies.

Increasing the Value Added

It is, above all, worth asking if creating delivery units is the sole or best alternative to help the CoG perform some of its key functions. In this

respect, Chile's case is interesting given other instances with a similar mandate in the past (the DCI sector specialists) or contemporary with the PDU. The question is whether the PDU is a better choice than the other options. Unfortunately, due to the methodology used in this study, it is impossible to give a definitive answer to this question. It is also important to ask if the unit or units that could carry out the functions of a potential PDU already exist. Although this seems very basic, the desire to follow the most up-to-date trends in modern public management, combined with any administration's very natural desire to set its characteristic stamp on public management, often leads to duplication of tasks within the public apparatus. Setting up a PDU makes more sense when the CoG lacks a unit to oversee continuous monitoring of the presidential commitments or to secure the coherence of the strategic objectives and the actions that are being promoted.

Another point to consider is that delivery units generate greater benefits insofar as the prevailing institutional characteristics in a country tend to encourage individual, sector-based agendas within the government. The more difficult it is to maintain the programmatic unity within the government (that is, the likelihood that ministries or parties focus on their own agendas instead of the government's priorities), or the greater the gap between policymaking and subsequent implementation, the greater will be the eventual benefit from delivery units. In these situations, such units can help more effectively take the pulse of what is happening within the public apparatus.

Also, in countries where administrative rules tend to generate institutions that are usually isolated from each other require greater coordination efforts from the CoG (see Chapter 1 regarding the value of strengthening the CoG, especially in cases where policymaking tends to be fragmented). In this context, the delivery unit can be instrumental in strengthening the CoG's coordinating role.

Finally, it is important to bear in mind that any innovation that seeks to strengthen execution of CoG functions should consider the overall situation and begin by preparing a diagnostic of the functions, structures, strengths, and weaknesses in that particular country. A tool like the CoG Institutional Development Matrix (Chapter 2) would be useful in that regard. Only once this diagnosis has been carried out will it be possible to determine the best course of action to strengthen the apparently weak areas.


Pacto
Pela Vida

4

Strengthening the Center of Government at the Subnational Level: The Case of Pernambuco, Brazil

This chapter describes and analyzes the management model implemented in 2007 by the Center of Government (CoG) in the State of Pernambuco, Brazil. The key innovation in Pernambuco is the integration of several of the CoG's key functions (particularly *strategic management* and *monitoring and improving performance*) through a management model steered by the Secretariat of Planning and Management (*Secretaria de Planejamento e Gestão* or SEPLAG), a key element of the CoG. SEPLAG has set clear priorities for the sectors, established intensive monitoring routines, and developed approaches and capacities to make adjustments when obstacles hinder performance. As with most institutional reforms, it is hard to rigorously measure the impact of the model on improved societal outcomes, although for certain policy areas it is possible to identify a connection between what the government *did* and what it *achieved* for its citizens.

The chapter discusses the model's main features and how and why it was implemented, also suggesting opportunities for improvement and institutionalization. Further, it presents lessons learned that may be useful for other subnational governments seeking to improve their performance and achieve results for their citizens.

Introduction and Context

Pernambuco is the seventh most populous state in Brazil, with over nine million people as of 2013.[48] State governments are key actors in the Brazilian federal system, especially since the processes of democratization and decentralization in the 1980s granted them extensive authority and resources (Falleti, 2010). Approximately 30 percent of all government expenditures in the country are executed by state governments, including over 80 percent of all security expenditures and over 35 percent of education and health expenditures (Afonso et al., 2012). Each state has its own governor and unicameral legislative assembly, elected every four years concurrently with

[48] Data from the Brazilian Institute of Geography and Statistics (IBGE).

the federal authorities. The municipal level of government is also very important in Brazil, as it accounts for approximately 20 percent of overall public sector expenditures. There are 185 municipalities in Pernambuco, with their own elected authorities.

The innovations in Pernambuco took place in a context that previously would have seemed less favorable for such reforms. Unlike Pernambuco, most of the states that have been leading management innovations in Brazil (e.g., Minas Gerais, Rio de Janeiro, and Espirito Santo) are located in the southeast, the most developed region in the country. Pernambuco is located in the northeast, the poorest of Brazil's regions. Per capita household income in Pernambuco is half that of Rio de Janeiro and 30 percent lower than that of Minas Gerais.[49] Pernambuco ranks 19th among Brazilian states on the Human Development Index, while Rio de Janeiro is fourth and Minas Gerais ninth.[50] Northeastern states have approximately 27 percent of the country's population but 59 percent of its extreme poor and only 13 percent of its gross domestic product (GDP).[51] In addition, traditionally, states in the northeast have had lower capacity than their southern neighbors: "Like state governments in many chronically underdeveloped regions, the nine northeast states are legendary for their clientelistic ways of governing and for the resulting poor quality of public administration" (Tendler, 1997: 10). In their latest country partnership strategies, international organizations have pointed out the need to provide greater support to northeastern states to enhance their capacity (IDB, 2012; World Bank, 2011b).

Eduardo Campos took office as Governor of Pernambuco on January 1, 2007.[52] He faced the complex managerial challenge of leading a government with more than 60 senior officials (30 cabinet secretaries and 36 directors of state companies) who reported directly to him. The governor's team conducted initial consultations with the secretariats to define short- and medium-term priority actions that required small investments and could improve the population's quality of life. A large number of proposals were gathered. The diversity of views in these proposals led to the realization that the government's strategic direction had to be strengthened, providing a more cohesive and unified orientation for the whole of government. *In other words, the government needed a stronger CoG*.

In addition, the new leadership team came into office with the perception that the state government was not doing enough to deliver services on time and on budget, and that in certain key policy areas (e.g., economic development, security, health, and education) results were lagging behind. At that time, Recife was the capital city with the highest crime rate in all of Brazil, and the state was not excelling in its socioeconomic indicators (Box 4.3, later in this chapter, covers these indicators in greater detail). *In sum, three main concerns led to the development of a new managerial approach with greater support from the CoG: (i) to hold managers accountable; (ii) to ensure cohesion across the administration; and (iii) to achieve results for the citizens.* These concerns are tightly connected with the role of the CoG as defined throughout this publication.

Previously, following the federal government reforms of the mid-1990s, there were

[49] Data from the latest census conducted by IBGE, http://www.ibge.gov.br/estadosat/, consulted on January 28, 2014.

[50] Data from the Atlas do Desenvolvimento Humano no Brasil 2013, http://atlasbrasil.org.br/2013/pt/ranking, consulted on February 25, 2014.

[51] Population data from IBGE's latest census. Extreme poverty data from Plano Brasil sem Miséria data, http://www.brasilsemmiseria.gov.br/dados-e-estatisticas. GDP data from IBGE's Contas Regionais do Brasil, http://www.ibge.gov.br/home/estatistica/economia/contasregionais/2010/default.shtm. All websites consulted on February 27, 2014.

[52] Governor Campos passed away in a plane accident on August 13, 2014. He had been reelected for a second term in 2011 and resigned in April, 2014, to run for President of Brazil. As of the completion of this publication, in August, 2014, the model he introduced in 2007 continued to be implemented by his Deputy Governor, and successor, João Soares Lyra Neto.

managerial reforms in Pernambuco (Cruz, 2006), but none took a whole-of-government approach. A Management Modernization and Institutional Reform Plan (1998) and a Pernambucan Public Administration Modernization Program (PRO-GESTÃO, 2000–06) were developed. The first plan focused on institutional reform (reducing and restructuring the administration), adoption of information technology, reforms in human resources management, and fiscal adjustments. The second led to the formulation of sectoral plans and to the modernization of certain management tools, including performance monitoring and evaluation, and using management contracts. *Nevertheless, an integral reform, led by the CoG, was missing; this was the key innovation adopted in 2007.*

Detecting the need for a stronger CoG, one of the first innovations after 2007 was creating SEPLAG. This reform separated key public management responsibilities (mainly designing and implementing the new model, including planning, budgeting, and monitoring and improving performance) from the more routine tasks of public administration, such as human resources and procurement, which were shifted to the new Secretariat of Administration (*Secretaria de Administração* or SAD). The objective of this separation was to allow SEPLAG managers to concentrate on developing and executing the new model without the burden of these fundamental but less innovative tasks, which were left to SAD. At the same time, placing planning and budgeting in the same unit (a connection that exists at the federal level and in several Brazilian states) would facilitate aligning these functions. In this revised institutional design, the Secretariat of Finance deals with cash flow (and mainly revenue), but medium-term budgetary planning and allocation are part of SEPLAG's mission. Compared to Chile (see Chapter 3), in which multiple organizations and units share responsibility for performing the CoG functions, in Pernambuco, SEPLAG is the clear driver of these processes, with less overlap with other organizations. Box 4.1 summarizes SEPLAG's institutional structure.

A second innovation was developing the model. The governor commissioned this task to a trusted group of eight advisors who would join SEPLAG. These advisors, with backgrounds in other government agencies of Pernambuco (e.g., the Secretariat of Finance and the Court of Auditors), state-run companies (e.g., Petrobras), think tanks, and private consulting, worked for four months to develop what would become Pernambuco's Integrated Management Model.[53] They had experience with data-driven management models (see Box 4.2) and carefully studied the innovations of the most advanced states in Brazil. The governor accepted their proposal and told his chief of staff that, from then on, he would organize his agenda following this model: no more bilateral meetings with 66 separate officials.

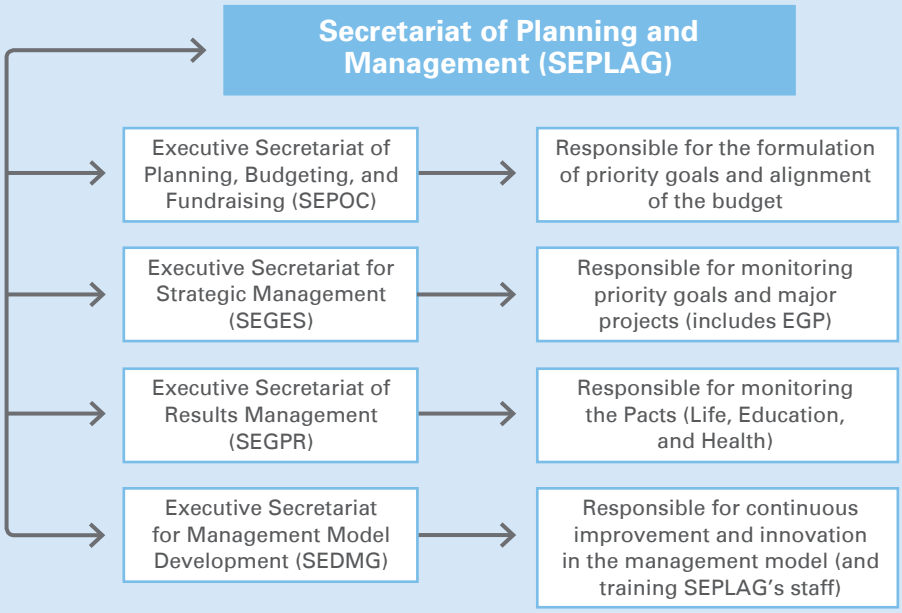
Pernambuco's Management Model

In the new model, SEPLAG has played a leading role in integrating two core CoG functions defined in this publication: *strategic management* and *monitoring and improving performance*. For the first of these functions, SEPLAG works in both planning the government's priorities and aligning budgetary resources behind these priorities. The second function includes monitoring the implementation and delivery of the priority goals and intervening to improve performance when adjustments are needed. Moreover, improving performance also involves *policy coordination*, particularly in terms of articulating implementation across different secretariats.

[53] The model would be later formalized by Law 141 of the state's Legislative Assembly, in 2009 (Assembléia Legislativa de Pernambuco, 2009).

Box 4.1: SEPLAG's Institutional Structure

The Secretariat of Planning and Management is a key actor in Pernambuco's management model. It is responsible for planning, budgeting, and managing the model. SEPLAG is formed by four executive secretariats. Three are responsible for different aspects of the model. The fourth, the Executive Secretariat for the Development of the Management Model (*Secretaria Executiva do Desenvolvimento do Modelo de Gestão* or SEDMG), works to improve the model and train SEPLAG's staff through its Management Institute.



Until 2010, SEPLAG's staff had been on contract. In that year, SEPLAG created a new cadre (or career as per the term used in Brazil) for planning, management and budget analysts to institutionally strengthen the Secretariat. Today, there are approximately 100 permanent analysts working at SEPLAG, all of whom have been recruited through a competitive process.[a] These analysts also receive continuous training through a core curriculum developed by SEDMG that has been tailored to each individual's existing knowledge and to his or her specific needs for the position. The courses total 60 hours a year.

Source: Authors' elaboration from SEPLAG website.

[a] At the time this study was published, SEPLAG was taking steps to double its staff. Specific performance pacts were made for certain policy areas, and the expansion in SEPLAG's staff was intended to allow the Pact model to be extended to additional policy areas and to increase the focus on monitoring outcomes (a critical next step for the model, as discussed in the Analysis of the Model section below).

Box 4.2: Data-Driven Management Models

Pernambuco's management model presents many of the key characteristics of data-driven management models, which some refer to as PerformanceStat programs. At the state level of government, two examples in the United States are particularly salient: StateStat in Maryland (http://www.statestat.maryland.gov/) and Results Washington (http://www.results.wa.gov). These models "employ regular meetings between the chief executive (chief, principal, mayor, or governor) and agency directors, where performance data is used to analyze each agency's performance, establish performance objectives and accountability for those objectives, and schedule follow-up to ensure these objectives are met" (Thornburgh, Kingsley, and Rando, 2010). The review meetings have been found to increase the use of performance information for management decisions (Moynihan and Kroll, 2014). Although performance reviews are a frequent tool used by managers, these models are "distinguished by the frequency and regularity of its meetings, the focus on the latest performance indicators, and the somewhat structured format" (Hatry and Davies, 2011). These attributes are present in the Pernambuco model.

Source: Authors' elaboration.

Strategic Management

Strategic management includes formulating the government's strategic priorities and aligning the budget with those priorities. It is possible to describe each of these tasks separately, although in practice they are highly integrated.

Formulating the Strategy

In Pernambuco's model, the government formulates its strategy based on inputs from several sources: the government program presented during the electoral campaign; citizens' contributions in regional seminars; proposals from the secretariats; and SEPLAG's identification of priority goals. There is, thus, both an "outside-in" reception of ideas from society and a "top-down" definition of priorities by the governor (with technical assistance from SEPLAG) in consultation with the secretaries. The 2008–11 strategy map included 10 strategic objectives and 446 priority goals; the 2012–15 map includes 12 objectives and 750 priority goals (of which 382 remained as of late 2013).[54] For each goal, the implementation trajectories (including milestones, deadlines, and responsible agencies and managers) are defined in order to then monitor any deviations from these trajectories that would raise concern and prompt adjustments.

The government program provides a general orientation of the policies to be pursued during the governor's term in office, defining strategic areas and lines of action, based on an assessment of the existing situation. This general orientation provides the basis for one of the model's key features: consultation with civil society. In June 2007, a few months after the beginning of the governor's term in office, 12 seminars were conducted, one in each of the state's regions. Participants presented what they considered to be the main problems in their region and proposed actions to address them. In addition, booklets were distributed asking the citizens about their perception of and satisfaction with the services provided by the state.

Like many aspects of the model, the regional seminars have improved over time. In the 2007 version, the governor opened the morning plenary session outlining the government's ideas and proposals for the region, based on the government's program presented during the electoral campaign. In the afternoon, the deputy governor chaired the seminar, opening the floor to discussion. In 2011, in order to maximize the contributions of citizens, the seminars (again one day) had a different format. In the morning session, secretaries chaired meetings with participants to discuss issues in their policy areas (education, health, infrastructure, social development, economic development, and security). In the afternoon, the secretaries presented a summary of the discussions and agreements to a plenary session, chaired by the governor, leading to new discussions. Participation at the seminars increased between 2007 and 2011, as did the number of proposals submitted. Table 4.1 summarizes the evolution of the seminars.

After the seminars, the contributions submitted by the citizens were consolidated in a unified database to inform the priority goals. The database grouped the proposals according to their similarity, excluding repetitions and those that were outside of the state's purview (issues that fall under the jurisdiction of the federal government or the municipalities). To select the priorities, SEPLAG considered two main variables: frequency (how often a proposal was submitted) and alignment with the government's program.

The government sought to build a comprehensive strategic agenda that could provide direction to the entire administration. The agenda

[54] The 2012–15 strategy map was developed for the governor's second term in office, after he was reelected with 82 percent of the vote (the largest majority of any state in the country) in October 2010. The number of goals varies each year, as some are achieved, others modified, and others cancelled.

Table 4.1: Characteristics of the 2007 and 2011 Regional Seminars

2007	2011
Conducted in 12 regions	Conducted in 12 regions
Proposals discussed in plenary sessions	Thematic committees and plenary sessions
5,207 participants	13,498 participants
2,600 submitted proposals	26,147 submitted proposals

Source: Government of the State of Pernambuco (2013a).

would have a centralized perspective that incorporated the expectations of the relevant stakeholders (gathered at the seminars and in consultation with the secretariats) and had a medium-term timeframe. The new institutional arrangement was led directly by the governor, with the technical support and coordination of SEPLAG. In each term, four-year strategy maps were developed (Figure 4.1). Under a general vision for the future, within three broad pillars (called perspectives), a number of strategic objectives (10 in 2007; 12 in 2011) were established.[55]

Each strategic objective has its own strategy map, which disaggregates into more specific elements: results, products, and activities (Figure 4.2). These specific elements follow the architecture of the Multi-Annual Plan (*Plano Pluri-Annual* or PPA) and the Annual Budget Law (*Lei Orçamentária Annual* or LOA)—program, action, and subaction—enabling programmatic alignment. Figure 4.2 shows the strategy map for the health objective. One of the expected results is "expanding the coverage of health services" and its products include "building equipment for health units" and "reforming, expanding, and equipping health units." But the key elements are the activities—the priority goals that the model monitors and manages. These are the specific projects (e.g., construction of a hospital in a certain region) that receive budget allocations and are tracked by SEPLAG.[56] Therefore, most of the priority goals refer to the government's internal processes and outputs, and not to societal outcomes or impacts (see subsection below on monitoring), although in security, health, and education, the model also includes outcomes.[57]

The CoG largely drives the detailed specifications for the definition of priorities. Based on an assessment of the state's situation and of the existing government programs, SEPLAG drafts initial proposals addressing the priority goals. These are discussed and negotiated with the sectors, but the initial drafting and the final decision on the proposal to be submitted to the governor is formulated by SEPLAG. With performance and budgetary data from previous years, SEPLAG's analysts work to ensure that the goals are challenging yet feasible, and that they are aligned with the government's overall strategy and fiscal space. When the governor receives the proposal, he conducts final consultations with the secretaries and decides on the priorities.

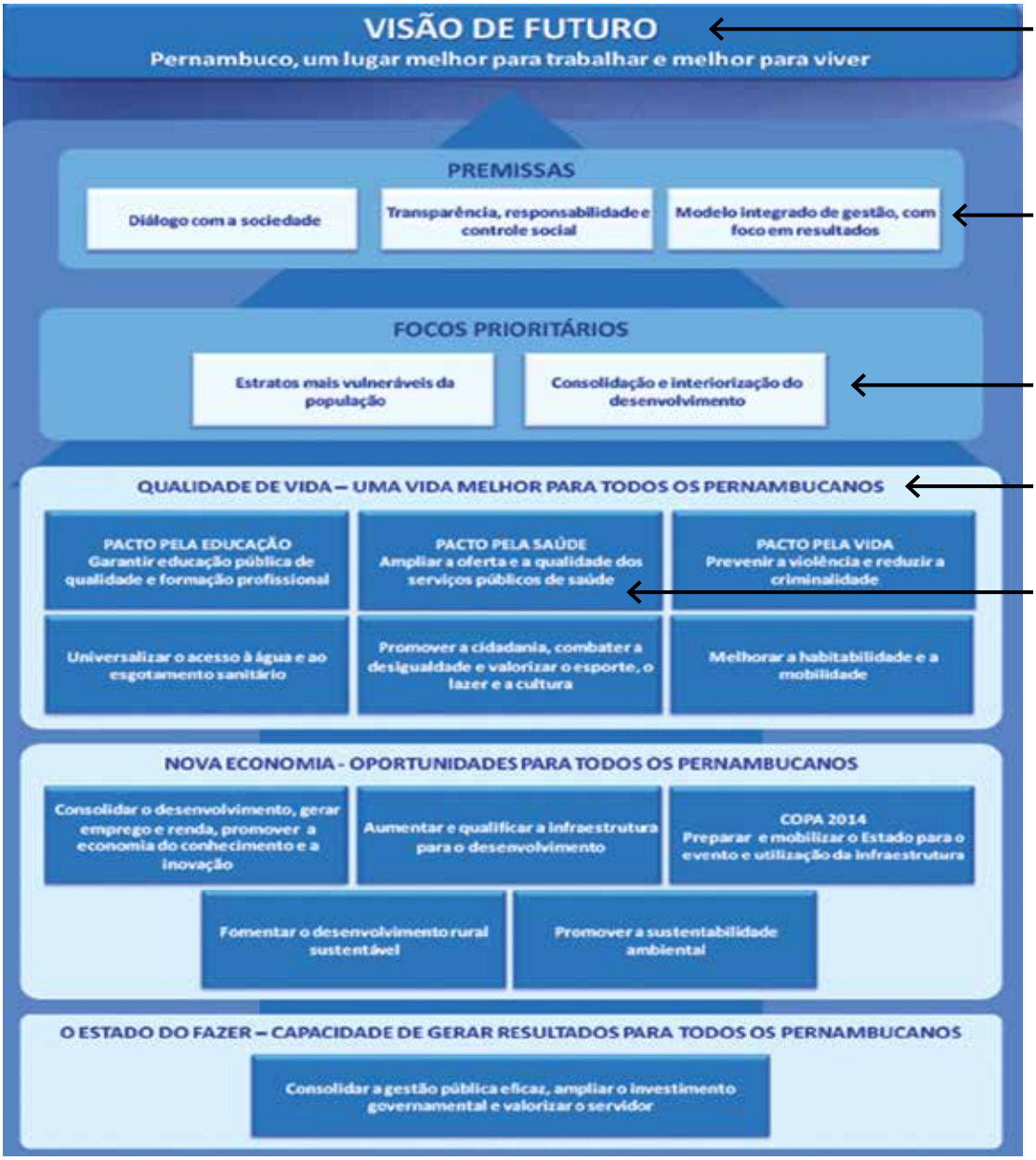
Figure 4.2 shows that each priority goal is tied to a budget code. Thus, formulating the priorities is immediately integrated with the allocation of resources, as each goal has its clear correspondence in the budget. This alignment between the plan and the budget is the topic of the next subsection.

[55] The strategy map also includes three premises (dialogue with society; transparency, responsibility, and social control; and an integrated management model with a focus on results) and two priority foci (the most vulnerable strata of the population and consolidation of development in the interior of the state). Though these do not translate into more specific elements in the map, the reference to the management model is noted as a premise for executing the strategy.

[56] While the strategic objectives involve multiple secretariats, the large majority of the priority goals within each strategic objective are the responsibility of a single agency. Cross-sectoral work in this regard is therefore limited.

[57] *Process* indicators are those that measure the completion of certain government activities, while *output* indicators measure the direct products of those activities. *Outcome* indicators measure the changes that those outputs generate at the societal level.

Figure 4.1: Pernambuco's 2012-15 Strategy Map

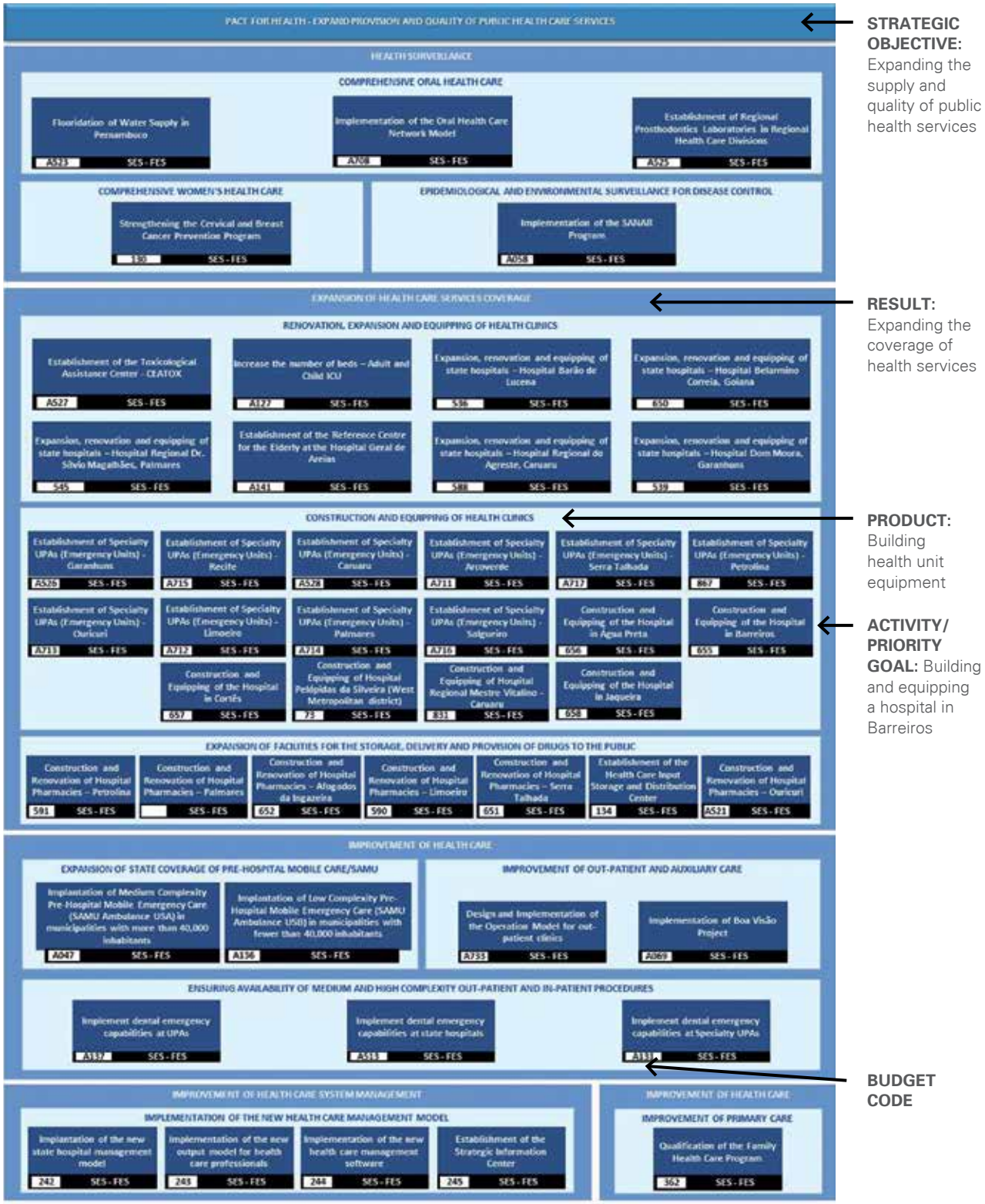


Source: Government of the State of Pernambuco (2013a).

Aligning the Budget

A second aspect of the function of strategic management involves ensuring that the allocation of resources follows the definition of priorities. As discussed in Chapter 2, this is particularly challenging for most LAC countries. In the Pernambuco model, aligning the budget with the strategy occurs both during formulation of the strategy and during its execution and monitoring. During formulation, developing the strategy map for each strategic objective has a correspondence in the budget structure. Figure 4.3 shows how each of the categories of the map is tied to a similar category in the LOA. In particular, the activities or priority goals in the

Figure 4.2: Strategy Map for the Health Strategic Objective



Source: Government of the State of Pernambuco (2013a).

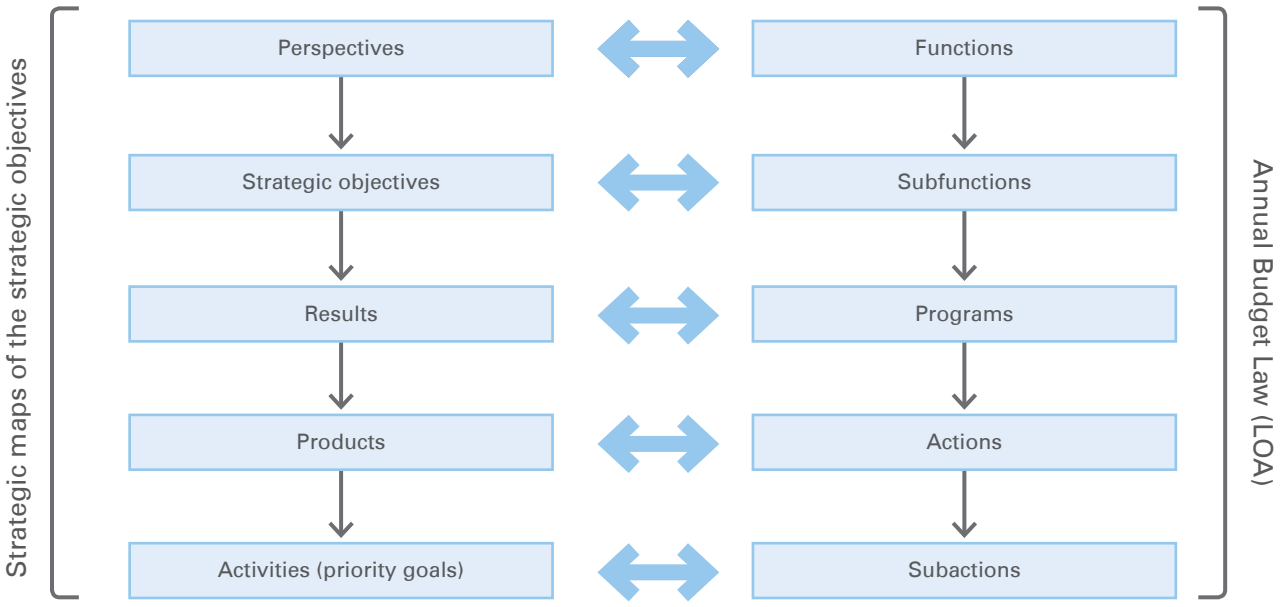
map correspond to a subaction in the LOA. In the budget, the information about each priority goal with its allocated resources can be found through a budgetary cell. This connection is facilitated because SEPLAG is responsible for both formulating the priority goals and planning the budget allocations. Formulating the budget for the following year begins early in the previous calendar year, or even before that. For example, budgetary planning for 2015 began in late 2013, following the definition of the priority goals.

Aligning the budget to the plan during implementation occurs in the performance monitoring meetings.[58] Financial targets (allocated versus executed budget) are assessed for each priority goal, alongside identification of any obstacles to a timely completion of the project. In addition, combining physical and financial monitoring of projects in these meetings helps detect dissonance. For example, a priority goal with low physical execution but high financial execution requires further scrutiny (or, vice versa, if high physical execution is reported but budgetary execution is low). The budget framework does not consider financial incentives for the secretariats (e.g., discretionary use of additional resources) if goals are completed.

The meetings also provide the opportunity to adjust priority goals by, for example, extending the deadline, cancelling the goal entirely or, in exceptional cases, proposing new priority goals. These changes imply reallocations within the budget. In this regard, and as a way to promote more accurate planning, SEPLAG established a structural modification of how the budget can be altered. While previously, budget reallocations occurred on a daily basis and with limited connection to the government's strategy, there are currently four ordinary cycles of budgetary changes. Specific cycles allow SEPLAG to control the process from the CoG and ensure that changes respond to actual needs to achieve the priority goals. This change reduced the total number of reallocations to 1,131 in 2013 from approximately 2,000 in 2011.

[58] There is also an initial moment of realignment at the beginning of the year, in which adjustments are made to the budget as it was prepared and approved the previous year.

Figure 4.3: Correspondence between the Strategy Maps (Planning) and the LOA (Budget)



Source: Authors' elaboration based on inputs from SEPLAG.

Technology also strengthened the ability to make sound budget decisions relative to priorities and the overall fiscal situation. The software Qlikview, a business intelligence application that manages the data from the state's integrated financial management system eFisco, allows alternative fiscal scenarios to be analyzed for subsequent years. Such analysis produces simulations and projections that let decision-makers consider realistic funding options for the priority goals (which, in most cases, require funding for more than one year) and reallocate priorities. More precise cost studies (which would enable, for example, simulations of the cost of project inputs) are being developed to improve the quality of the fiscal forecasts. In addition, the software ensures that budget allocations are effectively assigned to the appropriate priority goal (or subaction), as only SEPLAG (and not the secretariats) can insert changes in the system. The 382 priorities being monitored as of late 2013 represented approximately 12 percent of the state's overall budget (this value does not include personnel costs—in other words, wages of the teachers and police officers who work toward achieving the goals—but rather investment and direct transfers).

Monitoring and Improving Performance

After formulating the strategy and aligning the budget (*strategic management*), SEPLAG turns its focus to *monitoring and improving performance*. For clarity in the description, the tasks involved in this function are presented separately, although in practice they are highly integrated.

Monitoring Delivery

Since 2008, the Government of the State of Pernambuco has conducted weekly monitoring meetings, chaired by the governor. These meetings are based on the strategic objectives of the strategy map. Each Tuesday, one of the 12 objectives is covered during the morning meeting, and another one in the afternoon, thus covering all the strategic objectives in a period of six weeks (or five weeks for the 2008-11 strategy map, which had 10 objectives). The weekly meeting format requires that secretariats and other state organizations that contribute to achieving the particular strategic objective to be discussed conduct their own internal monitoring, to be prepared for the meetings. In fact, certain secretariats (e.g., the Secretariat of Health) have replicated the monitoring model *within* their own structures, with the secretary chairing review meetings with the managers of the different units that form the secretariat.

The agenda for the governor's monitoring meetings is based on an analysis of progress on the priority goals. SEPLAG selects the goals that appear to be off track and invites the associated managers to attend the meeting. In terms of dynamics, the secretaries and other senior officials present the situation for their respective priority goals.[59] Participants at the meetings sit around a U-shaped table, facing a screen (Image 4.1). The screen projects the results achieved for the priority targets, with visual supports (e.g., maps and pictures) when needed. When the data show delays in the delivery of the goals, the officials provide explanations, specifying the problems that are affecting their agency's performance. Deliberations among participants ensue, and when obstacles have been clearly identified, decisions on how to overcome them are made, including which officials are responsible for the needed actions and a

[59] Although the secretaries conduct the presentations, SEPLAG prepares the slides. A few days before the monitoring meeting, SEPLAG's team meets with each secretariat's team to consolidate the findings and validate the data, reaching an agreement on the contents of the presentation. This report is presented two days before the meeting to the governor, the core management, and the secretaries involved in the strategic objective.

Image 4.1: Typical Format of the Monitoring Meetings

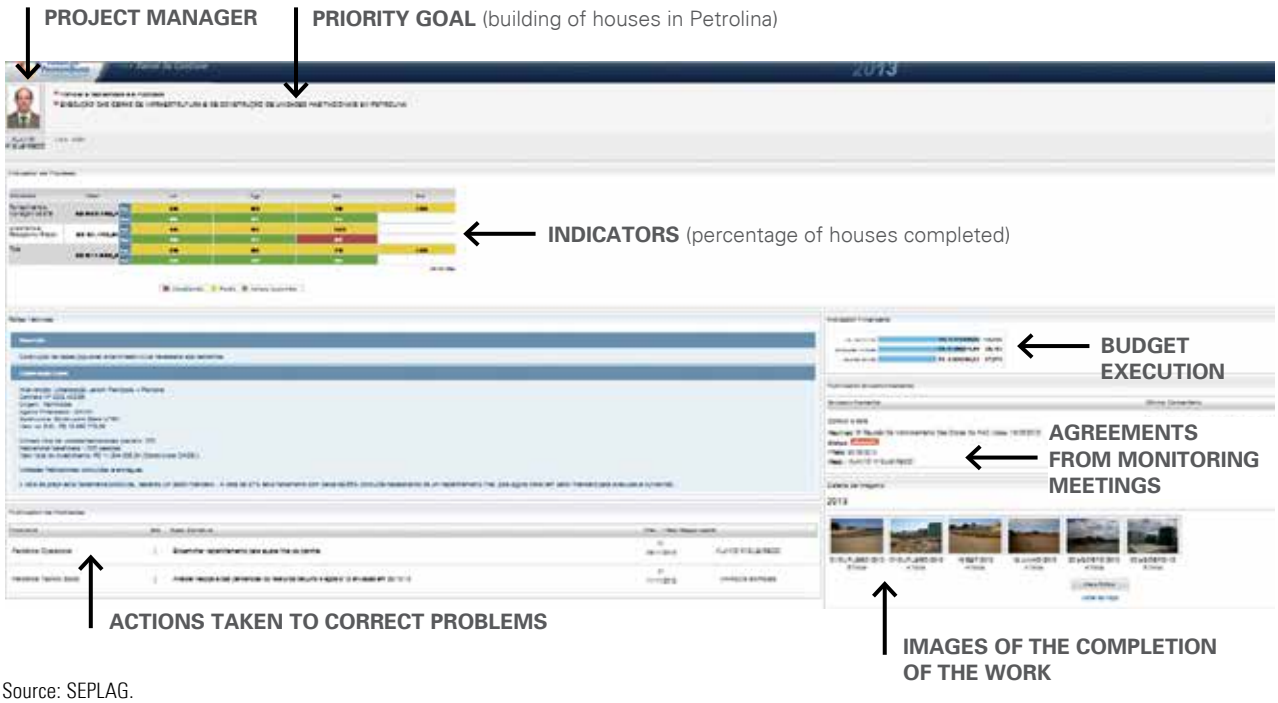
Source: SEPLAG.

deadline for their completion. These decisions are reflected in the minutes of the meeting, prepared by SEPLAG's staff at that same time, and projected on the screen so that the agreements are clear to all participants.

The governor devotes a significant amount of time to the meetings. According to SEPLAG's calculations, in 2013 he devoted 108 hours (an average of two hours a week) to chairing them. The joint presence of the secretaries and authorities whose agencies have influence over the same strategic objective seeks to transcend jurisdictional barriers and allow for a deliberative search for solutions. Stakeholders other than the secretariats (sometimes outside the executive branch) also participate in the meetings when their organizations contribute to a particular strategic objective (e.g., members of the judiciary for security). Some frontline employees also attend the meetings and are invited to join the discussions. This can have a motivational effect, as they have a chance to present their views or be congratulated in front of the governor and other senior officials.

The number of priority goals tracked at the meetings evolves over time, as priorities are renegotiated, achieved, or cancelled. The 2012–15 strategy map included 750 priority goals, but by late 2013, only 382 were still being monitored. To further narrow the focus on the top priorities, the Project Management Office (*Escritório de Gestão de Projetos* or EGP) was installed in SEPLAG in 2009, providing more intense tracking of large infrastructure projects. In addition to a more detailed description and tracking of each stage of a project, the EGP methodology includes weekly meetings with the managers and the teams in charge of these projects to review progress, plan next steps, identify risks, and oversee adjustments at the tactical and strategic levels. The EGP initially monitored a total of 58 priority goals and was being used to monitor approximately 100 goals as of late 2013.

Figure 4.4: SEPLAG's Control Panel



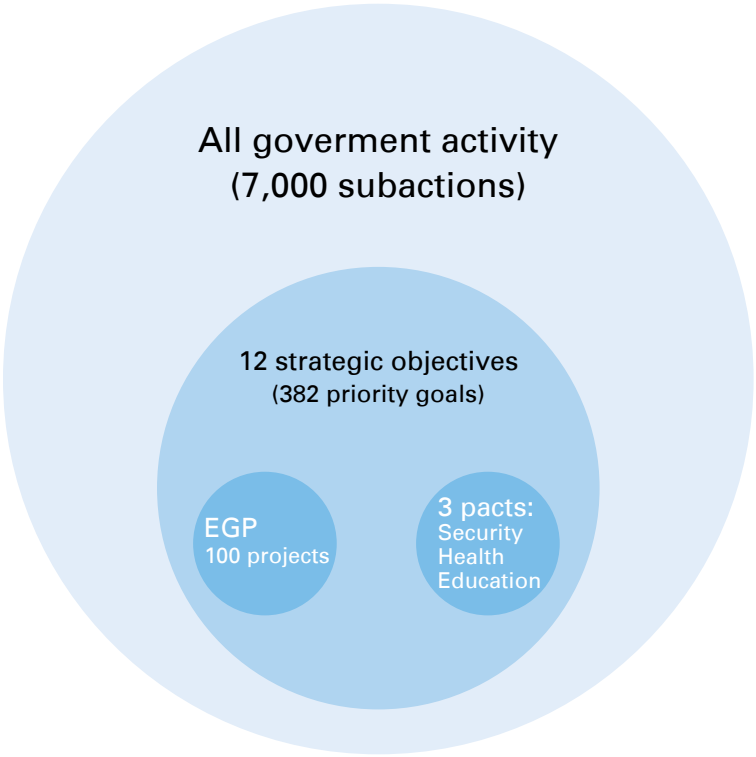
Source: SEPLAG.

In addition, a control panel was developed in 2013 to allow the governor and SEPLAG managers to track performance more continuously. Originally, SEPLAG kept a spreadsheet with information from the sectors, but the online control panel provides the opportunity for real-time monitoring. The control panel displays each priority goal and the progress made on it, the name of the manager responsible for the project, any observations made at the meetings (e.g., reasons for delays), information about renegotiations of the goal, budget execution, and pictures showing the work done (Figure 4.4). SEPLAG's staff uploads the data onto the control panel, and the secretariats do not have access to it.

Three policy areas—security, education, and health—have received special attention for monitoring. Specific performance *pacts* were developed for these areas, in which the government committed to achieving certain outcome goals. The Pact for Life (security) was established in 2007 (with SEPLAG assuming its coordination in 2008), while the Pact for Education and the Pact for Health were established in 2011. In these areas, not only are process and output indicators tracked, but outcome indicators are also monitored, including fatal and violent crime rates, student test scores, and various mortality indicators. In the Pact for Life, for which the fatal and violent crime data are produced daily, the monitoring meetings occur weekly. For the education and health pacts, they occur monthly because of the availability of the performance information for these sectors. In addition, for each Pact, SEPLAG assembled teams of analysts that work with the respective secretariats (and *at* these secretariats) to assist them in improving performance.

In summary, the model implements three different types of centralized performance monitoring (Figure 4.5):

Figure 4.5: Monitoring of Government Activities in Pernambuco



Source: Authors' elaboration.
Note: Figure is not proportional.

1. *For the 12 strategic objectives (with their respective priority goals).* Of these 12 strategic objectives, process and output indicators are tracked for nine (the ones with no performance pacts). Meetings to monitor each strategic objective occur every six weeks.

2. *Within these strategic objectives, some specific priority goals that represent the most important infrastructure projects.* The EGP intensively monitors the approximately 100 most important infrastructure projects (measured in terms of budget and duration of the works).

3. *The three policy areas that have performance pacts (security, health, and education).* These areas have additional monitoring meetings (weekly for the Pact for Life, and monthly for the Pact for Health and the Pact for Education), and outcome data supplement the process and the output indicators (although they are not included in the control panel).[60]

Other government activities (approximately 6,600 subactions, which represent 88 percent of the state's budget) do not receive SEPLAG's intensive monitoring. These other areas are represented in a lighter color in Figure 4.5.

SEPLAG only monitors the performance of those outputs and outcomes for which the state government is responsible. There is another domain not monitored by the model: the one that is the responsibility of other actors

[60] In terms of institutional structure (Box 4.1), the responsibility for centralized performance monitoring in the pacts lies with SEPLAG's SEGPR, while the other nine objectives are covered by SEGES. SEGES also manages the EGP for the most important infrastructure projects.

outside the state government, such as municipal governments. For example, in the Pact for Education, SEPLAG only monitors student performance at the schools run by the state government (about 10 percent of the schools at the primary level and 70 percent at the high school level); it does not track performance in municipal schools (which are the majority in primary education) or in private schools. Thus, when SEPLAG manages by results, it is only considering those activities over which it has jurisdiction. The organization of the Brazilian federal system grants high levels of autonomy to municipalities, a factor that may affect their integration into the management model.

Intervening to Achieve Goals

The monitoring meetings are critical not only to review progress toward achieving goals, but also to decide corrective actions when needed. *This is the second aspect of the monitoring and improving performance function*. In 2013, a total of 1,150 corrective actions were agreed upon at the meetings. The agreements, reflected in the minutes of each meeting, include the names of responsible officials and deadlines for delivery. Thus, fulfillment of the agreements can be reviewed in future meetings.

Most of the agreements refer to specific, small-scale actions to correct problems presented by the participants at the meetings. For example, in a Pact for Life meeting, these may include updating a previously compiled list of illegal stores or reinforcing police presence in a certain area in subsequent weeks or months. Other agreements seek to link actions with stakeholders outside the state government, such as municipalities or the judiciary. Sometimes the agreements involve renegotiation of the goals, as discussed in previous sections. Often, the adjustments include budgetary decisions (since both physical and financial data are tracked) such as budgetary reallocations (see the subsection above on *Aligning the Budget*) or cash flow changes. For example, when the Pact for Health goal to achieve a certain number of mammograms was not being achieved, the Secretariat of Health determined that the resources were not being received on time. By raising the issue at a monitoring meeting, the secretariat got SEPLAG to broker an agreement with the Secretariat of Finance to speed up the process. The goal could then be met. *In this regard, the meetings can also be regarded as* coordinating *policy implementation*. Chairing meetings of the different secretariats involved in the same policy area helps articulate and generate consistency in their actions.

The recurrence of certain problems has led SEPLAG to proactively address them more generally. For example, two recurring problems for achieving public works goals were delays in expropriations and delays in granting environmental permits. After identifying these obstacles, SEPLAG set up two committees to work with the state's attorney general and with the state's environmental agency, respectively. These committees hold monthly meetings with the agencies to monitor the timely resolution of problems in these two areas, which has benefited the achievement of goals throughout the administration. Nonetheless, there are no systematic mechanisms to identify broader patterns, potential risks, or cross-cutting long-term trends, an issue discussed in the analytical section of this chapter.

For the three pacts, SEPLAG's intervention goes further. Management for Results Centers, formed by 8 to 10 SEPLAG analysts, have been established in each of the secretariats (defense and public security, education, and health). These analysts collect information, monitor the planned activities, prepare the monitoring meetings, and oversee the delivery of the agreements made at the meetings. They also provide support to the secretariats in implementing the model, especially in ensuring that it is understood by the regional managers and even by frontline staff in

schools or hospitals. They act as advisors to the secretariats, providing management tools and analytical capabilities. For example, in the Pact for Education, the analysts work with the secretariat to detect schools with critically low performance, and then they assist the regional managers and the school directors in implementing management techniques to improve performance. Although the original intention of SEPLAG's leaders was to develop these centers in all secretariats (thus extending the pacts model to the entire administration), budgetary constraints led them to focus on these three major policy areas.

This section of this chapter has provided a brief description of the main components and evolution of Pernambuco's management model. The next section analyzes how the model and each component works, identifying strengths, opportunities for improvement, and lessons learned, especially those useful to other subnational governments seeking to strengthen their CoG functions.

Analysis of the Model

This section presents an analysis of Pernambuco's management model, based on other experiences at the national and international levels described in Chapter 1 and in the Appendix of this publication. The section first presents a general overview of the model, and then specific analysis of the functions covered in the previous section (*strategic management* and *monitoring and improving performance*). Finally the institutionalization of the model is considered.

Summary of the Model's Key Strengths and Opportunities for Improvement

There are several strengths and achievements of the Pernambuco management model.

- *The overall approach effectively brings together planning, budgeting, monitoring, and intervention in a highly integrated way*. The government made great progress in developing and operationalizing the model in a very short period of time. SEPLAG, as a key CoG institution, benefits from having both the political empowerment and the technical expertise to apply advanced tools to define priorities, align resources, track progress, and intervene to collaboratively produce corrections when needed. In Pernambuco, a coherent strategy guides the formulation of policy, led from the CoG.

- *Adopting the management model has set clear objectives and goals for all the prioritized key policy areas* and has established a system of continuous monitoring of progress toward them. Managers and, in certain areas (such as security) a range of frontline employees, have an understanding of what the government is seeking to achieve and what it has achieved.

- *The model has enhanced the government's ability to complete projects and generate outputs*, contributing to delivery of the government's priority goals. In other words, the model has helped to *actually do* what the government said it *planned to do*. Outcomes in the state also show positive trends, although the causal attribution of these results to the government's actions is only possible in certain cases.

- *Engaging employees from all levels of the civil service, from managers to a range of frontline staff, has begun to change the organizational culture of Pernambuco's public administration.* A can-do, systematic, and data-driven approach to public management appears to have taken root, at least in those secretariats most involved with the model, contributing to its sustainability. This is particularly relevant because many innovations

led from the CoG are susceptible to political changes (see Chapter 3 on Chile's PDU).

- *A number of innovative tools and routines have been developed to support the government in improving results.* In addition to the application of tools and approaches that have proven to be successful in other national and international cases, SEPLAG has developed innovative software to support budget planning, monitoring, and engaging with the services to accelerate improvement.

Of course, as the government's leadership recognizes, there is still more to do to fully develop a culture of managing for results. In the course of this study, the following opportunities for future improvement were identified.

- *The model is ready to develop a greater focus on outcomes and impacts for the citizens.* Especially for the policy areas that already track the evolution of outcomes, establishing a better linkage between improvements in the internal management of government and results for society would contribute to clearly identifying what works and what does not.

- *Engagement with the citizens, who are co-producers of many of the priority outcomes, could be intensified.* A more systematic approach to engaging and upskilling the frontline workers to work with citizens, more periodic regional seminars, citizen surveys, and online tools would generate valuable feedback on the progress being made by the government and identify next steps in securing results. Greater involvement from all stakeholders, including feedback on needs, what works, and new approaches to service provision—from citizens to legislators, from neighborhoods to cities, from frontline workers to senior management, and from the business and voluntary sectors—would enhance the model's effectiveness.

- *The monitoring process could be strengthened by refreshing the dynamics of the monitoring sessions* and reinforcing the collective problem-solving approach and its emphasis on producing changes in behavior to enable performance. Identifying broader, cross-cutting obstacles to performance could also be strengthened.

- *Enhancing capacities for planning and monitoring at the sectoral level* would relieve SEPLAG of certain responsibilities that appropriately belong to the sectoral secretariats. In the early stages of the model, this was not possible because of the lack of expertise in these methodologies.

- *The next phase of the model could include greater linkage with local service providers, including municipalities.* The impact of the government's work will be greater if those at the frontline delivering services understand and have incentives to support its priorities. Local governments are key actors in the delivery system, and achieving results for all Pernambucans would require that the basic elements of the management model (planning, budgeting, monitoring, and intervention) are also applied to their work.

General Analysis of the Model

What are the model's main innovations?

Implemented in 2007, the model has strengthened the CoG institutions and integrated its key functions of *strategic management* (including planning and budgeting) and *monitoring and improving performance*. The model has led to clear objectives and goals for all sectors, with a system of continuous monitoring of progress.

Therefore, it has allowed SEPLAG to clearly identify the units and individuals responsible for achieving results and to track performance on each of the priority goals. Better tracking of performance has made it possible to identify when progress is not sufficient and to develop approaches that lead to timely interventions to produce adjustments. These processes have been integrated with planning and executing the budget, contributing to connecting management decisions with the allocation of resources.

SEPLAG has focused on optimizing internal *processes* to enable efficient production of *outputs* on time, more than focusing on connecting these government activities to societal *outcomes*. Since 2007, the model has included monitoring outcomes for one policy area (security), and since 2011, two others (education and health) have been incorporated. The actual effect of the government's actions on outcomes has generally not been measured through more rigorous instances of impact evaluation. The model thus focuses on improving how the government is managed, with the expectation that this will lead to improved results for the citizens.[61] The evolution of the outcome indicators in the longest-running of the three pacts, the Pact for Life, suggests that there may be a connection between enhanced outputs and improved outcomes. Comparing fatal and violent crime rates to those of the country as a whole and to those of other northeastern states shows significantly stronger performance in Pernambuco. Box 4.3 discusses outcome data in other sectors as well.

The changes introduced by the model involved not only the top leadership of the state, but also the mid-level (regional) managers and certain frontline employees (e.g., police officers). In the performance pacts, SEPLAG works on improving management at the *strategic* level, with the governor and other senior officials; the *tactical* level, with the managers of the state's regions in each policy area; and the *operational* level, with specific schools, hospitals, or police units.

This work at several levels has begun a process of institutionalizing routines in day-to-day management throughout the government, addressing one of the key challenges posed by any process of CoG reform. Many stakeholders inside and outside of the government share the view that the model has contributed to meeting commitments, completing public works on time, and generally improving the outputs of government work. It has also helped focus the sectors on achieving the agreed goals, and not just on their own individual agendas. What is clear is that the innovations collectively addressed the need for cultural change and the need for new routines and technical tools.

Comparing this model with previous experiences of other Brazilian states, Pernambuco has incorporated some features, while adding innovations such as regional participatory planning; integrating planning and budgeting with managing the model (at SEPLAG); the personal leadership of the governor; performance pacts as a mechanism to define thematic priorities; and the strategy maps to align the budget with the plan in each area. Box 4.4 provides a more detailed comparison of the Pernambuco model with other experiences at the Brazilian state level.

[61] A senior official at a Pact for Life monitoring meeting on November 14, 2013, noted that "fulfilling the processes almost ensures getting results." This may or may not be a valid assumption, but many other models made similar assumptions in their earlier stages, when outcome data was scarce. For example, Baltimore's Citistat, a pioneer effort at data-driven management with periodic monitoring meetings to discuss performance adjustments, closely tracked inputs (such as human resources data), assuming that they were critical factors for delivering outputs and achieving outcomes (Henderson, 2003).

Box 4.3: Evolution of Outcomes in Pernambuco (2007–13)

Pernambuco presents impressive results in terms of reduction in fatal crimes. From 2007 to 2012, the homicide rate in Pernambuco declined from 49.9 per 100,000 inhabitants to 34.3 per 100,000 inhabitants (a 30 percent reduction). During the same period, homicide rates grew slightly at the national level (to 24.3 from 22.5) and rose significantly in the other northeastern states (to 35.5 from 20.0, a 77 percent increase). In the years prior to implementing the model, fatalities were trending upward in Pernambuco, with a 14 percent increase since 2005. This reversal in the trend is further evidence of a plausible causal connection between implementing the Pact for Life and the subsequent decline in fatal crimes.

In other policy areas, the evolution of the indicators more closely tracks national variations. In health, infant mortality rates decreased by 26 percent in Pernambuco (to 16.0 per 1,000 live births from 21.7), but the decline nationally was greater (to 13.6 from 20.5, or 33 percent). In education, according to student performance on the Index of Basic Education Development test, for elementary education, Pernambuco was ranked 19th (out of the 27 states) in 2005 and 18th in 2011, and for secondary education, it was ranked 18th in 2005 and 16th in 2011, showing modest improvements relative to other states.

In terms of economic growth, Pernambuco had the 9th highest growth rate between 2007 and 2011; it was ranked as 24th between 2002 and 2006.

Sources: *Crime data:* Forum Brasileiro de Seguranca Publica and Ministerio da Justicia (2013) and Government of the State of Pernambuco (2013b).
Health data: Ministerio da Saúde, Departamento de Informática, http://www2.datasus.gov.br, consulted on December 10, 2013.
Education data: Government of the State of Pernambuco (2013b).
Economic growth data: Instituto Brasileiro de Geografia e Estatistica, www.ibge.gov, consulted on December 10, 2013.

Box 4.4: Pernambuco's Experience in the Context of Other Brazilian States

Traditionally, public management reforms in Brazilian states followed those developed at the federal level; however, in the past decade, state-level governments have led the way. The initial general pattern had existed since the years of the Estado Novo (1930s and 1940s), with the creation of Public Service Administration Departments at the federal level and then at the state level. This lasted until the late 20th century, when the managerial State Reform Plan was implemented in the 1990s. However, in recent years, new patterns have emerged without direct linkage to federal initiatives, revealing the capabilities and innovative approaches at the state level of government.

In 2003, the Government of Minas Gerais introduced a "management shock", which focused initially on controlling government expenditures, and, in a second stage, on achieving results for the citizens. In this new system, "results agreements" are established between the governor and the secretariats, setting the goals the secretariats are expected to achieve. Progress is then intensively monitored and financial incentives are provided for meeting the targets. This reform was comprehensive in its coverage of both the public administration (it was implemented in all agencies) and of the policy cycle, as it includes most of its stages (planning, budgeting, monitoring, and evaluation) (Vilhena, Falcao Martins, Marini, et al., 2006). Rio de Janeiro also adopted management contracts, although they are limited to certain policy areas (security, education, transportation, and administration). Pernambuco has not adopted management contracts with financial incentives for the secretariats, but its model includes the pacts in security, health, and education, which also set the priorities to be achieved.

Another feature of Pernambuco's experience, the participatory nature of the planning process, can also be identified in other cases. Participatory budgeting has been used extensively at the municipal level, with Porto Alegre being first to adopt it in 1989. Participatory planning also exists at the state level, although Pernambuco has added a regional component (with goals by region) that is less common. For example, Minas Gerais only introduced this regional approach in the third generation of its model, since 2011 (Government of Minas Gerais, 2013). Thus, the regional seminars are a distinctive feature of Pernambuco's model.

Another innovative feature of Pernambuco's model is the direct, personal involvement of the governor in the monitoring meetings. In Minas Gerais, the Secretary of Planning initially led the meetings and, when he later became governor, he continued to chair the meetings. In Pernambuco, however, the involvement of the chief executive has been a defining characteristic since the beginning. The strategy maps are another original feature in Pernambuco, and they have been a key element in aligning the budget with the plan for each priority goal.

Regarding the capacities to manage the model, the creation of the planning, management, and budget analyst career or cadre has been critical to strengthening SEPLAG. In this regard, however, many other states (Rio de Janeiro, Espirito Santo, Minas Gerais, Bahia, Goiás, Mato Grosso, Acre, São Paulo, Sergipe, and the Federal District) have similar careers, although their members work in the different sectors and not only at the Secretariat of Planning. In Pernambuco, only SEPLAG has built such capacities into its workforce.

Source: Authors' elaboration.

What contextual factors enabled implementation of the model?

The management model was adopted in a very specific context, including a number of favorable conditions that helped enable its implementation. Understanding this context is relevant for other subnational governments seeking similar reforms, because reforms are never implemented in a vacuum.

- *Leadership with an understanding of management for results tools.* The culture of organizations and systems is significantly influenced by the characteristics of their leaders. In 2007, the new senior team in Pernambuco brought with it first-hand experience of the principles and tools of results-based management, including expertise from the state's Secretariat of Finance, Court of Auditors (Tribunal de Contas), private sector, and think tanks. This expertise allowed the team to conceptualize and lead the adoption of the model.

- *A political context that enabled the introduction of a new management model.* Governor Eduardo Campos came into office with limited support from the larger political structures within the state. He was thus less constrained in his management choices and had the ability to appoint competent managers he trusted to key positions within his administration, and he could demand results from them. In other contexts, chief executives may be more constrained by political factors.

- *A good working relationship with the federal government.* Given the importance of federal approval for loans and key joint projects, it is significant that Pernambuco worked hard to develop the relationship with the federal government (aided by political rapport between the two administrations). As different interviewees agreed, support from the federal level was important for the timely completion of priority public works in the state.

- *A healthy fiscal situation.* Economic growth in the state, combined with improved enforcement in tax collection, led to major increases in available revenue. Between 2007 and 2012, revenue increased, in real terms, by approximately 65 percent.[62] Thus, the model was implemented in a context of increasing resources, which enabled an expansion of SEPLAG's capacities (including the creation of its own planning, management, and budget analyst career or cadre with 100 new staff) and in the sectors responsible for achieving results (e.g., 25 percent growth in the police workforce). At the same time, it is likely that the model also influenced the amount of available resources. Economic activity in the state and the capacities of the collection agency are not completely exogenous to the model because it is reasonable to expect that better management would have a positive impact. Therefore, this favorable context is. in itself, partially a result of the model.

- *Significantly increased salaries for public employees.* Expenditures on personnel grew by 29 percent in real terms between 2008 and 2013.[63] Performance pay systems were established. For example, in the Pact for Life there are different biannual awards for officers in the units that achieve (i) the largest reductions in fatal and violent crimes (the outcome indicator for the

[62] Authors' calculations from Pernambuco's revenue data (consulted at www.bde.pe.gov.br on December 12, 2013) and from Brazilian inflation data (consulted at www.ibge.gov.br on December 12, 2013).

Pact); (ii) the goal established in the Pact (for 2013, a 12 percent reduction in these crimes); or (iii) a reduction in these crimes compared to the previous six months (Lei No. 14,889) (Government of the State of Pernambuco, 2012).[64] Performance pay has also been established in the education sector. Teachers from the schools that achieve their targets (in terms of student performance in standardized tests and other measures, such as dropout rates) receive an Educational Performance Bonus.[65] This influx of resources helped reduce potential resistance to the model and contributed to achieving goals.[66]

Overall, the implementation of the model benefited from positive political, economic, and fiscal factors. The coming together of these exogenous factors cannot be discounted, but nor can the government's strong drive to improve its practice.

What decisions were critical for success?

In addition to the favorable external factors, a number of important decisions about the characteristics of the model were critical for its success. The following important lessons can also be applied elsewhere.

- *Developing a strong CoG focused on results*. One of the distinctive characteristics of Pernambuco's model is the intense involvement of the governor and senior CoG staff in making the model work. The governor personally *owns* performance, assuming responsibility for it. In addition to chairing most monitoring meetings, the governor and his senior staff spend additional time, usually on the road, tracking performance online through the control panel installed on their tablets. Although the secretary of SEPLAG presides over certain meetings, the governor has not delegated this role, assuming it personally most of the time. For most interviewees, this is critical to ensure that the model is taken seriously—no one wants to appear unprepared in front of the governor. Although in other cases (such as in the state of Minas Gerais) where the governor successfully delegated this role, in Pernambuco there is a perception that the personal involvement of the governor has been critical for the model's success.

- *Having the governor as both Chief Executive Officer and Chairman of the Board*. In these roles, the governor provides managerial decisions *and* political leadership, thus reducing the potential for conflict between

[63] Authors' calculations from Pernambuco's expenditures data (consulted at www2.transparencia.pe.gov.br on January 29, 2014) and from Brazilian inflation data (consulted at www.ibge.gov.br on January 29, 2014).

[64] The first award is approximately US$1,200 for officers and US$800 for auxiliary personnel; the second, US$750 and US$450, respectively; and the third, US$580 and US$330. These bonuses represent roughly 2 to 8 percent of the average annual remunerations of the Secretary of Social Defense personnel, most of whom are members of the police force. (Data on remunerations were obtained from http://www2.transparencia.pe.gov.br/web/portal-da-transparencia/76, consulted on January 31, 2014. SEPLAG has also established performance pay mechanisms for its own staff (Government of the State of Pernambuco, 2013c).

[65] In 2012, teachers in 29 percent of the schools were granted a full bonus and, in 27 percent of schools, received a partial bonus, depending on their levels of achievement (Government of the State of Pernambuco, 2013d). The amount received by each teacher varies according to the percentage of classes taught and the proportion of the syllabus covered (Government of the State of Pernambuco, 2008a, 2008b). The average bonus in 2012 was equivalent to approximately US$1,100, which represented around 6 percent of the average teacher's salary for that year (data on remunerations was obtained from http://www2.transparencia.pe.gov.br/web/portal-da-transparencia/76, consulted on February 27, 2014).

[66] It is hard to isolate the specific effect of the model on achieving certain results from the effect of improved economic conditions. Teacher strikes, for example, which were endemic before 2007 (costing 200 days of classes in 10 years), have not occurred since. As implementing the model coincided with pay increases for teachers, the specific effect of each of these factors on the improved situation cannot be ascertained.

both realms. For most stakeholders, this has been a key success factor. Even if the model is time-consuming for the governor, several interviewees claimed that its overall effect has been to ensure time management and access to the governor. Instead of dealing with each secretary separately, the meetings allow the governor to discuss issues collectively and more efficiently. His own discipline in adhering to this format has been critical to the effectiveness and success of the model.

- *Integrating planning with the budget and monitoring priorities with action when performance is off course.* The strategy maps provide a visually clear representation of the government's priorities and constitute a key element of the model's architecture. They are a pillar that facilitates alignment of resources behind the government's strategic objectives and priority goals. This integration, in turn, contributes to a more orderly and rational process of reallocation of resources, according to the progress made toward achieving the goals. Unlike the previous situation of ongoing reallocations, SEPLAG can provide a general perspective of the government's priorities to ensure that budgetary decisions are made in connection with the objectives set in the strategy map.

- *Creating SEPLAG***.** This, in view of international and Brazilian practice, is a significant innovation in itself. By creating a distinct unit with ministerial status, which is free to develop and operate the model without being encumbered with the more routine activities of public management (which were placed in SAD), Pernambuco emphasizes both conceptualizing the integration of planning, budgeting, monitoring, and improving performance, and ensuring the impact of the integration. SEPLAG's managers and analysts can focus entirely on the priority goals.[67]

- *Empowering SEPLAG and ensuring it had sufficient resources***.** Creating the planning, management, and budgeting analyst career or cadre, followed by incorporating 100 permanent staff through a merit-based recruitment process, greatly enhanced SEPLAG's capacity to perform its role. This has been a key factor in implementing the model. (It also differentiates this case from the Chilean PDU analyzed in Chapter 3, which relied entirely on a handful of staffers appointed through contracts.)

- *Focusing on cultural change*. Pernambuco's management model includes engaging public employees across the delivery system and at all levels, from senior managers to frontline staff. It imposes a focus on achieving goals and a discipline in monitoring performance. These features establish a different type of public sector culture,[68] one that goes beyond simple fulfillment of bureaucratic procedures. Many stakeholders believe that this will contribute to the sustainability of the model under different administrations.

- *Creating routines and technical tools.* The descriptive section of this chapter has outlined a number of processes that define the day-to-day work of the model. Probably the most important of these is the monitoring meetings, chaired by the governor and the secretary of SEPLAG. For some secretaries, the model has become a daily managerial tool that they replicate

[67] It should be noted that, since SEPLAG has shown the ability to solve problems, the governor has begun delegating the resolution of emerging issues to SEPLAG, even if they are formally outside of its scope.

[68] It is difficult to assess the extent of the changes in the organizational culture in Pernambuco. As the model has not been tested under a different administration, it is still not clear if the culture has actually changed or if the current leadership is the key to sustaining the innovations.

within their jurisdictions; others have not adopted it as eagerly, but even they have to face the periodic performance review with the state's chief executive. Consequently, all secretaries have to ensure that efforts are made to overcome the obstacles. Through the years, this has led to sedimentation of these routines within the state government's work.

Strategic Management

How does the model move from ideas to a strategy?

The definition of priorities is the first element of strategic management. As discussed earlier, the approach underpinning Pernambuco's management model is recognizing the importance of bringing both outside-in and top-down perspectives to decision making. In terms of bringing in outside perspectives, the regional seminars have played a key role. The results shown in Table 4.1 earlier in this chapter show a 160 percent increase in participation in the regional seminars between 2007 and 2011 (to 13,498 participants from 5,207) and tenfold growth in the number of proposals submitted by citizens (to 26,147 from 2,600). It is even more important, however, that in these seminars, citizens can debate with senior political leaders (including the governor and his cabinet) interactively, formulating ideas and seeking responses and explanations from these officials. Two-way communications is critical to open government (see the *Communicating Results and Accountability* section in Chapter 1), as they go beyond simple dissemination of information by the government to the citizens.

The CoG provides the leadership for the endeavor. In turning a range of disparate views into a comprehensive strategy to govern the state, SEPLAG obtains input from society through the regional seminars, works with the secretariats to identify investment projects in each area, and from its position at the CoG, ensures that these priorities are challenging and feasible. SEPLAG has developed the technical capacity to discuss and negotiate the goals with the secretariats, having the information (e.g., about completion rates and project costs from previous years) and analytical capability to drive and add value to this process. Pernambuco's strategy is not only a collection of different sectoral plans, but a comprehensive and coherent direction, managed from the CoG. Overall, developing and implementing the strategy follows an orderly process, including feedback from monitoring the previous cycle.

What opportunities for improvement exist for defining the strategy?

During the formulation stage, there is no formal response to the proposals between the time they are received during the seminars and defining the strategy map. The government does not explain to the citizens which proposals were incorporated into the strategy and which were not, nor why. As described in Chapter 1, such explanations are a key component of accountability. Producing and publishing such responses would clarify to the participants what happened with their proposals and would enhance the transparency of the strategic planning process.

More generally, as valuable as the seminars are, their occurrence every four years, in one-off events prior to the definition of the strategy map, limits their impact for more continuous engagement with society. There are no institutionalized mechanisms to receive citizens' input on the progress being made on the priority goals. Consequently, it is worth exploring the possibility of holding regional seminars more frequently (perhaps annually) to gather citizens' views on specific projects and introduce corrections if needed. These meetings could provide the governor and SEPLAG an alternative source of monitoring information, incorporating citizens' perceptions and opinions

(as mentioned in Chapter 1, community-based monitoring can be a valuable tool that leads to enhanced outcomes, Björkman and Svensson, 2009). Additionally, citizen surveys could be adopted to periodically measure the evolution in their views, and participatory online tools (such as crowdsourcing) could also be explored.

Seeking citizens' input is particularly important, as the government and society coproduce many of the relevant outcomes. Reducing fatal crimes, improving student learning, and decreasing mortality rates all require more than government action—they also depend on citizen behavior. Proactively seeking the public's views on these issues would help achieve the goals. Therefore, it would be useful to establish more regular mechanisms for societal engagement. Stronger engagement with citizens could also help improve implementation of the government's projects. For example, Citizen Journey Maps visually illustrate the interactions of citizens with government agencies, contributing to an understanding (and a redesign) of how these interactions occur (Cabinet Office, 2010).

Another important consideration regarding formulating the strategy is subsidiarity: where should the line be drawn between the responsibilities of the CoG (SEPLAG, in this case) and those of the line secretariats? SEPLAG, rather than the sectors, has the leading role in proposing the priority goals, although the secretariats discuss with the governor (in a political and not only a technical process) what the priorities should be. While SEPLAG's leading role was clearly advantageous in the early stages of the model, there would be reasons for the secretariats (given that it is their responsibility to achieve results and that they have the specific expertise) to drive the analytical work and propose future goals, or at least to initiate the process. Similarly, SEPLAG may wish to reconsider its formal governance arrangements by involving sectors in a steering or reference group (bringing the sectors in to provide feedback) in further developing the model and acting as a think tank for innovation regarding existing practices. Chapter 1 discussed that *strategic management* always entails a challenging balance, as it seeks to ensure coherence with the CoG without stifling the initiative of the sectors.

An additional option to avoid the potential drawback of excessive centralization would be to strengthen the strategic management capacities of the line secretariats. For example, by strengthening the planning units within the secretariats to act as SEPLAG's counterparts in developing the strategy, the sectors would have greater technical capabilities to work within their own delivery systems and to feed into learning across government. Similarly, these units could benefit from the robust and tailored training provided to SEPLAG's staff, ensuring that analysts across the state government speak the same language, set a baseline, and grow their expertise. SEPLAG would become the head of a profession throughout government institutions, with planning specialists for the different policy areas.

There are also indications that the process of defining priorities could be improved. Although SEPLAG does not collect data on this, it is estimated that approximately 50 percent of the priority goals have to be renegotiated each year by, for example, extending deadlines. Moreover, almost half of these renegotiations include providing additional resources that were not initially contemplated. Although this is not an exact science, the relatively high number of renegotiations raises questions about the accuracy of the original formulation of priorities and/or the quality of the implementation trajectories defined for them. Furthermore, *if the sectors know that renegotiations are likely to occur, they may not have a strong incentive to improve performance and change their internal culture toward one focused on results*. Thus, strengthening the formulation of goals in order to minimize the number of renegotiations should be considered an avenue for enhancing the model.

What have been the model's main contributions in aligning the budget with the strategy?

The integration between strategic planning and budgetary allocation is one of the model's key strengths. SEPLAG's Executive Secretariat for Planning, Budget, and Fundraising (SEPOC) is responsible for both proposing the priority goals presented to the governor and allocating resources for those goals (including non-priority goals since working on the overall budget is necessary to determine what resources are available for the priorities). Each aspect of the strategy map corresponds with a line in the budget. The priority goals, in particular, are structured as subactions of the budget, with their corresponding appropriation (Figure 4.3). Therefore, in Pernambuco's management model, the plan guides the formulation of policy and the allocation of resources, unlike the trend identified in Chapter 2 for several LAC countries.

This integration is supported by a flexible and accessible IT tool (Qlikview) that includes data from all stages of the budget cycle. Each goal (or subaction) presents its budget allocation and execution figures, updated in real time. This facilitates tracking progress for each priority and identifies potential problems with implementation. A project that is not executing its resources according to the operational plan indicates that things may be going off track. Moreover, the performance information reported to the control panel is linked to the execution of resources—budget execution without achieving the goals is a sign of trouble with implementation, and reported results with no budget execution would raise doubts about the performance data. Thus, any disconnect between the two in a specific subaction prompts further inquiry.

Integrating the strategy maps and the budget has other positive consequences. First, having a program-based budget ensures that the funds are going to the priorities and are not being diverted by the secretariats to other activities, which could be the case if the allocation occurred at a more aggregate level than the subactions. Second, the clear identification of priorities allows SEPLAG, working with the Secretariat of Finance, to know which projects may or may not be delayed, essential information for rational management of the budget and daily cash flow. Finally, establishing three annual reallocation cycles (in addition to the one at the beginning of the year) helps maintain the alignment of the budget with the plan. Even though a large number of modifications to the budget still occur every year, this number has declined significantly in recent years (to 1,131 in 2013 from 2,800 in 2008), and SEPLAG's role in the cycles helps ensure that the changes are made for the purpose of meeting the priority goals.

What opportunities for improvement exist to align the budget with the strategy?

Despite the remarkable progress made in terms of integrating the plan and the budget, there is room for improvement. SEPLAG has made major improvements in terms of costing the programs of the different secretariats and the outputs they produce. However, *there is no opportunity to assess the value for money of these programs in terms of either unit costs or societal outcomes*. Therefore, decisions about expanding, reducing, or eliminating a program are not based on complete cost–benefit assessments because of the model's emphasis on outputs instead of outcomes. However, for areas where outcome information is available, a value-for-money analysis could optimize the allocation of budgetary resources. For example, the 2013 budget did not shut down any programs from the previous year; it is unlikely that *all* programs were actually delivering results for the citizens, but currently there is no way to know this with certainty. With all the progress it has made, SEPLAG is well positioned to initiate a more systematic value-for-money assessment of the government's priority goals.

A second area of potential improvement lies in the still high number of goals that are renegotiated to expand their budgets. This may have been possible at times of fiscal abundance, but the model should be prepared to endure tougher fiscal times as well. SEPLAG has already reduced the number of reallocations and guided them more coherently, but, *to ensure that performance is actually improving, budget increases for priority projects should not be as frequent*. If behavior and culture are to be changed, managers should expect the budget to be less susceptible to modifications. This implies either better formulation of the priority goals or a more rigorous process of allocation of resources, a task currently led by a team of nine analysts at SEPOC.

Monitoring and Improving Performance

What have been the model's main contributions to monitoring delivery?

The systematic monitoring process is one of the key drivers of the model. The governor's personal commitment to the monitoring sessions has persuaded managers throughout the administration that this process is for real, with actual consequences if goals are not met. Thus, monitoring has led to improvements in how the sectors conduct their work and to a generalized perception that overall performance of the state government is much stronger than before. Those interviewed for this study, both inside and outside government, agree on the improvements and on the role of the monitoring process in producing them.

The architecture of performance, a considerable strength of Pernambuco's management model, provides clarity not only about what objectives are being pursued, but also about who is responsible for them. The advantage is that results are "owned" by specific people who can be a focus for collaborative work and can also secure broader support for the intended results. It also provides clarity for internal accountability.

The structure of the monitoring meetings has some valuable features. First, by having all the secretariats and managers of a policy area together and prepared to solve problems, the governor ensures that they have all been included in the deliberations and in the decisions being made to improve performance. There is a clear understanding of who is responsible for which task, which allows the discussion to be grounded in evidence and in the reality of delivery. The sessions also foster a more cross-secretariat way of conducting the work, especially in terms of *coordinating* their interventions and articulating solutions when one secretariat needs action by others to achieve certain goals. Non-executive branch organizations (such as the judiciary) also participate in the meetings, contributing to expand coordination outside the government. As mentioned earlier, in this regard a form of *coordinating policy* is also being exercised through the model.

Consolidating the information in a control panel that can be accessed online is another important feature. While previously the sectors knew that they should produce results before the meeting, now they know that the governor (himself or through SEPLAG) can call them at any time asking why certain goals seem to be off track. The control panel allows for more continuous oversight, and the sectors know that the governor and senior staff take an active interest. The control panel also provides a complete set of information about the evolution of the goals and who is responsible for meeting them.

As in Chile (Chapter 3), the quality of the data reported by the sectors appears to be reliable, with limited evidence that any sector is "gaming" the system. The only serious problem in this regard occurred in the early stages of the model. A number of school directors presented implausible figures of student absenteeism and, after being

pressed by the governor and SEPLAG, admitted to having manipulated the numbers. The governor immediately dismissed the 14 school principals to send a clear signal that no attempts to game the system would be tolerated (monitoring meetings are very rarely so confrontational). Since then, SEPLAG has not faced serious problems with the validity of the data being reported. Most sectors realize that it is better to provide early warning of potential problems than try to hide them and have them explode later. Because many of the priority goals refer to infrastructure projects, SEPLAG can conduct visual inspections of the work, and it also conducts reliability checks with external actors, such as contractors or auditing firms.

What opportunities for improvement exist in monitoring delivery?

Refreshing the monitoring meetings could have them focus more on how to change behaviors to enable performance rather than on budgetary resources. *Monitoring meetings are most useful when focused on collective problem solving.* The Pernambuco model has already laid the foundation to make the most of these meetings, with all stakeholders within a certain policy area discussing ideas and adjustments based on *past* performance data to improve *future* performance strategies. This approach demands intensive involvement of the participants during the meetings. They are expected to not only engage when their own sector or district is being discussed, but throughout the session because their experiences can be useful to others with similar problems. It is critical that participants do not attend the sessions with a defensive mindset, giving a list of justifications for the insufficient results; on the contrary, they should be open to debate corrections, ask questions, raise concerns, and seek solutions. At the earlier stages of the model, the monitoring sessions in Pernambuco were aimed at enhancing the governor's capacity to hold the secretariats and the managers accountable. Now that this goal has been achieved, the sessions can fully emphasize improving performance.

Other similar models have opted for a more adversarial approach to review meetings. Baltimore's CitiStat sessions, at least in their early years, were described as "highly confrontational," with "excruciatingly specific and penetratingly probing" of the managers by the chair of the meeting (see Behn, 2006, for a review of these descriptions). This can create perverse incentives for managers to avoid mistakes that could embarrass them at the sessions. Pernambuco has generally avoided these adversarial sessions. At the same time, however, *the meetings are more productive if they are not simply show-and-tell sessions in which the managers present their case with no real challenges from the person running the meeting*. Thus, a delicate balance needs to be achieved. Pernambuco's authorities have developed considerable expertise on how to manage these sessions and could assess more systematically what has worked better to achieve this balance.

Other, smaller adjustments to the monitoring system could also lead to improvements. Structuring the sessions on a district-by-district review of results can make it harder to identify general patterns that may be affecting performance everywhere. Thus, devoting a larger part of the session to a broader analysis could be valuable. SEPLAG has identified some recurring obstacles that delay public works (e.g., delays in obtaining environmental permits and authorizations for expropriations) that have received specific attention. It is not clear, however, that the dynamics of the sessions foster this kind of problem-identification exercise, especially regarding more structural or cross-cutting issues affecting performance across the government. Similarly, the display of the control panel neither includes enough on outcomes, nor allow a global view of all objectives and goals, nor does it specifically show those that present problems. It is designed to be read subaction by subaction. *The usefulness*

of a dashboard is enhanced if the user can identify broader patterns rapidly and be more closely focused on outcomes. Such small adjustments may prove valuable in terms of monitoring capacities.

What have been the model's main contributions to intervening to achieve the goals?

The participation at the meetings of different secretariats involved in the same strategic objective has helped transcend jurisdictional barriers. Agreements to overcome obstacles can be made at the meetings, with a clear distribution of responsibilities and deadlines. Several interviewees indicated that this has helped to better coordinate the daily work of government and to enhance its capacity to achieve results. In this way, SEPLAG's intervention has been more as a facilitator than a direct enforcer of reforms. Moreover, this role has combined *monitoring and improving performance* with a form of *coordinating policy* (in terms of implementation), even if this latter function has not been as structured as the former.

In certain policy areas, SEPLAG's role has been larger. For the three performance pacts, SEPLAG has addressed a lack of capacity in the line secretariats by establishing its own teams (the Management for Results Centers) to assist them. These teams have provided analytical and managerial expertise that was critical to implement the model. Besides the performance pacts, *SEPLAG has proactively sought to address cross-cutting problems that hampered the achievement of goals across government*. Thus, monitoring has not just been a way to hold the sectors accountable; it has also been an instrument to detect obstacles and take action to produce corrections.

What opportunities for improvement exist in intervening to achieve the goals?

Adjustments tend to focus on reallocating resources rather than improving management practices. If managers concentrate on requesting more resources to address insufficient results, then performance will not actually improve. This connects with issues discussed in previous sections. Stressing that adjustments should not only rely on a reallocation or expansion of resources is critical to ensure a cultural change in management. The monitoring sessions, as one of the key components of the model, play a major role in this. It is true that SEPLAG works with the sectors to enable performance and clear the obstacles by providing management tools and techniques, but the sectors still seem to be focused on obtaining additional resources when faced with problems.

There is opportunity for more cross-sectoral engagement in problem solving. It is becoming increasingly clear throughout the world that many of the public service outcomes that are of interest to citizens demand a greater degree of cross-sectoral coordination (Chapter 1). Formalizing and enhancing the function of *coordinating policy* would also have the benefit of securing better value for money and of reducing duplication and gaps. In addition to their joint presence at the meetings, SEPLAG could promote a more continuous cross-secretariat engagement. This would be particularly critical if the model were more focused on outcomes, most of which are by definition cross-sectoral.

Institutionalizing the Management Model

Pernambuco's management model has been heavily influenced by the contextual factors of its creation and by the leadership of the current senior management. The completion of Governor Campos' second term in office, in 2014, and the election of a new governor raise questions about the sustainability and institutionalization of the model. This is a common feature in CoG reform processes, especially when they become closely identified with the figure of the chief executive who

introduced them. The cases of the PMDU in the United Kingdom (Appendix) and of the PDU in Chile (Chapter 3) illustrate this trend.

In Pernambuco, a number of elements favor continuation of the model, even if in a modified form:

- Results achieved and the credit that many political actors give to the management model.

- Participation of civil servants throughout the state government, from managers to front-line employees, in this data-driven model and the value they assign to it.

- Strengthening of SEPLAG, the creation of the planning, management, and budget analysts' career and the recruitment of 100 staff, who would object to a return to old style managerial practices.

- Documentation and dissemination of the model led by SEPLAG, which has contributed to raising its profile within and outside the state.

These factors make it unlikely that future governors would completely abandon the management model, even if they introduce changes to imprint their own style.

Nonetheless, to institutionalize the model and enhance its performance, a number of additional reforms could be considered. *First, a stronger linkage with the broader delivery system, including municipal governments, should be explored*. This includes not only developing management models within local administrations (a task which SEPLAG is already leading), but also linkages with them, as they are critical for achieving many of the state government's own objectives. For example, municipal governments, where the management model has not been applied and whose indicators are not monitored by SEPLAG, run most of Pernambuco's primary schools. This implies that the strategic objective of raising educational performance does not cover all the students in the state.

Defining priority goals with local governments and agreeing on how to monitor and improve performance involves a complex inter-jurisdictional, technical, and political process. Focusing on a certain policy area in which the role of the municipalities is critical (e.g., education) could provide a path for this. If this linkage succeeds, the management model will not only have enhanced its impact, but will also have achieved greater institutionalization throughout the different levels of government within the state. Furthermore, if the model intensifies its focus on outcomes, it will be necessary to engage with all actors in the delivery system with influence over the outcomes, among which the municipalities are central. To truly manage by results, all relevant actors need to be included.

A second path toward institutionalizing the model would be to further strengthen SEPLAG and, especially, the secretariats. Although impressive capacities have been built within SEPLAG, and steps are being taken to enhance them (such as the expansion of its staff; see Box 4.1 earlier in this chapter), opportunities for improvement remain. Its Executive Secretariat for the Development of the Management Model has implemented a strong training system for SEPLAG's analysts, tailoring the activities to each employee's expertise and needs to his or her position. These courses have expanded the knowledge of the staff, but a next stage could focus on expanding their skills. By switching the emphasis from providing information to the observable competencies that they would apply in the job, SEPLAG's capacities to lead the management model would increase greatly. In addition, strengthening the line secretariats' capacities could also further institutionalize the model by embedding the necessary knowledge, skills, and behavior throughout the administration, increasing ownership of the

model by managers and employees in all sectors. The sustainability of the model would, therefore, be enhanced and would become less dependent on the leadership of the governor and SEPLAG.

Thirdly, SEPLAG could reinforce the system's learning. SEPLAG collects a massive amount of data that could be used to better assess what works and what does not work. Are there differences in the completion times of projects that are considered a priority (and are thus monitored) and those that are not? Has performance in schools run by the state (which are monitored in the Pact for Education) increased more than in *comparable* municipal and private schools? What proportion of the activities that show delays and receive special attention and adjustments are turned from "red" to "green" before the next monitoring session? Could a more rigorous method of connecting the evolution in process and output indicators with the outcome indicators (when available) be applied? By doing this analysis, it would be possible to apply systems learning in real time and ensure that all sectors are benefiting from the overall government approach to improving services. More rigorous analysis of the data collected by SEPLAG could also be used to refine the model.

Increasing engagement with citizens would favor the sustainability of the model. This engagement could include creating feedback mechanisms between the regional seminars and slight adjustments in disseminating performance data and accountability to the citizens. In this regard, the annual and quarterly reports[69] provide objective data about how things are going. The information is clearly displayed, using graphs, maps, and tables when needed, and sometimes with comparisons to other states or the country as a whole. External actors consider the data published by the government accurate and reliable; there is no evidence of "doctored" numbers.[70] However, the evolution of the indicators is generally presented with no reference to the goal. Thus, it is not clear if the goal was actually met and the report can focus on delivering "good news." In addition, some outcome indicators (especially for the performance pacts) are compared to the evolution in other states or in the country as a whole, but others are not. It is not clear why this is presented for only some of the indicators, since comparable data are available in all cases. Thus, it should be possible to define certain criteria about how the data are going to be presented in order to ensure consistency across the reports and limit discretion in its presentation, especially if, in the future, the results are not as good as they have been in recent years. Similarly, providing public access to some parts of the control panel (without affecting its main use as an internal management tool) may improve societal ownership of the model and thus secure its institutionalization. Transparency can be critical to institutionalize the model; if citizens can access and debate performance information, they will reject any attempt to dismantle key elements of the data-driven model.

[69] These are the Annual Report on the Actions of Government and the quarterly Report on Social Management. These reports are published at http://www.seplag.pe.gov.br/web/seplag/downloads/relatorio-da-acao-do-governo.

[70] In fact, in the critical policy area of security, a leading think tank, the Brazilian Forum on Public Security, places Pernambuco among the states with high-quality crime data (Forum Brasileiro de Seguranca Publica and Ministerio da Justicia, 2013).

5

An Agenda to Strengthen the Strategic Center of Government in Latin America and the Caribbean

This concluding chapter presents the main research findings and outlines the principal policy recommendations, based on the review of the core functions, key challenges, and critical opportunities of the strategic Centers of Government (CoG) in Latin America and the Caribbean (LAC). It provides a series of recommendations for policymakers seeking to strengthen the CoG to enhance the strategic management, policy coordination, and performance and delivery capacity of government. This strengthening requires the reinvention of the strategic core of government and the rethinking of the functioning of government in modern societies. The main lessons learned focus on how to improve the functioning of CoG institutions and enhance their impact. The main policy recommendations are drawn from the assessment of the actual performance of CoGs in the region and identification of opportunities to strengthen them.

Research Findings and Performance in LAC

As discussed extensively in Chapter 1, there is no agreed upon definition of the CoG in the literature. Certain studies focus only on the organizations that serve the chief executive directly and exclusively (such as Ministries of the Presidency or Prime Minister's Offices), while others include core organizations performing whole-of-government functions (such as Ministries of Finance and Planning). This lack of conceptual consensus tends to limit the comparability of CoGs in different countries and regions. Even the most basic comparisons, such as those about staff size, may not be valid if different sets of organizations are encompassed by this concept.

To overcome this limitation, *this publication proposes a functional definition of the CoG that can be applied to different countries*, regardless of their differences in terms of system of government or institutional structure (Chapter 1). This definition focuses on five functions: (i) strategic management of government priorities; (ii) coordinating policy; (iii) monitoring and improving performance; (iv) managing the politics of policies; and (v) communicating results and accountability. By exercising these functions, governments can secure the coherence of their policies, focus on achieving results, and communicate these results to the public. The units responsible for these functions

may be organized differently in each country, or be placed in different positions of the executive branch, but *the key issue is that the functions are being performed effectively*. To assess this performance, Chapter 2 presented a CoG Institutional Development Matrix to identify the strengths and weaknesses of each specific CoG.

Governments have always needed steering from the center. However, they are currently facing increasing challenges in terms of *coordination*, *implementation*, *accountability*, and *innovation*. Citizens are demanding tangible results and improvements in service delivery. Governments thus need to set clear priorities, monitor delivery, and account for results. The issues that affect people's lives are cross-cutting and cannot be addressed solely with vertical responses from individual ministries: central coordination and whole-of-government approaches must be developed and pursued. Governments also have to convey a coherent message in a 24/7 news cycle and through multiple channels of communication and interaction with society, including social media. These challenges demand a strengthening of the CoG institutions, providing them with the necessary capacities to perform these roles.

In the LAC region, there are specific factors that increase the relevance of a well-functioning CoG. In many countries, a more consolidated fiscal situation means that a different type of whole-of-government coordination, one that goes beyond ensuring fiscal balance, needs to be achieved. Frequent economic crises in previous decades have put emphasis on the budget as the main coordinating tool (and thus led to the prominent role of the ministries of finance), but a more stable fiscal scenario allows governments to better plan, implement, and monitor their priorities, with a greater focus on improving performance and delivering results. In addition, many governments in the region have assumed a larger role in different areas, such as social policy (Levy and Schady, 2013). This new role shifts the focus of government toward *implementing* these programs and the *quality* of the services being delivered.

As a relatively new area in public administration and government engineering, only a few studies have attempted to compare the performance and impact of different CoG configurations on the results achieved for citizens. It is still necessary to have better estimates of the impact of CoGs on the outcomes of interest to government and citizens (see *Policy Recommendations: Evaluate and Experiment to Enhance the System's Learning* below). The core function of *monitoring and improving performance* is well suited for such an assessment because it already involves collecting quantitative data that can be compared either across time (before and after a certain innovation in CoG practice was implemented) or with the evolution of results in non-priority areas, which receive less attention from the CoG. However, since the CoG usually focuses on more complex issues, a comparison with non-priority areas may not provide a valid counterfactual. Nevertheless, some studies have been able to find "natural experiments".[71] Propper, et al. (2008) and Bevan and Wilson (2013) take advantage of the decentralization process in the United Kingdom to compare the evolution in health and education indicators in England—where the CoG monitored

[71] Like in true experiments, in natural experiments the outcomes are compared across subjects exposed to a treatment and those exposed to a control condition (or a different treatment). In true experiments the subjects are assigned to the treatment at random, so that confounding factors do not vary systematically with exposure to the treatment. In natural experiments, they are assigned as if at random because of phenomena that occur beyond the researcher's control (Dunning, 2012). Prior to the devolution of powers, schools and hospitals in England, Wales, and Scotland had similar institutional and governance arrangements. After devolution, most of the institutional arrangements remained intact, except for stronger monitoring in England. Thus, hospitals and schools were assigned as if at random to the treatment (CoG monitoring) or the control groups.

performance—with those in Scotland and Wales, where such monitoring had not been carried out previously (or had different characteristics). Their main finding was that *CoG monitoring improved delivery* by reducing wait times in hospitals and improving student achievement in standardized tests compared to the control groups.

Moreover, there are a number of lessons learned from qualitative studies, including the case studies presented in Chapters 3 and 4 of this publication. These studies provide insights into *how* the CoG can have a positive influence on achieving results. The main research findings are summarized below.

Research Findings

The Center of Government should only focus on the most critical government priorities. All government actions require systems for planning, coordinating, monitoring, improving, and communicating. However, typically, most of these tasks are the responsibility of the sector ministries and service agencies formulating and executing policy. The CoG should concentrate on those issues that are a priority to the chief executive and to the government as a whole. The value added by the CoG depends on it being selective because, if everything is a priority, then nothing is really a priority. Trying to cover too much can limit the capacity of the CoG to effectively intervene when it is most needed. In terms of planning and monitoring, the CoG should focus only on the priority goals. In terms of coordination, it should concentrate on those coordinating instances that deal with the priorities because the proliferation of coordinating instances can limit their effectiveness in gathering the actual decision makers (as discussed in the case of Chile in Chapter 3).

Sometimes, policy issues with no other "natural" location in government structures are attached to the CoG. This, however, can divert the CoG from its critical whole-of-government functions, which cannot be performed by other organizations. Therefore, it is best to avoid converting the CoG such that it directly provides services or executes programs; this is the work of sector ministries and agencies. At the same time, on occasions there may be issues that become so salient or sensitive that the chief executive decides to put his or her closest advisors in charge, especially if the issue involves complex coordination and delicate arbitrage articulating multiple sectors. For these high-priority cross-cutting issues, the CoG can play a leading role.

The CoG needs to be empowered by the chief executive and to add value to the delivery sectors. To properly exercise their functions, CoG institutions need the political empowerment that only the president or prime minister can provide. The sectors have to perceive that the CoG acts and speaks on behalf of the chief executive. At the same time, the legitimacy and credibility of the CoG can only be secured if the sectors identify concrete benefits to their work from the CoG role. Therefore, CoGs need to be politically empowered and have sufficient technical capacity (both in management tools and in policy expertise) to assist the sectors. The effectiveness of the CoG is contingent and relational, depending on the resources it can deploy (e.g., financial resources, political weight, legislative authority, and technical expertise) in its interactions with these other government actors (Rhodes, 1997; 2006).

In this regard, the CoG needs staff with sufficient political weight and technical competence to lead its key functions, chair meetings with other senior government officials, and act on behalf of the chief executive. A combination of profiles is needed for different tasks (e.g., career personnel and political appointees; policy generalists and technical experts; the CoG's own staff and ministerial secondments), but the key element is that this staff has enough seniority for its role. Nonetheless, in certain cases, it may be the sectors that lack sufficient expertise in planning

and monitoring techniques, so the CoG may have to assist them in enhancing these capacities.

Chief executives have their own management styles but the functions of the CoG should always be performed. There are several managerial styles in organizing the CoG (e.g., competitive, collegial, and hierarchical; see Appendix). Different chief executives have tailored the management style of their CoG according to their own personalities, political realities, available information, or other contextual factors. However, it is highly unlikely that a single individual can manage the complexity of modern governments without certain standardized procedures and technical support infrastructure to perform the functions of planning, coordinating, monitoring, and communicating. A robust CoG can ensure that the right information reaches the decision makers at the right time, that alternative viewpoints have been presented and probed, and that, after a decision has been made, its implementation is coordinated, monitored, and communicated.

A strong and competent CoG is even more relevant when policymaking is fragmented. Powerful line ministries may be tempted to pursue their own sector agendas more aggressively than the government's overall priorities. They may also choose to negotiate with other actors (especially with the legislative branch) for approval of their priority programs, independently from the government's agenda. This can undermine the coherence of government action and its capacity to deliver results on its electoral promises. Therefore, in contexts of considerable ministerial autonomy and fragmentation of power, it is even more relevant to empower and strengthen the CoG to effectively plan the government's priorities, coordinate their implementation, monitor their delivery, and intervene when needed.

The CoG plays a fundamental yet subsidiary role. The CoG is critical to steer the actions of government in a coherent way. It is the ministries, however, that lead in drafting and implementing policies since they have the sector expertise and the legal mandate. The CoG should ensure that the sectors' priorities are specific, actionable, challenging, and consistent, and it should only intervene when milestones are not being met. Usually, the CoG does not define the *contents* of those programs. The right balance may be hard to strike because policies are often made through interactions between line ministries and CoG organizations, which lead planning and coordinating functions. The CoG, however, should focus on ensuring that the right *processes* are being followed, rather than on designing the contents of policy. It is important that the sectors also have enough capacity to assume their responsibilities.

Moreover, the sectors must perceive that the CoG is there to facilitate their job and enable their performance, not only to hold them accountable. For example, the leaders of the PMDU in the United Kingdom actively persuaded the departments of the value added by the CoG's functions (Panchamia and Thomas, 2014). Furthermore, the CoG should not seek the spotlight; the credit for achieving results belongs to the sectors (and to the chief executive). The CoG is mainly an internal management tool, working in the background to ensure delivery in the priority areas.

The integration of most of the CoG functions is essential. Although analytically distinct, the CoG functions have to be tightly linked. Formulating the strategic plan must have its correspondence in the budget; if not, the plan will not guide government policy. Moreover, the plan must indicate which organizations are responsible for the different initiatives to clarify responsibilities and enable accountability. The goals and targets need measurable indicators, so they can be monitored in real time by the CoG. Performance data should feed back into decision making in order to produce adjustments and corrections. In this regard, coordination between the relevant organizations is critical

because obstacles can often be overcome through better articulation of stakeholders. The case of Pernambuco (Chapter 4) provides a valuable example of this integration of functions.

The early months of an administration may be critical for the CoG. The reforms to the CoGs of Chile and Pernambuco were adopted in the early months of those administrations. It is true that other occasions (such as crises) may provide opportunities for reform, but it appears that the thrust that governments have in their initial stages can be a strong driver for efforts to strengthen the CoG. For example, defining strategic priorities and goals should occur in those early stages, even during transition periods. If this exercise is attempted after the sectors have already launched their own priority initiatives, it is unlikely that the CoG can ensure their coherence and consistency. Other functions may be strengthened at later stages of the term in office of the chief executive, but even in these cases, innovations would have to compete with entrenched routines and practices. The difficulties faced by the delivery unit established in Sao Paulo, Brazil, in 2013 (Villani et al., 2013) may be an illustration of this.

Communicating results and ensuring accountability may be in tension. As units that are very close to the chief executive, CoG organizations may have an incentive to exaggerate positive results and minimize or hide negative ones. However, if this affects the information presented by the government to citizens, trust may be damaged, especially if the misinformation is related to achievement (or not) of priority goals and policy targets. This tension is difficult to avoid. It may be desirable to separate the units in charge of "selling" the government's program and achievements from those responsible for producing accountability reports. However, a rigid separation between communications and accountability units may not be feasible in practice, as they both depend on the performance information generated by the government.

Institutionalization is usually a challenge, especially for the "inner circle" of the CoG. Because of its proximity to the chief executive, the configuration of the CoG is usually contingent on his or her style and preferences. Turnover in personnel is usually high, as the proportion of political appointees tends to be greater than in other parts of the government. Moreover, each new president or prime minister wants to leave his or her mark on the institutional arrangement of the center. Therefore, the organization of the CoG may be more fluid than for other organizations. This is particularly true for the "inner circle" (see Chapter 1) of the CoG; other CoG institutions may enjoy greater stability and institutionalization. Budget offices or planning departments, for example, are less susceptible to change with each new administration. Units such as the British and Chilean PDUs did not endure changes in government. However, as discussed throughout this publication, the *structures* in the CoG are less relevant than the *capacity to perform the functions*. To embed this capacity, certain processes, mechanisms, and technologies have to be institutionalized so that new administrations do not have to create them afresh. This a major challenge, particularly in LAC countries, where often even the technical positions in the CoG are occupied by political appointees (who leave when the government changes) and not by permanent civil servants. Extending the presence of civil servants, and defining protocols for the work conducted by the CoG institutions, can help overcome this situation.

In addition, there is also an issue of ensuring the sustainability of the delivery improvements produced by the CoG's attention. For their key priorities, governments can align the chief executive's authority behind them, as well as resources and incentives for the ministries. Do they, however, have the long-term ability to modify behavior, even when these issues are no longer a priority? It is exceedingly difficult to ensure the sustainability of the

improvements without a change in the culture of the organizations (see Smith et al., 2011, on the United Kingdom's PMDU), especially if the goals have a short-term lifespan (e.g., creating a certain number of jobs, but with no attention to the beneficiaries keeping those jobs in the future).

Performance in the LAC Region

In addition to these general findings to strengthen the work of CoG institutions, this publication has presented empirical evidence about their performance in LAC countries. The following six points summarize this evidence:

1. The functions discussed in this publication are present, at least formally, in the institutional structure of the CoG of almost all countries of the region, but this formal existence does not mean that the functions are actually performed or performed successfully. Across the region, there are units with the institutional mandate to perform the functions, but in many cases they have not been empowered politically or provided the technical capacity to perform the functions effectively.

2. LAC countries appear to be in different stages of institutional development of their CoGs. Certain countries have put in place robust processes and mechanisms for at least some of the CoG functions while, in other cases, these are almost completely absent in practice. Nonetheless, most cases fall somewhere in between: they have concrete practices (processes, methodologies, and technologies) to perform CoG functions, but they have limited capacity or they can only apply them to a reduced set of government priorities, with relevant decisions and actions made through other channels.

3. Although the CoG functions are distinct and require different techniques and skills, some appear to be highly correlated. This is especially true in the more technical functions, such as *strategic management* and *monitoring and improving performance*. When a country has highly developed strategic management, it also tends to be highly developed in monitoring and improving performance. On the other hand, if strategic management is underdeveloped, this is likely also true of monitoring and improving performance. These functions are logically connected because defining strategic priorities is necessary for performance to then be monitored. In many cases, the same institution is responsible for both functions, such as SEPLAG in Pernambuco, the Ministry of the Presidency in the Dominican Republic, and the PDU in Chile between 2010 and 2014. There is less evidence, though, that the performance information gathered through monitoring systems is guiding managerial or policy decisions. In many cases, data collection and decision making appear to be only weakly linked.

4. *Policy coordination* is particularly challenging in presidential systems of government, which usually do not rely on the cabinet or council of ministers as a collective decision-making body. In this regard, a number of LAC countries have been trying different approaches to strengthen this function, including restructuring the interministerial committees (Chile and Costa Rica) and creating coordinating ministries (Ecuador, Honduras, and Peru), usually with the chief executive empowering the CoG. These innovations reflect the perception that performance in this function is generally

not up to the challenge of ensuring proper coordination for policy problems that are increasingly multidimensional and cross-cutting. It remains to be seen, however, whether these innovations will enhance coordination, considering chief executives in the region have often relied on a bilateral or radial management style. In addition, more progress is needed to institutionalize these reforms in CoG practice after changes in government.

5. CoGs in the region *communicate* the actions and achievements of the government and support the chief executive in speeches and press appearances. However, their capacity to align the government's overall message through a coordinated narrative is less clear. Moreover, communicating results to citizens to exercise proper *accountability* is still just emerging. The key elements of an accountability system, as described in Chapter 1, are to varying degrees absent throughout the region. Even governments that rigorously track performance and publish results (as described in Chapters 3 and 4) generally do not provide citizens the opportunity to debate findings and ask for explanations. Finally, the *political management* function of the CoG was not studied in this publication, which focused on the technical functions of the CoG. Nonetheless, it appears that CoG institutions in the LAC region are, in fact, managing the political negotiations needed to secure approval for and to implement the government's priorities.

6. The focus on results and delivery has increased the role of the CoG in terms of formulating the budget and monitoring performance. In recent years, the fiscal situation of many countries in the region has improved. This has allowed governments to shift the focus from fiscal discipline toward achieving results and improving service delivery for citizens. Therefore, the CoG is enhancing its role in terms of budget policymaking and oversight, a realm traditionally guarded by the ministries of finance. This enhanced role improves the possibility of better connecting planning the priorities with the allocation of resources.

Policy Recommendations

Based on the general findings discussed above and on our assessment of the current performance of CoGs in the LAC region, this section presents a series of policy recommendations for the region. These policy recommendations focus on options available for policymakers to strengthen the effectiveness of the CoGs in the region. These following points summarize potential avenues for policymakers seeking to (re)invent or improve their CoGs and for regional or multilateral institutions that support these efforts.

Properly Assess the Current Situation

Incoming governments should properly assess the performance and potential of their CoG functions. The need to act early during the chief executive's term does not mean that governments should skip a proper assessment of the existing situation. Certain functions may require strengthening, while others ought to be reconsidered or consolidated. It is critical to address the actual needs of the chief executive, some of which can only be identified while already in office. Assessing the performance of CoG institutions (against benchmarks of good practices, and using tools such as the Institutional Development Matrix presented in Chapter 2) should be thorough, but relatively quick, to tailor and target areas for reform.

Be Wary of Public Management Fashions and Fads

Public management reforms often come in waves. Innovations that were successful in a certain country are disseminated and are replicated elsewhere, often with limited analysis of the different *contexts* in which these are applied.[72] In fact, the problems that the innovations were originally sought to address may be very different to the problems that exist in the countries later adopting the reforms. The CoG is not immune to these risks. For example, the factors that led to the *political* empowerment of CoGs in several OECD countries were linked to the perception that some agencies were too autonomous and the bureaucracy lacked responsiveness (Dählstrom, Peters, and Pierre, 2011). These factors may not be present in countries in the region, in which the *technical* strengthening of the CoG is more urgently needed. Furthermore, specific solutions sometimes become fashionable and are introduced, regardless of the possible existence of other organizations already performing similar tasks and functions (as discussed in Chapter 3). Any innovation in CoG practice should be tailored to the specific characteristics and challenges of the public sector in each country or subnational government. That being said, even if specific instruments (such as delivery units) become fads, the functions behind them are not fads, as performing them is critical to achieving results for citizens.

Learn from Your Peers

Many LAC countries have introduced innovations to enhance the performance of their CoG functions at both the national and subnational levels of government. However, except for this publication and a handful of others, most of these experiences have not been documented and disseminated throughout the region. This is especially true for subnational innovations, including both state and municipal governments (city governance has received almost no attention in the CoG literature, so far). The practitioners who led these innovations can have valuable insights about what went well and what did not, providing useful information for their colleagues in other LAC countries. Therefore, opportunities to exchange experiences and good practices should be encouraged and enhanced, including peer reviewing, twinning, and shadowing. Establishing a network of senior officials of CoGs institutions in the LAC region would fill an important gap. Moreover, many countries in the region are undergoing transitions in government and reconsidering the structures and functions of their CoGs, such as Honduras and Paraguay.[73] As such, there may be roadmaps that can help guide these efforts.

Maximize the Use of the Performance Data Being Collected

Many CoGs in the region are already collecting information about the performance of government programs. On occasion, there is even a perception of monitoring inflation, with the sectors

[72] Leading public management scholars have criticized this tendency of governments, which want to be perceived as cutting-edge, to follow shifting fashions and fads (Pollitt and Bouckaert, 2004; Schick, 2003).

[73] In Paraguay, a CoG, led by the General-Secretariat of the Presidency, was formally established in 2014 (Government of Paraguay, 2014). This presidential decree formalized a process of strengthening that began in the early months of the administration. With support from the IDB, the new team of the General-Secretariat of the Presidency conducted a two-day workshop with international experts and practitioners to develop a strategy to strengthen the CoG, following the five functions defined in this publication. To put this roadmap into practice, more sustained cooperation from the IDB was later approved (Regional Technical Cooperation PR-T1157). More information about this project can be found at http://www.iadb.org/en/projects/project-description-title,1303.html?id=PR-T1157. In Honduras, the government that took office in 2014 also introduced important innovations to strengthen its CoG functions (including the creation of a General Coordination Secretariat and seven Sectoral Cabinets). The IDB has been supporting Honduras' reforms as well. More information about this can be found at http://www.iadb.org/en/projects/project-description-title,1303.html?id=HO-T1205.

being burdened with repeated instances of data reporting, coupled with a proliferation of central monitoring mechanisms. However, there is a general weakness of processes to systematically use this data to inform policy or managerial decisions. Moreover, even when obstacles to specific projects are detected and cleared, there is no broader identification of trends that could help to determine what is working and what is not to produce positive outcomes. Thus, more emphasis should be placed both in the analysis of the data being collected and in the *use of this information* to produce corrections and improvements.

Evaluate and Experiment to Enhance the System's Learning

Producing rigorous measurements of the specific effects of alternative CoG configurations is not easy, because valid counterfactuals are difficult to estimate for most institutional reforms. Nevertheless, with increased data being generated on outputs and outcomes in many countries in the region, it is possible to devise small institutional or procedural variations for different projects and to track their evolution. For example, assigning certain projects to a more intensive monitoring from the center, while leaving other comparable projects to being monitored by the respective sectors, could indicate whether the CoG oversight is improving performance or not (e.g., the proportion of projects completed on time and on budget, satisfaction of the users of each service, or even outcome indicators related to those projects). Similar counterfactuals could be devised with alternative types of CoG monitoring to assess which are more effective. By using performance information that is often already being collected by the system, these are relatively simple ways of learning how to enhance the work of the CoG. Conducting full impact evaluations is costly and outside of the scope of the CoG, but this alternative approach of using "planned variations" (Besharov, 2009) can help indicate how to improve the work of the CoG.

Establishing CoGs' Need to Build the Performance of the CoG Functions Afresh[74]

Certain countries do not have a government program or have one that only exists on paper. They lack measurable priority goals and monitoring is basically limited to tracking the financial execution of the budget (if program budgeting exists at all). Coordination mechanisms are ad hoc and informal. In these contexts, the challenge is *building a functioning CoG*: establishing mechanisms to define government priorities and strategic objectives; setting up routines of data reporting for monitoring purposes; and creating interministerial committees led from the CoG to articulate the design and oversee the implementation of programs. Visible support from the chief executive is critical so that the sectors understand that the new governance arrangements are to be taken seriously, and that the sectors will be held accountable for delivering on their goals.

Developing CoGs' Need to Strengthen Capacity and Systematize Performance

Most LAC countries have some form of CoG structure with core functions that operate relatively well. In general, however, while politically strong, the CoGs in the region are technically weak. Governments tend to have a strategic development plan with actionable and measurable goals, but the plan's influence in policymaking and budgetary allocation is limited. Performance

[74] As defined in Chapter 2, *Establishing CoGs* are those with low levels of performance in most or all of the functions. *Developing CoGs* have more intermediate performance across the functions, or certain functions with high levels and others with low levels. Finally, *Optimized CoGs* have high levels of performance in most or all of the functions.

is monitored for some, but not all, priority sectors. Coordinating mechanisms may be active and there may be routines, but key decisions are often made through other channels. The challenge in these situations is to *enhance the technical capacity of the CoG* to maximize the value it can add to government functioning. Reinforcing the CoG's credibility throughout the government and establishing internal alliances is critical. Successful experiences improving performance in key priority areas can help increase the CoG's reputation.

Optimized CoGs' Need to Embed and Institutionalize Practices

Few cases can be described as presenting reasonably high levels of performance in most or all of the core CoG functions. In these cases, the challenge is to ensure that the functions are not being exercised *only* because of the current leadership's drive, but also because there are protocols, routines, and capacities in place for future administrations. Consolidating a permanent senior civil service working in technical-level positions of the CoG institutions could provide continuity when governments change (e.g., the cadre of policy analysts in Pernambuco; see Chapter 4). In addition, expanding the technical capacities for planning, monitoring, and coordinating at the sector level (maybe by rotating personnel between the CoG and line ministries) can help disseminate the value of these functions and the skills needed to perform them. Engaging with citizens can also contribute to institutionalizing the functions. If citizens can routinely access and debate performance information, and thus develop certain expectations and standards in this regard, future governments would likely keep the focus on delivering on priorities.

Conclusions

It is important to reconsider the core functions and structures of CoGs in the LAC region so that they *fit the purpose* of addressing the challenges of modern times. This publication has revealed the tremendous potential for governments in the region to improve performance and effectiveness by enhancing critical functions at the center to steer government. However, there currently exists an important gap between potential and performance of CoGs in the LAC region in terms of their ability to set challenging goals, coordinate government, and monitor and improve performance. While strong in political terms, CoGs in the LAC region tend to be technically weak. Therefore, this publication has argued that professionalizing and strengthening the technical capabilities of CoGs could help improve the overall performance of government. In other words, better government requires (re)inventing the CoG.

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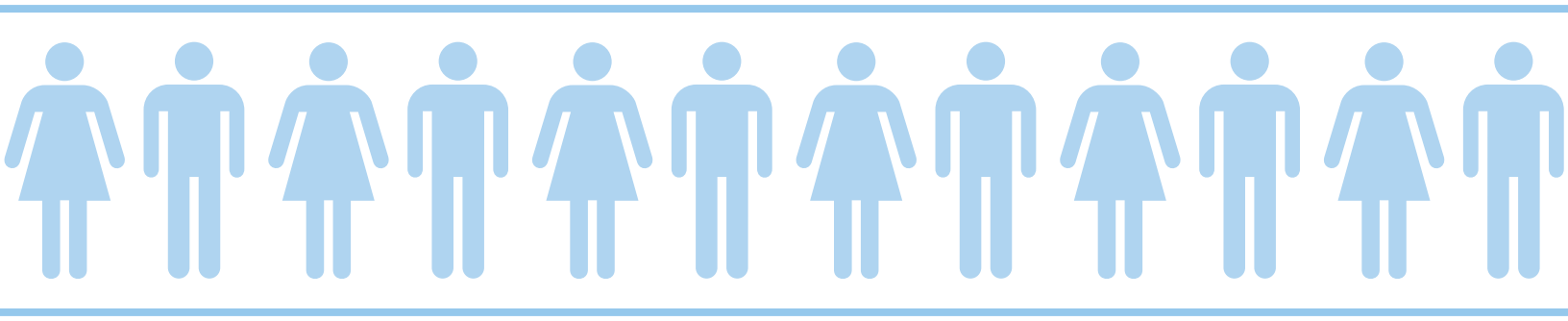


Appendix: The Role of the Center of Government: A Literature Review

For readers interested in reviewing the literature on the Centers of Government (CoG) in more detail, this appendix discusses the main findings of the existing studies regarding the core CoG functions, the structures in place, the management styles of the chief executives who lead them, and issues about staffing these organizations.

The first section discusses the literature on the international experiences of performing the functions and the units responsible for them. The next section presents issues about the size and profile of CoG staff from a comparative perspective. The last section examines management models identified in the literature.

Center of Government Functions and Structures

Strategic Management

The literature shows how this function is performed in different settings. At the time of defining a government's priority goals, a number of factors influence the relative role of the CoG in relation to the ministries and agencies. The style of the chief executive, the political dynamics within his or her cabinet, and the level of expertise available in the CoG and in the ministries are all relevant in determining to what extent the CoG will drive strategic management. In Germany, the CoG has a limited role in proposing policies to the ministries because of the fragmentation of power and the existence of highly competent political civil servants at each ministry. German governments are usually coalitions that comprise several parties, and other actors (such as subnational governments and the Constitutional Court) also impose checks on the chancellor's initiatives (Fleischer, 2011). In the coalition government in Chile, led by President Piñera, the CoG worked with the ministries to establish their goals, while acknowledging that it played a supporting and subsidiary role (Chapter 3). In the United Kingdom, traditionally led by single-party governments and less fragmentation of power, the CoG has taken a more proactive role in strategic management, especially under certain dominant prime ministers (House of Lords, 2010). Similarly, in Pernambuco (Chapter 4), the CoG has had a prominent role in defining strategic priorities.

As discussed in Chapter 1, most studies in the literature argue that the CoG should focus on a few strategic objectives (Barber, 2008; Prats i Catalá and Villoria, 2011; Egaña and Chateau, 2011). Chakabrarti (2007) notes that the CoG should not only focus on a few strategic priorities but, within those priorities, it should be most involved in those that are the responsibility of departments that have low capabilities and require more assistance. In the United States, the CoG has evolved from trying to track every single goal to a narrower, higher-level focus. The *Government Performance and Results Act* of 1993 required every agency to develop five-year strategic plans and annual performance plans and to submit them to the Office of Management and Budget (OMB), one of the key units within the CoG. To strengthen enforcement of this provision, the George W. Bush Administration launched the Program Assessment Rating Tool, which allowed the OMB to track the performance of over 1,000 programs across government. But this broad coverage conspired against the OMB's ability to clearly convey the president's priorities to the agencies. Therefore, to provide stronger strategic direction, the Obama Administration's OMB focuses on a few key goals and works with the agencies. In addition, this administration established cross-agency goals in certain areas (e.g., improving energy efficiency, promoting math and science education, and improving job training) that were part of the president's agenda and that required efforts from multiple agencies. The passage of the *Government Performance and Results Modernization Act* was instrumental to these changes in the way strategic management is conducted (Joyce, 2011) and has been found to increase the use of performance information for management decisions (Moynihan and Kroll, 2014).

Chief executives in other countries have also sought to focus the strategic priorities of their administrations. For example, the creation of the Prime Minister Strategy Unit (PMSU) in the United Kingdom and the adoption of a Government Strategy Document (GSD) in Finland have strengthened the CoG's capacity to provide coherence to government action. The PMSU, established in 2002, provided a cross-departmental perspective on strategic issues under the notion of a "joined-up government"[75] by engaging with the relevant departments to achieve certain strategic goals. Although the PMSU had institutional predecessors in the CoG under previous administrations (the Central Policy Review Staff, Efficiency Unit, Performance and Innovation Unit, the Forward Strategy Unit), it was probably the strongest effort by a British prime minister to provide strategic coherence to the government. The Government Strategy Document played a similar role in Finland, a country of traditionally weak prime ministers; for example, each coalition member chose the individuals that occupied the ministries corresponding to that party, with little say from the prime minister (Kekkonen and Raunio, 2011).[76] Ensuring coherence and strategic guidance in countries with weak chief executives and strong ministers, therefore, may be a critical task.

One of the key elements identified by the literature is that the plans actually guide the formulation of policies. For example, Evans et al. (2010) argue that in Romania strategic plans only exist formally and that decisions are made on an ad hoc basis, without sufficient prior preparation and analysis. In such cases, strategic management is not actually being performed

[75] Similar to the "whole-of-government" approach, this emphasizes a common strategy for the entire government, rather than letting each department implement its own agenda.

[76] Even in a presidential system of government, the formation of coalitions may imply that political parties have a crucial role in nominating the individuals that occupy the ministries. See, for example, Siavelis (2013) regarding the role of *cuoteo* in Chile, especially in the early stages of democratic consolidation. This case also shows how, when presidents have to deal with ministers who are not personally close to them, they may develop powerful formal or informal networks of trusted advisors, such as President Frei's *círculo de hierro* (iron circle) or President Lagos' *segundo piso* (the second floor of the presidential building), who actually manage the administration.

(see Chapter 2 for a similar assessment of the situation in many countries in the Latin American and Caribbean [LAC] region).

Coordinating Policy

As described in Chapter 1, there are a number of tools available to the CoG for coordination, especially in terms of guarding the policy process to promote alignment with the government's priorities, ensure contestability, arbitrate interministerial disagreements, and elevate issues to the attention of the chief executive when needed (Ben-Gera, 2004).

Many of these are the roles suggested by Daalder and Destler (2009) for the U.S. National Security Advisor (NSA), a key coordinating figure within the CoG of this country. The NSA, appointed by the president, chairs the National Security Council, an interministerial committee formed by the key agencies involved in foreign policy and national security (including heavyweights such as the Department of State, the Department of Defense, and the Central Intelligence Agency).[77] The NSA is conceived as an honest broker that articulates the work of these departments and agencies. While the departments and agencies have multiple constituencies, including several congressional committees with budgetary authority over them, and strong internal subcultures, the NSA only serves one constituent (the president). Thus, the NSA does not have a separate institutional agenda and does not need to protect any bureaucratic turf, so he or she can provide a neutral forum in which to resolve conflicts between departments. Of course, this perception of impartiality has to be earned; if the secretaries believe that the NSA is only advocating for his or her own agenda with the president, they are likely to circumvent the NSA and seek unmediated access to the president, weakening the coordination process. A memo directed to President Kennedy by the NSA McGeorge Bundy summarizes this role: "The President's staff is to serve as an extension of himself—as his eyes and ears and his source of nondepartmental comment. The President's staff is his own instrument. It is not—though this is a hard rule—a place for men trying to peddle their own remedies without presidential backing" (Bundy, 1961).

In parliamentary countries, the coordinating role may fall mainly on the cabinet or council of ministers, where policy decisions regarding key priorities are approved. CoG officials in OECD countries have stated that the preparation of cabinet meetings is the primary role of the CoG, one that it does not share with other institutions (OECD, 2013a). This role is mostly procedural (e.g., ensuring the processes for preparing and presenting proposals were followed; that other stakeholders were consulted; and that there is legal conformity), but it can also involve a more substantial type of coordination to ensure that proposals are aligned with the government's program and that adequate cost–benefit analyses have been conducted. The CoG usually chairs preparatory meetings before the full cabinet meeting. For example, in Spain, a key CoG official (the Deputy Prime Minister), chairs the Commission of Undersecretaries and Secretaries of State, where department deputies conduct initial assessments of policy proposals in order to decide whether or not to include them in the next cabinet meeting's agenda (Paniagua, 2012).

In presidential systems, cabinet meetings generally do not have the same decision-making authority as in parliamentary systems,

[77] The National Security Council counterpart for coordinating economic policy in the CoG of the United States is the National Economic Council. The director of this council coordinates the departments and agencies with influence over economic affairs, such as the Treasury; the State, Commerce, Agriculture, Labor, and Energy Departments; the OMB (another unit of the Executive Office of the President or EOP); and the U.S. Trade Representative (Destler, 2012).

so these tasks may not apply. However, interministerial committees (or sectoral cabinets) are a frequent feature in presidential systems, and CoG units usually chair them or provide support. Although these interministerial committees may help clarify responsibilities and bridge organizational subcultures, their capacity to coordinate depends on a number of factors, including the political empowerment granted by the president and the acceptance of the departments. In time, it is possible that a coordinating body with no direct operational responsibilities may play a diminishing role, as departments and agencies learn how to work the system.[78] An established, ongoing effort to select relevant issues that need inter-agency review may mitigate this loss of power (Destler, 1996).

The lack of effectiveness of certain coordinating bodies can lead to the creation of new interministerial committees for the same issue or policy area, with the resulting proliferation of bodies with no real authority. The response of the CoG of the United States to the problem of climate change is indicative in this regard. Figure A1 shows the number of coordinating task forces, working groups, sectoral cabinets, councils, and committees currently addressing this cross-cutting issue, many of them based within the EOP. It has been reported that officials from the different agencies lack a shared understanding of priorities, inter-agency projects are infrequent, and budgetary decisions are not aligned with goals. Additionally, due to the size and complexity of this coordinating structure, many officials are not even aware of what other agencies are doing (Government Accountability Office, 2011). Thus, simply creating new coordinating bodies at the CoG does not ensure that coordination will occur. (Chapter 3 shows how consolidating the number of interministerial committees can enhance their effectiveness.)

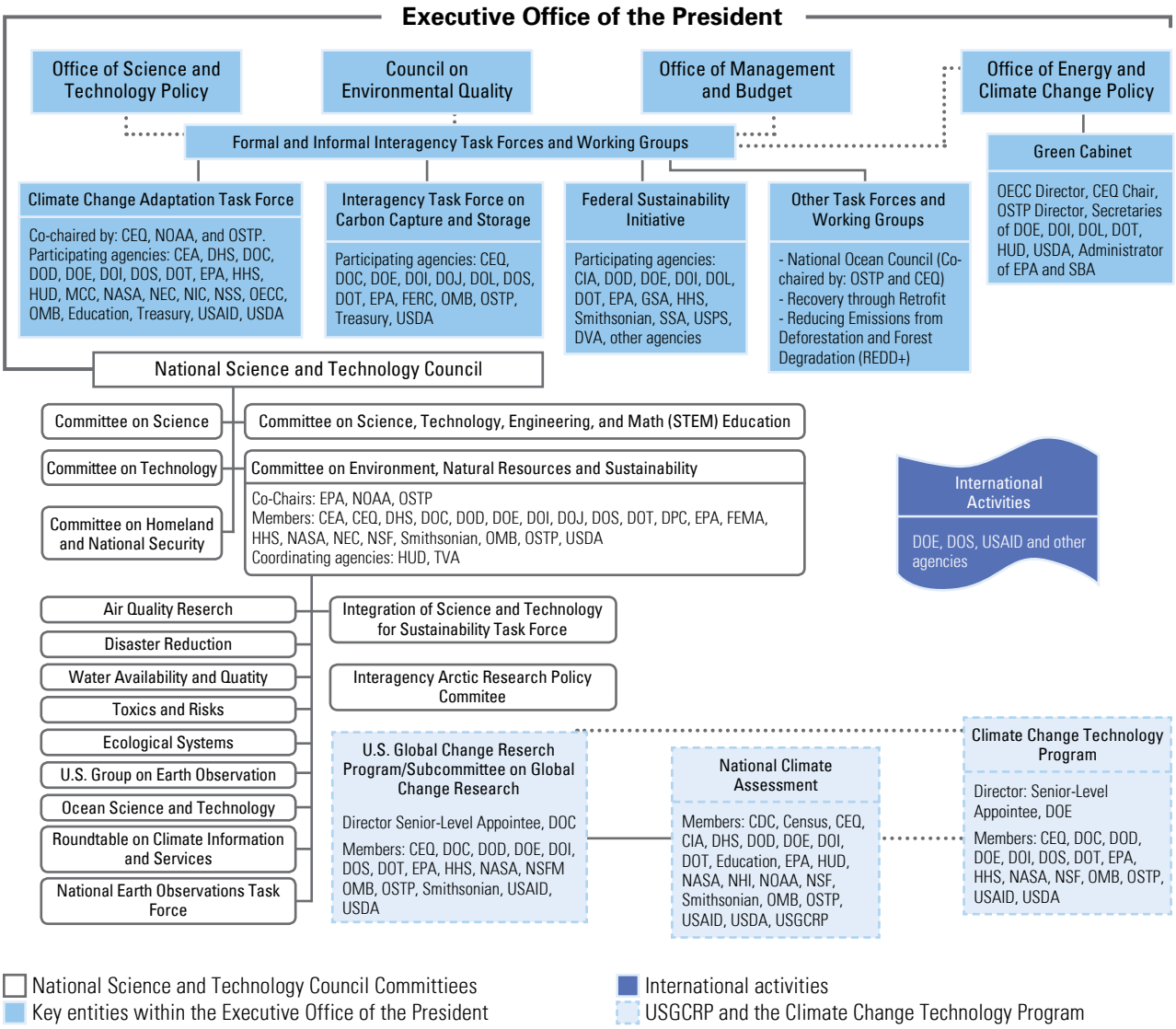
Sometimes CoG institutions coordinate other cross-cutting issues that are important to or affect all ministries and agencies (e.g., gender or the status of minorities), or issues internal to government activity, such as public administration reform (e.g., procurement, civil service, e-government). In federal systems of government, relationships with subnational units may also be managed from the CoG. Some international issues that cut across different ministries and agencies, such as processes of regional integration that involve multiple policy areas, may also be coordinated from the center. In Sweden, for example, where two-thirds of the country's regulations come from European bodies, the importance of EU integration for domestic policy led to a decision to transfer the responsibility for EU integration to the Prime Minister's Office from the Ministry of Foreign Affairs (Dahlström, Peters, and Pierre, 2011). To avoid using the CoG as a "dustbin", however, it is important that these issues are of high priority to the government.[79] As Chakrabarti (2007) quotes a British official: "Only do at the center those things that only the center can do."

Coordination in implementation can be particularly challenging. The United Kingdom has experience with different approaches in joined-up government. An *output-driven* approach ensures that different agencies with similar goals or

[78] A similar problem may occur with other coordinating mechanisms sometimes used by chief executives, such as the appointment of czars (Peters, 2011) or ministers without portfolio—officials with no direct authority to implement policy, but whom the chief executive appoints to oversee an entire policy area or cross-cutting issue (e.g., drug policy, cybersecurity, consumer affairs, or the situation of youth, of immigrants, or of indigenous people). Lacking their own base of departmental power, they may not have the resources or the authority for effective coordination (Prats i Catalá and Villoria, 2011). The proximity of this official to the chief executive can be critical for his or her empowerment. In this regard, sometimes the vice president or the deputy prime minister is appointed to coordinate these issues (see Heywood and Molina, 2000, for Spain).

[79] This can occur with issues with no other "natural" location in the government structure, or with certain politically sensitive issues that cannot be placed in any single ministry, or when disagreements between ministers and agency heads lead to the relocation of these agencies to the president's purview in order to reduce conflict (Coutinho, 2013).

Figure A1: Coordinating Committees for Climate Change in the United States



Source: GAO (2011).

target groups (e.g., integrating care for older people, managing offenders, protecting vulnerable children, or promoting local economic development) work effectively together. An *input-driven* approach shares back-offices to produce budget savings (6, 2014). However, practical difficulties (e.g., how to share information across agencies while maintaining the confidentiality of citizens' personal information) and other trade-offs have been identified (especially in terms of increased costs—at least initially), raising questions about the best way to foster coordination in program implementation.

Monitoring and Improving Performance

In recent years, several countries have developed innovations to perform this function. In certain cases, such as the United Kingdom, Australia, and Chile, chief executives concerned about proper follow-through of their administrations' priority initiatives created specific CoG

units devoted to monitoring and improving performance (Lindquist, 2007; Barber, 2008; Richards and Smith, 2006; Wanna, 2006; Chapter 3 of this publication). Units specifically intended to monitor and improve performance may have a dual role. They may provide *ex ante* quality control of new policy proposals by asking the right questions about how they will be implemented (a function more related to the CoG's role in strategic management). Also, they may provide *ex post* tracking of progress, including, when necessary, providing assistance to remove obstacles and bottlenecks (Lindquist, 2007). Box A1 summarizes the experience of these delivery units. Similarly, data-driven management models, such as the one established in 2007 in Pernambuco, Brazil, make extensive use of performance data to inform managerial adjustments and corrections, using a structured format of periodic meetings (see Box 4.2 in Chapter 4 for more details).

Strengthening the monitoring function of CoGs is expected to produce better outcomes. However, the literature has not presented conclusive evidence that this actually occurs. Chief executives are surely better able to enforce their own priorities, but has this led to better policies? On one hand, most accounts indicate that CoG

Box A1: Delivery Units Around the World

The Prime Minister's Delivery Unit (PMDU) was established in the United Kingdom in 2001. At the beginning of his second term, Prime Minister Blair felt frustrated with the lack of progress made during his first term, especially in terms of implementing public service reform (Panchamia and Thomas, 2014). Thus, he established the PMDU as a unit within the Cabinet Office to monitor progress in 20 to 30 priority goals in four policy areas (education, health, crime, and transportation). For this tracking, the PMDU used a template for data collection that not only included the numerical value of achievement for the target, but also the analyses of the governance set in place to manage the specific programs, the engagement of those delivering the programs (i.e., frontline staff), the part played by citizens in achieving the results, and the value for money being obtained. These fields provided more actionable information when considering corrections or changes to the programs because they indicated where the problems might be. In terms of improving performance when progress in a certain goal was falling behind, the PMDU used "deep dives", deploying a small team for six weeks to work with the relevant ministry or ministries to unblock delivery obstacles, improve implementation, and build capacities. Approximately 50 of these exercises were conducted every year. In terms of institutional structure, the PMDU was later co-located at the Treasury, which strengthened the unit's connection to budgetary decisions.

The PMDU's perceived success inspired similar efforts around the world. The Australian Cabinet Implementation Unit (CIU) was established in 2003 following the PMDU model, and it is still operating as of 2014. It also focused on a few key strategic priorities (approximately 50 goals). The CIU monitoring process was used as an early warning system for the prime minister (using a traffic light system), but any policy corrections were made by the departments themselves. In contrast, the PMDU was more involved in recommending and negotiating adjustments with the departments.

The PMDU's direct immersion in policy reflected Prime Minister Blair's decision to involve himself in achieving his government's priorities (House of Commons Library, 2005; House of Lords, 2010; Richards and Smith, 2006). As a collective body, the Australian Cabinet had traditionally been stronger than that of the United Kingdom. Thus, monitoring in Australia was more collaborative and collegial (Shergold, 2003), while monitoring in Britain was perceived as more adversarial. The PMDU even ranked departments in terms of achievements in order to foster performance improvement, which may have created certain negative incentives in terms of attempts from the departments to "game" the system.

The PMDU was dissolved in 2010, with the advent of a new coalition government. Its successor, the Policy and Implementation Unit, had a lesser role in monitoring results; the focus is on tracking whether the actions agreed to by the parties in government have been adopted or not (Truswell and Atkinson, 2011).

The PDU was created in Chile in 2010 (Chapter 3), and the government of the state of Sao Paulo, Brazil, established a similar unit (Unidade de Entrega dos Projetos Prioritarios or UEPP) in 2013. Other parts of the world have seen even a bigger interest in these types of monitoring units. Indonesia's Presidential Unit for Development Monitoring and Oversight (UKP4), Malaysia's Performance Management

Delivery Unit (PEMANDU), and Thailand's Office of Public Sector Development Commission are examples of this trend (Chattaris and Monvadee, 2012; McCourt, 2012). The UKP4, created in 2009, was established to monitor the performance of ministries in a coalition government that the president did not fully control. This unit was conceived as a way to ensure that priorities were followed and that officials were held accountable for results. After three years, however, the effects of UKP4 were still not evident (Scharff, 2013).

Malaysia's PEMANDU was set up in response to the public's concern about the quality of public services. The head of PEMANDU joins the prime minister for individual performance review sessions with each minister to discuss progress in their area. After two working days, the prime minister sends each minister a letter with a final assessment of their performance, based on the results being achieved (McKinsey & Company, 2014). The results of PEMANDU's work appear to be positive, although critics question the validity of the data reported by the ministries (Iyer, 2011). To mitigate this problem, a data hub was established within PEMANDU to ensure adequate collection of data and to check its validity. Other sources (e.g., third-party data and community monitoring) and reliability checks (e.g., taking pictures of infrastructure projects to verify progress) are also used.

One of the key features of PEMANDU is the use of Delivery Labs to bring together, for six to eight weeks, a range of 20 to 50 stakeholders from different ministries to work intensively on solving specific problems affecting delivery. Stakeholders from the private sector also often participate in the Labs, as many of the priority goals (e.g., creating jobs) require their contribution. The sessions focus on problem solving through debate and challenge, with no hierarchies among the participants. Their work is completed only when they produce a detailed plan of specific actions to improve delivery, signed by the participants, and with any budgetary requests approved by the budget office. This model has also been replicated in Tanzania's "Big Results Now!" initiative (Daly and Singham, 2013; Todd, Martin, and Brock, 2014).

India has also created a delivery unit in the Prime Minister's Office and a performance management division in the cabinet secretariat to oversee performance. Some African countries have been establishing performance units in recent years (Friedman, 2011; Scharff, 2012). In late 2013, chief executives from a number of developing countries (e.g., Albania, Ethiopia, Ghana, Haiti, Malawi, and Senegal) announced the formation of a Global Network of Delivery Leaders interested in the delivery unit model.

The growing interest in the developing world in creating special delivery units may have to do with deficiencies in policy implementation detected in some of these countries (Evans, 2013). In contexts where implementation is more reliable, monitoring is usually performed through the cabinet offices or finance ministries (which have authority over the budget and may define performance targets with the other ministries). Or, monitoring units may be created mainly to signal the importance that the chief executive ascribes to certain goals.

Source: Authors' elaboration.

monitoring has been useful in orienting the agencies' work toward outcomes and evidence-based interventions. On the other hand, it is not clear that those goals that were selectively monitored by the CoG were met any more than other goals. There is evidence pointing to improved performance in education and health metrics due to PMDU's work in the United Kingdom (Propper et al., 2008; Kelman and Friedman, 2009; and Bevan and Wilson, 2013); however, other cases have still not been the subject of similar studies.

One concern with respect to performance monitoring through quantitative progress indicators involves "gaming the system", especially in cases in which meeting the targets is associated with financial incentives for the departments. At least three ways of gaming the system have been found, in nontrivial amounts, in the United Kingdom (Hood, 2006):

- The *ratchet effect*, by which managers set goals that they know are well below their actual production potential.
- The *threshold effect*, by which excellence is discouraged and managers simply attempt to meet the targets.
- The *distortion or manipulation of reported results*, which creates a disparity between reported and actual performance.

The most notorious situation in terms of manipulation of the results consisted in making ambulances with patients inside wait in the hospital parking lot until the patients could be treated in the emergency room within the time limit established as the target (Hood, 2006). But CoGs also have ways to assess the validity of the data reported by the sectors. For example, so-called mystery shoppers can be useful in checking whether the services provided by departments

match their claims. In addition, data from external sources (e.g., non-governmental organizations, central banks, or statistics offices) can be used to ensure the validity of the figures, as in Chile's PDU (Chapter 3). In Pernambuco, where many of the CoG's priority goals involve completing public works, pictures of the works and inquiries with the contracting firms or auditors are also used as reliability checks (Chapter 4).

Managing the Politics of Policies

In addition to the more technical functions previously described, CoGs also perform a political role. Chief executives must provide consistent direction to the policies of their administrations while negotiating with the legislature, political parties, civil society organizations, interest groups, and public opinion to implement their program. The CoG has a broader perspective of the political situation than the departments in determining the best timing and sequencing of the administration's initiatives. In addition, chief executives need to weigh information from multiple sources and come up with their own assessments, and they need to supervise or lead cabinet ministries and the bureaucracy from above to ensure a unified and coordinated direction (Bonvecchi and Scartascini, 2011). CoGs are the tool that they use to accomplish these goals. Moe (1993) argued that, in the United States, presidents are the only actors who care about the global performance of government, while Congress and the agencies have narrower concerns. Therefore, all presidents (regardless of party, ideology, or style) have an incentive to develop a strong CoG to perform political management.[80]

In the United States, the value of the CoG *managing the politics* is understandable because the country's form of government is characterized by a high degree of autonomy of the entities that shape policy (Peters, 2011). For example, executive branch departments respond not only to the president but also to other constituents (among them the "iron triangles", formed by bureaucrats, congressional committees, and interest groups). However, other countries may not have these high levels of autonomy, especially if outside actors are weaker and chief executives are stronger vis-à-vis the departments. Could this be the situation in some Latin American countries? There are no empirical studies to answer this conclusively. If this situation existed, however, it may have an influence on why Latin American presidents have generally not followed their American counterparts in developing powerful CoGs to support them (Alessandro, 2010). In Mexico, for example, presidents have traditionally made their most trusted advisors ministers, so there was no need to replicate a mini-cabinet in the CoG (Méndez, 2007).

Nonetheless, coalition governments (frequent in many LAC countries) do enhance the need for political management from the CoG. For example, chief executives may not have a close personal relationship with ministers from other parties (see Siavelis, 2012, explaining the expansion of the CoG's role during the Lagos administration in Chile). In addition, in Brazil, Inácio (2006) argues that when there are more intracoalition conflicts, chief executives have a greater incentive to centralize political management. At the same time, however, it is possible that, to hold the coalition together, the chief executive needs to effectively devolve more authority to the ministries, reducing the influence of the center (Amorim Neto, 2012). A difficult balance thus needs to be achieved. Political management in coalition governments is also critical to ensure legislative support for the administration's policies.

[80] Other authors argue that centralization also involves costs (mainly the loss of departmental expertise), so this strategy will be contingent on the expected benefits and costs (Rudalevige, 2005). Chief executives will be more likely to centralize when they want quick action, they pursue new policies, they seek to reorganize the government, and the departments' preferences are not aligned with their own.

Communicating Results and Accountability

Communicating the decisions, actions, and results achieved by the government requires adopting a consistent message throughout the administration. CoG units are often responsible for formulating and coordinating this narrative, aligning all of the government's senior political officials behind it. Performing this function usually involves a number of activities, including the following (Glenn, 2014):

- *Spokesmanship* refers to presenting and explaining government policies to the public, either by the CoG itself, or by ministers or other officials appointed for this role. There may be separate units in charge of this task for overall government communications and for the chief executive (see Egaña and Chateau, 2011, for Chile).
- *Communications planning* involves establishing a plan of how the government is going to interact with the public in an integrated way. This can be operationalized by informing all senior officials, at the beginning of every week, of the government's announcements for the week, the selected spokespersons, and the main talking points.
- *Media relations* is about managing relations with specific members of the media in order to promote public awareness and understanding of government policies (e.g., interviews, news conferences, op-ed writing, technical briefings, and news releases).
- *Advertising* requires approving the messages (e.g., public information campaigns) that government departments will place in newspapers, radio, TV, the internet, etc. This also relates to producing these and other pieces of information.
- *Crisis and risk communications* is about delivering information in situations of emergency or crisis, or in anticipation of risks to public health or environmental risks.
- *Electronic communications* involves managing internet-based tools to give internal and external audiences 24-hour access to information about government programs, services, and initiatives. It also refers to providing guidelines about use of social media.
- *Environmental assessment and public opinion research* requires tracking the views of citizens and specific groups about government policies, and identifying emerging issues that will require the government's comment.
- *Consultation and engagement* is about establishing mechanisms and tools to consult the public about the government's actions and initiatives (e.g., online tools, "town hall" meetings, and other forums).

Tension can arise between several of these tasks. While some of these activities involve providing basic government information to citizens (e.g., about public services or emergency situations), others focus on persuading the public about certain values or achievements that may have a more political or partisan nature. The tension between core public administration activities and political ones is clearly present in this function, as discussed in Chapter 1. CoGs usually work at the interface of politics and administration, and this is particularly salient in the communication's function because governments are "both the executive of the day and a political party seeking to stay in power" (Brown, 2012). Even a separation of the units working in both realms (as recommended by Ben-Gera, 2004) may not solve this tension because the difference between information and persuasion is not always clear.

This being said, CoGs may sometimes find it useful to also promote openness and access to information for the performance of its other functions. What some call "transparent performance" (Kettl, 2011) refers to the idea of using citizen monitoring to foster improved performance by departments and agencies. One of the key CoG units in the United States,

the OMB, has issued several directives in recent years instructing the departments and agencies on how to publish information in an accessible way, including "open data" initiatives to guarantee that the information is provided in machine-readable and open formats (OMB, 2009). This has led to the unprecedented publication of approximately 300,000 datasets, centralized in websites such as data.gov and performance.gov. It remains to be seen if this massive dissemination of information leads to increased accountability, or if citizens, the press, and interest groups will simply be overloaded with data. Mechanisms to explain and debate this information (a core component of accountability; Bovens, 2005), such as departmental or agency blogs, have been developed, but it is not clear if they are really fulfilling their objective.

Staffing

Several papers present data on the size of CoG staff. However, interpreting country-level data for comparisons is not easy because there are differences in how certain units are classified as either within or outside of the CoG. Some studies only include units that directly and exclusively support the chief executive (*structural* definition), while others prefer *functional* definitions, as described in Chapter 1. Even if only units with a similar name across countries (e.g., Prime Minister's Office) were selected and compared, the information may be misleading. For example, Peters, Rhodes, and Wright (2000) described the Canadian Prime Minister's Office as small compared to most others, with a staff of only 85 employees. But the prime minister is not supported only by the PMO, but also by the Privy Council, a Cabinet Office that mainly works for the prime minister (Peters and Savoie, 2000). The Privy Council had 600 staffers, thus it is debatable if organizations with similar names are comparable across countries, when their actual functions may differ.

James and Ben-Gera (2004), following the *functional* criterion, appear to have come up with more comparable data for OECD countries:

- Most CoGs had 10 or fewer staff members working on the *strategic planning* function, while a few had between 11 and 20. At its peak, the British PMSU had 90 employees, although it averaged approximately 40. Turkey reportedly had 337 employees devoted to this planning function, which again raises the question of the comparability of the data. Are these governments referring to the same function when speaking of *strategic planning*?
- Units devoted to *monitoring performance* were generally fairly small. The British PMDU had approximately 40 staff, while the Australian CIU and the Chilean PDU did not exceed 10 employees.
- Most CoGs had 10 or fewer staff working on the *communications* function, with a few having between 11 and 20 and some (Austria, Hungary, Portugal, Spain, and the United Kingdom) employing many more. The number for the United Kingdom (100 staff between the Prime Minister's Office and the Cabinet Office) was so much higher than for other countries that caution is warranted when interpreting the data. It is likely that units and their staff were not classified consistently across countries.

Consequently, any assessments of CoG staff size in the literature depend highly on which organizations are included. For example, Alessandro (2010) presented data for Argentina's CoG adopting a structural definition that includes only the General Secretariat of the Presidency, the Office of the Legal Counsel, the communications unit, and the logistics support unit, reaching a CoG size of approximately 2,000 staff. But a broader definition would include at least some units of the *Jefatura de Gabinete*, the ministry constitutionally in charge of coordinating

the Cabinet of Ministers,[81] which includes, among others, a legislative liaison office. Thus, any estimation of CoG staff size depends on a number of decisions about which organizations and units are performing CoG functions, suggesting that cross-country comparisons of staff size should be made with caution if CoG definitions have not been applied consistently.[82]

Truswell and Atkinson (2011) presented one of the few studies that estimate the size of the staff working directly to support chief executives (a *structural* definition of the CoG). The study focused on six countries: Australia, Canada, Germany, New Zealand, Sweden, and the United Kingdom. For the United Kingdom, the study did not simply count the 100 staffers working in the Prime Minister's Office, nor did it consider the entire Cabinet Office (with a staff of 1,300).[83] Rather, through official data and interviews, the authors estimated the total support staff of the prime minister at around 300. The estimates were smaller for New Zealand (150) and Sweden (200), and larger for Australia (550), Germany (620), and Canada (1,125). However, the estimates would be larger if a *functional* definition was applied.

Despite all these complexities, it is possible to conclude that the number of individuals that perform the political, policy, and technical functions that define the CoG is generally fairly small. For example, the United Kingdom's PMDU, which is regarded as one of the strongest monitoring and performance improvement units in any country, on average had approximately 40 staffers. This team could track the progress of the 30 main priorities defined by the government and assist departments in unblocking obstacles that hindered achievement of results. Quality was more important than quantity, as these staffers were highly skilled and credible to the rest of the government. The selection of personnel was based on five core competencies: (i) problem solving, (ii) data analysis, (iii) relationship management, (iv) feedback and coaching, and (v) a delivery mindset or "can-do" attitude" (Barber, Kihn, and Moffit, 2011). In terms of leadership, having someone who enjoyed engaging in problem solving, rather than a more theoretical individual, was regarded as a valuable asset.

Beyond staff size, other elements regarding CoG personnel can be analyzed. In some countries, CoG employees are almost entirely drawn from the civil service, while in others there is a larger presence of political appointees.[84] Within the OECD, countries with a Napoleonic administrative tradition, such as Belgium, France, and Italy, traditionally had a high proportion of political appointees in their CoGs, with the Scandinavian countries at the opposite end of the spectrum (Dalhström, Peters, and Pierre, 2011). Germanic and Anglo-Saxon nations appear to be in the middle, although with large variations within these groups. While the United Kingdom's CoG is mostly staffed by civil servants, the American, Australian, and Canadian CoGs have a higher partisan presence (Truswell and Atkinson, 2011). What has been common in most countries in the last few decades (except in the countries with Napoleonic administrative traditions, whose CoGs were already highly politicized) is the growth in the number and

[81] Nonetheless, only rarely have presidents opted to use the chief of the cabinet as a strong coordinating figure since the creation of this position in 1994 (CIPPEC, 2011).

[82] As another example of this, it would not be appropriate to compare the staff size of the U.S. EOP (2,500) to the Mexican presidential office (1,500), since a number of functions performed by the EOP, such as budget and personnel policy, are performed by the Finance and Public Management departments in Mexico (Méndez, 2007).

[83] The report notes that focusing on formal structures could be misleading, as the units and individuals actually providing support to the chief executive may not correspond with those structures. Nonetheless, even with their detailed case-by-case analysis, the authors acknowledged that comparability across cases may be limited.

[84] Within the CoG, different institutions may have different proportions of political or career staff. In OECD countries, more than 95 percent of the CoG staffers are civil servants, but in institutions closer to the chief executive (such as prime minister's offices), this proportion is around 60 percent (Ben-Gera, 2004).

in the authority of the political appointees, a strategy used by chief executives to enhance their control over the workings of government.

In the United Kingdom, for example, the strengthening of the CoG introduced during the Blair premiership involved the influx of political appointees. Civil service regulations were also modified to ensure that these special advisors would have the legal authority to instruct civil servants (House of Lords, 2010), altering a long-established accountability chain that went from the electorate to parliament, then to the cabinet members, and finally to the bureaucracy. This order was revoked during the Brown premiership, and Prime Minister Cameron would later reduce the presence of political appointees in the CoG (at least initially). However, the transformations of the Blair period were part of a more global trend toward greater central control of government.

However, compared to LAC countries, it appears that most OECD countries have a high number of civil servants in the CoG. For example, in almost half of the OECD countries the head of the CoG is a civil servant, who would normally remain with a new prime minister (Ben-Gera, 2004; OECD, 2013a). Very few LAC countries rely on professional cadres of civil servants who bridge the worlds of politics and policy implementation (World Bank, 2010a). Thus, trying to replicate this politicization strategy in the LAC region may not lead to greater capacities for central coordination but to a growth in patronage and clientelism, as reported in Italy (Stolfi, 2011), Greece (Featherstone and Papadimitriou, 2013), and Eastern Europe (Goetz and Margetts, 1999). In these countries, chief executives place trusted advisors in key positions, but these individuals may have limited technical expertise and, therefore, cannot provide adequate support and advice. Dickinson (2005) refers to a "paradox of politicization", by which recruiting on the basis of personal or political loyalty ends up hurting the CoG's ability to help the president manage the government.[85] Thus, chief executives should have the flexibility to designate political appointees as trusted advisors, while maintaining qualified technical staff who do not change with each administration (Díaz, 2012).

The varying proportions of career and political personnel imply differences also in terms of the degree of continuity to be expected at the CoG when administrations change. Political appointees serve at the pleasure of the chief executive, and they leave the CoG when the chief executive or his or her party leaves office. Civil servants, however, are not affected by these changes. Therefore, when power changes hands between different parties, the absence of a strong civil service at the center may affect the performance of the new administration, whose appointees lack knowledge and institutional memory about how the CoG should be managed (OECD, 1998; Chapter 3). A country such as the United States, with a large number of political appointees at the apex, can handle this situation because most of the incoming officials have been training (e.g., in think tanks) during the years their party was not in power. Such training may not exist in other countries (Evans, 2013).

Civil servants at the center are not always permanently stationed at the CoG. According to Ben-Gera (2004), 14 OECD countries have only permanent staff at CoG institutions, nine countries partially second staff from the ministries, and in four other countries the CoG relies almost entirely on staff from the ministries. The rotation of personnel from departments to the CoG can ensure sectoral expertise and provide new ideas, but may adversely affect procedural continuity and institutional memory.

[85] Career bureaucrats are expected to provide "neutral competence", while political appointees ensure "political responsiveness" to the chief executive's preferences. A combination of these characteristics (responsive competence) is typical of a strong CoG institution, such as the American OMB (Dickinson and Rudalevige, 2005).

In addition, personnel from the departments may be less sensitive to the chief executive's need for central coordination, since they bring the agendas of their own institutions.[86] Overall, it appears that a combination of continuity and change in the center can be beneficial, but there are no data on the policy effects of these alternative CoG configurations.

In terms of skills, CoGs generally recruit administrative generalists, technical experts, and political agents (Peters, Rhodes, and Wright, 2000). The latter are political appointees designated by the chief executive. Regarding the first two categories, some countries recruit mostly generalists who, especially if they come from a senior executive service (as in France, Italy, and Spain), bring with them a network of connections that can be valuable as an unofficial tool of interdepartmental coordination. CoGs do not seek to replicate the level of specific sectoral expertise present at the departments, but may contain units or individuals with knowledge of certain broad policy areas. Some organizations and units within the American EOP are created precisely to duplicate the president's sources of information in certain policy areas (e.g., economic or foreign policy); these bodies are staffed with experts in those fields. The German chancellor, on the contrary, does not have the expert support that is present in the departments and is, therefore, less able to shape policy.[87] A comparison of the British PMDU to the Australian CIU and the Chilean PDU reveals that only the first had enough staff with sufficient sectoral expertise and seniority to challenge the performance of the departments and to recommend adjustments. Therefore, it is likely that the expertise present at the CoG vis-à-vis the departments is tied to its broader role: CoGs that expect to play a stronger policy role need a level of expertise and seniority that is absent where the departments are the main (or the sole) drivers of policymaking and policy implementation.[88]

The level of expertise and seniority at the CoG may also depend on another factor: when chief executives can name trusted advisors as department heads, they may not feel the need to surround themselves with policy experts within the CoG. This may be worth exploring further if it explains the very different levels of expertise available at the CoG vis-à-vis the departments across countries. In Argentina, the presidential office is staffed with people whose level of educational attainment is among the lowest in the entire government. It also has a comparatively high proportion of employees in administrative, rather than professional, positions within the civil service system (Alessandro, 2010). The British Prime Minister's Office, in contrast, has a highly educated and generally distinguished staff (Clifford, 2000). These variations in relative expertise at the CoG may be linked to the degree of involvement of CoGs in policy formulation, compared to the departments, in different countries.

Management Style

One of the CoG's functions is to provide coordination to the entire government, but the organizational complexity of many CoGs implies that coordination and decision-making procedures also need to be established *within* the CoG. Growing and institutionalizing the CoG can lead to turf battles between its organizations

[86] Even if personnel from the CoG are sent to the departments, a problem of dual affiliation may arise. Chile's PDU initially applied such a model only to abandon it later for this reason (Chapter 3).

[87] Rudalevige (2002) argues that presidents are always faced with the dilemma of making or buying policy from a certain department. Although the CoG staff usually ensure a greater alignment with the president's preferences, the option to centralize policymaking in his or her own staff is contingent on the availability of sufficient expertise at the CoG.

[88] High levels of expertise can also help CoGs obtain acceptance from the ministries when trying to coordinate or monitor their actions, as the ministries may appreciate the added value that CoG institutions bring to their work (Goetz and Margetts, 1999).

and units, which chief executives need to prevent (Burke, 2000). Especially in those cases where the CoG mirrors the functional division of the cabinet (e.g., the U.S. EOP, with its multiple units devoted to economic policy, national security, science and technology, etc.), coordination is needed to ensure that the actions taken by these bodies are coherent. The ways that chief executives have organized their staff, information, advisors, and decision-making processes can be summarized in the following models proposed by George and Stern (1998).[89]

Competitive Model

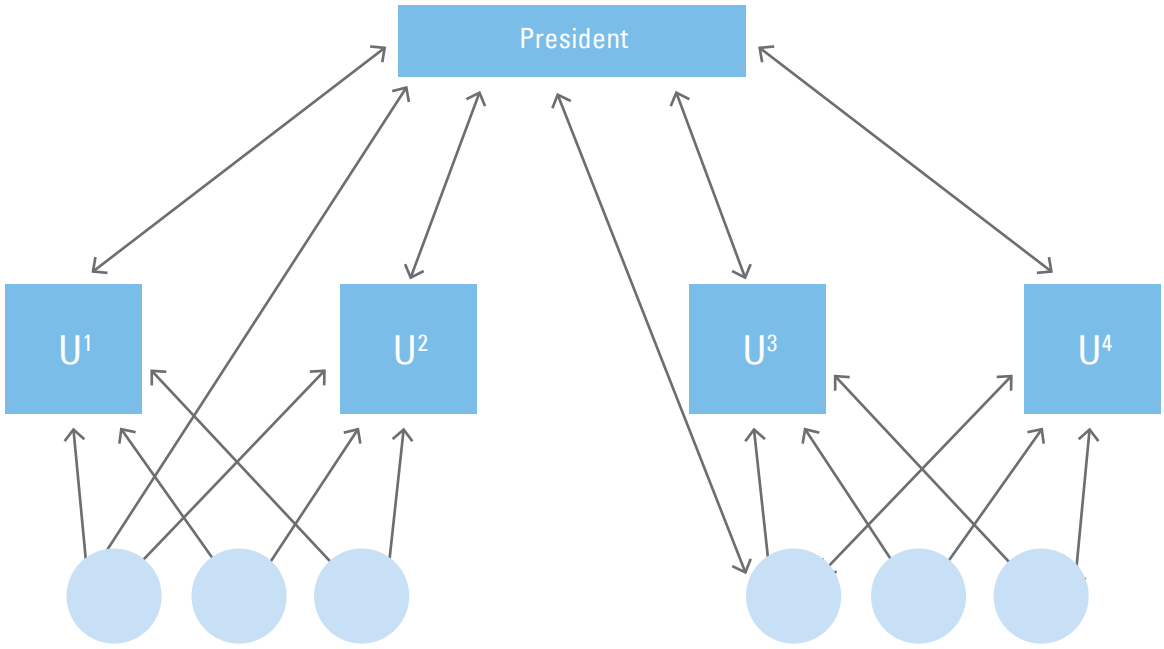
This management model is characterized by fuzzy lines of responsibility, overlapping jurisdictions, and the active pursuit of interdepartmental competition rather than cooperation. From Lincoln's "team of rivals" to Roosevelt's command of the nascent EOP, different chief executives have resorted to this radial approach to ensure the availability of multiple sources of information and advice, avoiding hierarchies and formal structures to obtain them (see Figure A2).

In the LAC region, former Argentine President Néstor Kirchner provides a recent example of this type of leadership. He avoided institutionalizing cabinet meetings or interministerial committees, preferring a bilateral form of interaction with executive branch officials[90] (Cherny, Feierherd, and Novaro, 2010). But this style demands a significant amount of the chief executive's time, attention, and skills if it is to work properly. The risk is that coordination will fail, especially with the growth in the number and scope of the issues that require governmental action.

[89] A number of authors have looked at the effect of different styles of CoG structure on the policies adopted by presidents (see Bonvecchi and Scartascini, 2011, for a review). It seems, for example, that hierarchical processes favor incremental change to the detriment of more innovative reforms.

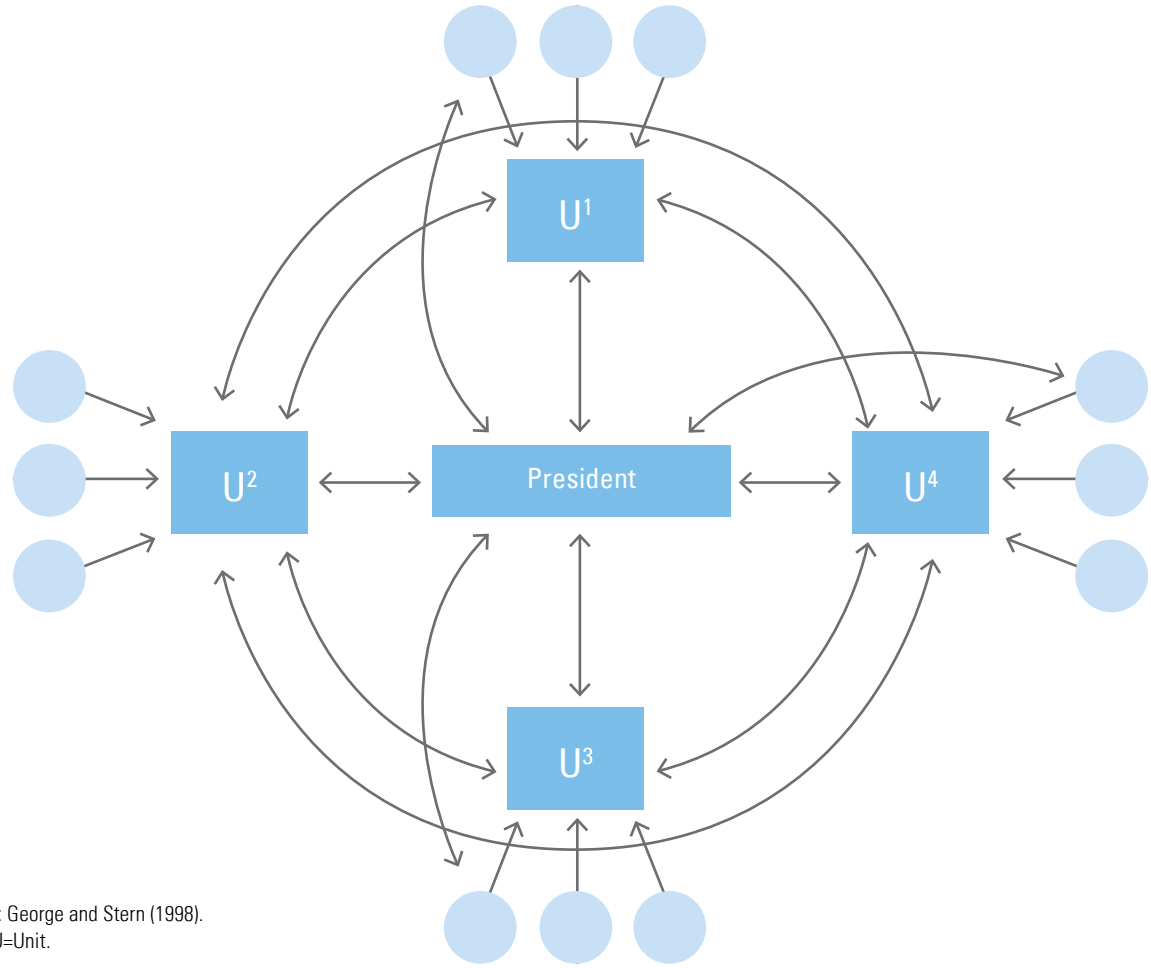
[90] President Piñera in Chile has also favored bilateral meetings to arrive to decisions, but within a more formalized system of policy planning, coordinating, and monitoring described in Chapter 3

Figure A2: Competitive Management Model



Source: George and Stern (1998). Note: U=Unit.

Figure A3: Collegial Management Model



Source: George and Stern (1998).
Note: U=Unit.

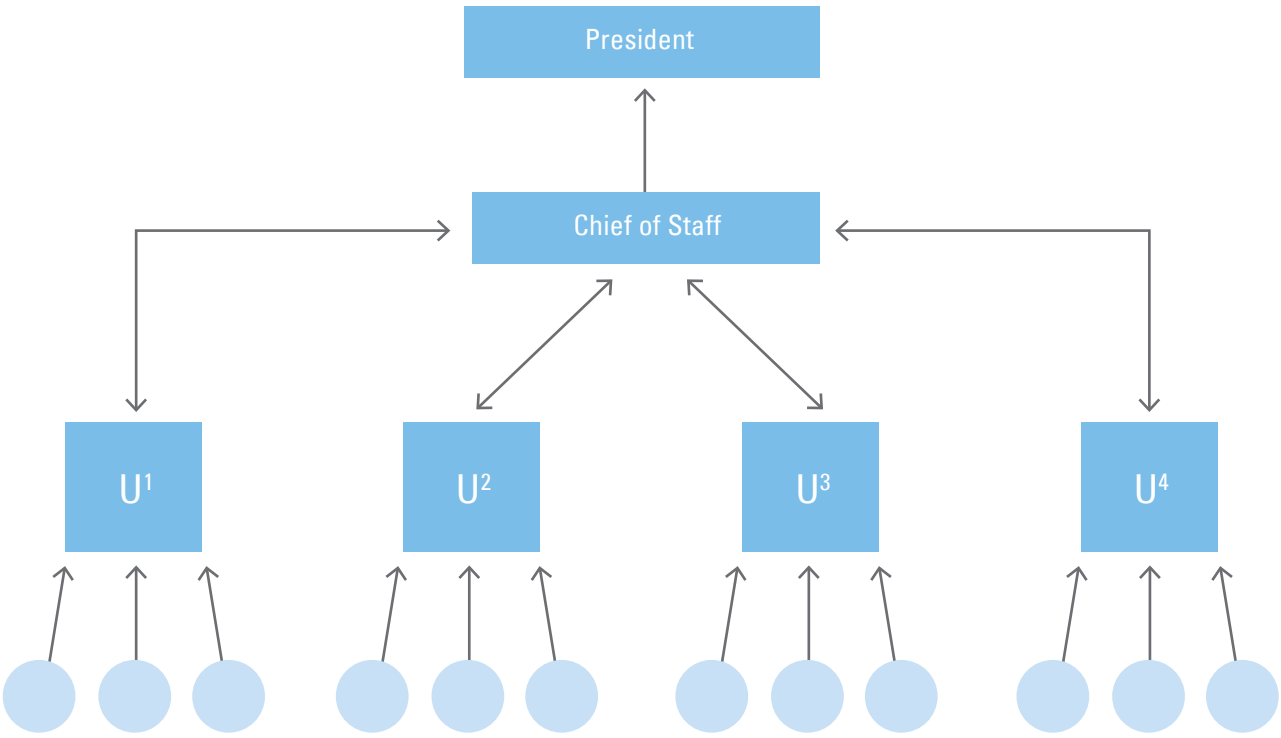
Collegial Model

A second management style for CoG processes also disdains rigid hierarchies. In this model, chief executives also seek information from multiple sources, regardless of their bureaucratic position. But this approach does not encourage competition among the advisors. On the contrary, it promotes a more congenial give-and-take of ideas, sharing of information, contestability of options, and group problem solving (see Figure A3).

In this model, advisors are not sectoral experts; they tend to be policy generalists, able to engage in debates about different topics. As with the competitive approach, a drawback of this model is the need for the chief executive to devote a significant amount of time and skill to managing the team. Additionally, in order to maintain a collegial relationship, advisors may prefer to reach decisions that protect the group's internal cohesion, rather than probing for policy alternatives that might be better but could strain the group.

Blondel and Manning (2002) argued that collegial structures lead to greater ministerial reliability, meaning that there is a higher probability that individual ministers will implement the policies decided by the government instead of pursuing their own agendas. The collegial style is characterized by informal links and elevated trust among the ministers, which produce an ethos that

Figure A4: Formalistic Management Model



Source: George and Stern (1998). Note: U=Unit.

discourages unreliability.[91] Although formalistic or hierarchical models imply the possibility that the chief executive may fire ministers who are not reliable, these authors claim that the actual control over the ministers is not as great as it seems. Nevertheless, these theoretical arguments have not been empirically tested.

Formalistic Model

The third option involves rationalizing policymaking, with established procedures and channels for the flow of information and an emphasis on reaching agreements at lower levels to avoid overloading the chief executive with information. Sometimes a top advisor is involved (usually in the form of a strong chief of staff) to act as a buffer when the chief executive wishes to set some distance between himself and the other actors. Staffers are hierarchically organized, with clearly established purviews (Figure A4).

While in the previous styles the chief executive is at the hub of the decision-making process, in the formalistic model there is a hierarchical organization that screens the information that reaches the upper levels. This type of structure was criticized by a classic study of the American presidency (Neustadt, 1960) as preventing presidents from obtaining diverse sources of information and viewpoints. However, in recent times, most American presidents have tended to adopt such models because of the need for systematic coordination and supervision in an increasingly

[91] This ethos develops, in part, because the members of the group have known each other for a while and have risen together in the party's structure. Therefore, weak or volatile parties typically lead to more hierarchical models.

complex EOP (Walcott and Hult, 2005). Orderly flows of information have become necessary to lead the administration, and clear lines of responsibility are needed to ensure the implementation of the president's decisions.

Combining Management Models

Chief executives may prefer different structures for decisions that occur in different settings. Each issue will have a different priority or level of interest to the chief executive, leading to different strategies to address them (Ponder, 2000). For example, on issues marked by uncertainty, chief executives may prefer collegial or competitive approaches to ensure that all perspectives reach their desk (Bonvecchi and Scartascini, 2011).[92] Or, if they expect resistance from some departments to a certain policy innovation, chief executives may choose to bypass them and assign its implementation to another agency or to trusted advisors in the CoG (Peters, Rhodes, and Wright, 2000). However, the general trend (at least in certain OECD countries) appears to be increased institutionalization of the CoG, characterized by hierarchy, division of labor, specialization, and standard operating procedures. For example, most OECD countries have precise rules on deadlines for information for cabinet and interministerial meetings, inclusion of agenda items, review of the material needed for those meetings, and other procedures that ensure a timely and orderly flow of information (Ben-Gera, 2004).

The potential pitfalls of a formalistic approach that divides tasks between specialized CoG subunits include compartmentalization and lack of coordination—the very same risks that the CoG was designed to solve. In addition, adopting a "pure" hierarchical model may leave presidents without needed information. For example, Rudalevige (2005) argued that the Iran-Contra scandal during the Reagan presidency occurred because the president did not receive alternative views. Informal and ad hoc relationships and meetings within the CoG may be needed to avoid the problems of the formalistic approach. In fact, these informal processes have been found even in the context of formalized CoG dynamics (George and Stern, 1998; Walcott and Hult, 2005), meaning that these models may be ideal types, but actual dynamics usually involve a mix of different approaches.

[92] An example of decision making under extreme uncertainty is the Cuban missile crisis (Allison and Zelikow, 1999). President Kennedy established a group to address this issue, which operated in a collegial manner, with no rank and no chairman, and was characterized by open, uninhibited discussion of alternatives.

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